

MEDIA RELATIONS

I. Background

The third quarter of 1986 brought the issue of environmental tobacco smoke to the forefront with the publication of the National Academy of Science and Surgeon General's Reports. These reports created media attention at levels unprecedented in recent years. This carried over well into the first quarter of 1987, and still continues, though at a reduced level. Some press accounts now report ETS as though increased risk has been established without doubt.

In 1987, it is estimated that the media relations team will participate in over 600 broadcast interviews, 1,500 print interviews, fill over 4,000 information requests from the public and the media, make personal contact with over 1,000 journalists, and conduct 250 interviews with consulting experts.

II. Assumptions

o As a result of a more aggressive approach, The Institute is seen as a reliable source and credible newsmaking organization by an increasing number of journalists. Many national and local media outlets make efforts to include The Institute's views for

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balance. Maintaining, and in fact increasing, this momentum will remain of paramount importance in the upcoming year.

o The media continues to be interested in tobacco-related issues and legislative activity. Congressional and national level activity combined with distinct occurrences (e.g. Beverly Hills restaurant ban) make the national news. Anti-smokers show no signs of abating attacks of the industry at local levels. The Institute must continue to take a leading and aggressive role as a source of information and experts to put such events in perspective in addition to providing substantiated opposition.

o There is no reason to suspect that current trends in media coverage of ongoing issues will cease, but it is evolving.

Specifically:

1) Environmental tobacco smoke (ETS) coverage has, to a large extent, shifted from being covered predominantly on a national level, to being raised at local levels in the context of political battles and consideration of smoking restrictions. The exception to this is announcements of "new findings" or major statements by leaders in the anti-smoking community.

-- Virtually all surges in the level of major coverage of ETS science are tied to specific anti-smoking initiatives (e.g. New York Public Health Council, National Academy of

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Sciences, and Surgeon General's report). There is little or no independent reporting on ETS science.

-- Media interest in smoking restrictions is bolstered immediately following coverage of an ETS development. In the wake of such stories, attention given to relatively minor happenings (e.g. Cambridge smoking restrictions) receive a higher amount of coverage.

2) Continued press activity will track tobacco excise taxes (state/federal levels) and proposals to censor the industry's speech. On both issues, our political and press strategies of incorporating coalition members and allies work well, and should continue to be emphasized along with industry viewpoints. Broadening the base of support is often a successful press strategy.

o Industry positions are generally strong and compelling. Allies and expert consultants have assisted in gaining a great deal of ground. Increasing utilization of both resources through carefully planned, aggressive media strategies is the challenge.

1) As we have seen in the past, the staging of preemptive media activities works well, and allows greater latitude to frame our message while weakening that of the opposition. One example of this which clearly stands out was the

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pre-emption by The Institute of the NAS' call for banning smoking on airlines.

2) Through staff visits, consultant appearances, and the sending of reinforcing materials to all levels of media nationwide, we continue to develop a base of contacts and information. As the level of awareness rises, skepticism decreases, and visibility of the industry's views increases.

3) Satellite transmissions to deliver information to electronic media have become analogous to messenger dispatch of news releases to newspapers. Amid clutter, the content of both must be news - or feature writing. TI has had successful experience in the satellite medium, and, by expanding its use can counter the numerical superiority of grass-roots opposition.

III. Objective

To encourage fairer coverage and editorial balance of key tobacco issues in the media.

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IV. Strategies, Goals and Tactics

Strategy I: Increase levels of media outreach activities, counter-attack, and offensive press strategies.²

Goals and Tactics:

1) Keep the Institute in the driver's seat through speakers' availability and, to the extent possible, knowledge of anti-smoking announcements before the fact. Working closely with the TI Information Center, refine and improve the continuing program to monitor anti-smoking research and activities.¹ Using this information, develop press strategies to counteract publication or announcements whenever possible.

a) Conduct preemptive media conferences or in-person media damage control operations.²

b) Alert the media to TI availability and position via national and/or local wire services.²

c) Distribute position papers, press releases and other materials.²

d) Produce TV and radio satellite packages for targeted or blanket feeds.²

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- e) Use satellite sequential interviews to make experts or TI representative available to press.¹

- 2) Raise the high level of grass-roots contact through targeted mailings and issue campaigns.² Specifically, conduct no fewer than three such mailings each quarter.
 - a) Conduct mass-scale "FYI" and Tobacco Update distribution of favorable clippings, transcripts, editorials, statements, etc. to targeted national and grass-roots reporters.

 - b) Incorporate speakers' new media contacts into target lists.¹

 - c) Bring the capability for such mailings in-house;¹ update/refine various target lists on a quarterly basis.

 - d) Increase dissemination of materials and contacts with appropriate trade publications, allied and industry supplier's trade journals.²

 - e) Continue to promote "Prohibition: Lessons from the Past" video, showing anti-smokers as new-era prohibitionists.

3) Use media trade publication advertising to increase awareness of and demand for TI speakers.¹ Place at least one ad promoting the media teams' availability in Editor and Publisher and Broadcasting magazines each six months.

4) Improve development of more thorough contacts with the national media representatives in Washington, D.C.² Build the current systematic approach by:

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a) Continuing to refine the target list of key, influential reporters based in Washington, with designation of specific issues of interest to each individual.¹

b) In coordination with the issues managers, determining which issues should be handled each month, and meeting with no fewer than 10 designated reporters per month.¹

c) Providing a continuous feed of information (at least one follow-up package per month) on subjects of interest.¹

5) At least once per quarter, schedule and promote a news-making event, utilizing satellite transmissions and

third party allies wherever possible to garner the most possible exposure.² Possibilities include:

- a) ETS surveys using the Portable Air Sampling System (PASS) units;
- b) Polls of public attitudes on tobacco-related issues;
- c) Coalition groups speaking out on key issues; and
- d) Press breakfasts on topical concerns.

Strategy II: Expand the "Truth Squad" (third-party experts) approach in the management of the ETS issue, while broadening the issue to that of indoor air quality.²

Goals and Tactics:

- 1) Redirect the press to questions left unanswered by anti-smokers and ETS research.
 - a) Using media trade publications, advertise "The 10 Questions Anti-Smokers Don't Want You to Ask."
 - b) Use these questions to focus press queries about TI's position.

2) Continue to promote the indoor air quality issue.

a) Based on current success, more frequently schedule media tours, by third parties, scientific, and technical experts. Schedule at least three tours per month.

(1) Two scientists will be promoted by a PR agency and travel independently of TI, and

(2) Continue to utilize at least one ETS expert who will accompany a TI speaker.

b) In mailings to and conversations with the media, include studies and facts which show ETS to be a signal, not the cause, of poor indoor air quality.

c) Increase exposure of scientists via satellite deliveries.¹ Plan and promote at least one "progressive dinner," obtaining State Activities Division advice in determining what media market would be most appropriate each quarter.

d) In conjunction with legislative appearances of scientific witnesses, determine on a case-by-case basis, the advisability of promoting these witnesses to the media.

Strategy III: Improve the management and coordination of media relations efforts.

Goals and Tactics:

1) Improve currently satisfactory coordination among Public Affairs issue managers, and Federal Relations and State Activities personnel, to provide for the best strategic planning as well as the most thoughtful and advantageous positions taken with the media.

a) Insure maintenance of clearly designated clearance points for materials, questions and/or new developments on issues. Develop "checklist" to be used when such an occasion arises.¹

b) Assure a meeting between the director of media relations and designated representatives from the other divisions no less than once a month, to determine and review activities in light of developments.¹

2) For key issues, keep up to date, in concert with issue managers and appropriate other staff, agenda points for speakers' use with the media.²

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3) Raise the standard of quality of the media team's activities, and assess improvement on a regular basis.²

a) In addition to daily scrutiny, conduct, at least once a month, a comprehensive review session among the media relations team of video tapes and newspaper clips.¹

b) Begin sending, each quarter, video tapes of speaker performances to an outside media consultant for independent evaluation and expert commentary.¹

c) Regularize each six-months, a video taped review session between each media team member and the Public Affairs Division issue managers.²

4) Continue "walk and shoot" planning -- combining long-range strategic efforts with detailed mapping of all team activities. This will include:

a) Advance targeting of locations for media activity with State Activities.

(1) Gain advance approval (at least two months in advance) for media tours by traveling speakers and consultants.

(2) Re-clear activity no later than two weeks prior to departure. No media meetings will be set up without this later clearance by Regional Vice President.

(3) For individual media or speaking engagements, gain approval from Regional Vice President prior to acceptance.

(4) Document all such coordination.

b) Selection of the appropriate solo consultant or speaker/consultant team for each media market.

c) Monthly meetings of media team to designate the market assignments as appropriate.

d) Two-month calendar planning of specific media tours with consultants, speakers' media contact tours, consultants who do media work without a TI representative schedule, and other travel plans. The two month planning for each traveling speaker will include:

(1) A minimum of two travel days per week, or the equivalent on a monthly basis;

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(2) A minimum of one consultant/ally interview tour per month in a major media market;

(3) A minimum of one two-day major market media contact tour -- which may include participation in a media conference.

5) Increase by 15 percent compared with 1987, the speaker team goals, standards and clear expectations of performance.² Speakers will be expected to complete, on a monthly basis, the following:

- a) No fewer than five media contacts per tour.
- b) No fewer than five joint interviews per each designated monthly consultant/ally interview tour.
- c) No fewer than two media appearances on the road involving more than two days of advance notice for unsolicited requests.
- d) With the exception of Sundays, holidays and days involving four or more hours of air travel, no fewer than two media interviews or contacts.

Strategy IV: Increase the use of consultants and allies on other issues.²

Goals and Tactics:

- 1) Increase the visibility of independent voices and consulting experts on tobacco-related issues.
 - a) Each traveling speaker will be assigned at least one consultant/ally media tour each month.
 - b) No fewer than five interviews will be conducted on each visit to a major media market.
- 2) Broaden the press and public perception of opposition to anti-smoking measures.
 - a) To the greatest extent possible, coverage of consultants, allies, and independent experts will be used for mass-mailings.²
- 3) Work with issue managers to increase the number of and determine the advisability of expert consultants for media use.²

IV. Resources

A. Staff

- 1) **Media Relations:**
(Vacant media relations director position to be filled), Moran, Merryman, Goss, Halicki, Smith and Baumann
- 2) **Other Public Affairs:**
Issue Managers, Information Center, Special Projects, Production Services
- 3) **Other Staff:**
Federal Relations, State Activities and data processing
- 4) **Consultants**
Public relations counsel, expert consultants, P.R. Aids, TV and radio satellite services, data base providers.

B. Materials

- 1) **Press releases**
- 2) **Statements**
- 3) **Advisories**
- 4) **Fact Sheets**
- 5) **Daybook/calendar notices**
- 6) **Videos**
- 7) **"FYI" and Tobacco Update mailings**
- 8) **In-house mailing lists**
- 9) **Poll Documents**
- 10) **Economic Impact materials**
- 11) **Scientific Reports**
- 12) **Clip and broadcast monitor services**

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1988 BUDGET

COST CENTER NAME Public Affairs - Media Relations No. 1303

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
3901	Travel.....	....	\$220	\$175	\$230
4001	Conferences & Meetings.....	....	30	30	33
4801	Books & Subscriptions.....	....	-	1	-
5001	Office Supplies.....	....	5	1	5
5101	Postage & Delivery.....	....	33	75	50
5201	Reproduction, Printing & Drafting..	....	100	60	40
5401	Other Office Expenses.....	....	54	84	60
5500	Membership and Training.....	....	1	-	10
6201	Advertising.....	....	20	10	20
7301	Professional Fees.....	....	225	265	595
8108	Outside data bases.....	....	5	0	0
30	Purchased computer services.....	....	0	10	12
TOTALS.....			\$693	\$711	\$1055

The proposed budget for Media Relations activities in 1988 reflects several proposed changes in operations and expectations. Reduced budget line items (Postage & Delivery, Reproduction, Printing & Drafting, and Other Office Expenses) result from bringing several capabilities in-house, and no expected video/b-roll production. Proposed increases for 1988 (Advertising, Training, and Professional Fees) are attributable to retaining a media consultant to provide ongoing evaluation, increased advertising in media trade publications, filling the State Activities Division request for PR counsel in key markets, expenditures for satellite and electronic support; and increased special project support. The latter contemplates local PR firm assistance in publicizing results of environmental tobacco smoke surveys, involving use of the Portable Air Sampling System (PASS), to be conducted by the new, industry-founded Center for Indoor Air Research.

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1988 BUDGET

COST CENTER Public Affairs - Media Relations No. 1303

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #4001 - Conferences and Meetings</u>			
Tobacco College	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 33</u>
<u>Account #5101 - Postage & Delivery</u>			
Mailgrams	\$ 12	\$ 25	\$ 20
Targeted op-ed mailings (24)	3	10	-
Targeted radio/TV news mailings (12)	9	20	-
Targeted print issue mailings (24)	9	20	-
Nationwide media mailings (2)	-	-	16
Targeted print/broadcast mailings (4)*	-	-	14
	<u>\$ 33</u>	<u>\$ 75</u>	<u>\$ 50</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Preparation of mailing & press materials	\$ 45	\$ 21	\$ 25
Production of video & audio materials	-	39	15
. "Behind the Headlines"	20	-	-
. Issue B-roll tapes (5)	35	-	-
	<u>\$100</u>	<u>\$ 60</u>	<u>\$ 40</u>
<u>Account #6201 - Advertising</u>			
Media team and Truth Squad promotional ads	<u>\$ 20</u>	<u>\$ 10</u>	<u>\$ 20</u>

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #7301 - Professional Fees</u>			
Media relations	\$135	\$ 200	\$ 95
PR counsel in key markets (per SAD request)*	90	35	150
Special projects support			
. Publicity for PASS studies* (6 @ \$30,000)	-	30	180
. Miscellaneous	-	-	60
Satellite/electronic support	-	-	90
Media training for consultants/staff*	-	-	20
	<u>\$225</u>	<u>\$265</u>	<u>\$595</u>
TOTALS.....	<u>\$693</u>	<u>\$711</u>	<u>\$1,055</u>

INFORMATION CENTER

I. Background

The role of the Information Center (the "Center") is to maintain a document file and library, and to provide information and analyses to individuals responsible for developing policy, managing issues and communicating positions on behalf of The Tobacco Institute's member companies.

Management of the Center was assigned to the Public Affairs Division in 1986. The Center was successfully reorganized in 1987 according to a plan approved and launched in the fourth quarter of 1986. The plan, designed to promote efficiency, economy and versatility in providing information services, brought about significant changes in staff, basic services and assignments.

Among its many positive results, the reorganization achieved its fundamental objective: to develop a flexible, versatile and creative staff. Each of the Center's six positions was redefined and one was upgraded between May 1986 and May 1987 to reflect its changing mission. The Center was fully staffed by the beginning of 1987, and individuals not on the Division roster on October 1, 1986, now occupy four of the Center's six positions.

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Center staff developed an internal research capability, thus meeting another objective of the reorganization. Center staff responded to specific requests for substantive research, producing quality reports on, among other subjects, the National Cancer Institute, the House Subcommittee on Health and the Environment, the anti-smoking movement, convenience-store economics, and Korean-American business and political activity.

Similarly, staff prepared extensive profiles of members of Congress and their districts, political organizations, and various industries. They also attended and reported on scientific conferences, congressional hearings and news conferences. Meanwhile, the Center handled an average of 65 routine requests for information per month from Institute and member-company staff.

Center staff also became responsible for managing several on-going functions and projects, including the weekly Executive Summary, the meetings-coverage procedures, Freedom of Information Act requests to government agencies, the annual Tobacco Industry Profile, and the annual survey of member companies and the Council for Tobacco Research to determine the level of tobacco industry funding of biomedical research.

Pursuant to the final objective of the reorganization, the Center streamlined its basic clerical functions, replacing its inefficient electronic archival system with an electronic index

of narrower scope and supplementing it with greater reliance on on-line commercial information services and nearby libraries. The Center also acquired a personal computer, enabling staff to manage the Institute's collections, and conduct on-line research, more efficiently.

II. Assumptions

o The reorganization has resulted in greater efficiency, improved morale and better work-product. Attention must now shift from the elements of the reorganization -- establishing operating procedures and guidelines -- to fine-tuning the Center's role and increasing the direct involvement of Center staff in Division and Institute activities.

o Issues managers and other Institute professionals are relying increasingly upon Center staff, rather than consultants, to fill their research, analysis and other information needs. This reliance should result in considerable cost savings.

o Strategies to tap the full range of abilities of Center staff are the focus of this 1988 plan. Further strategies to improve the Center will be developed as problems and needs are identified.

III. Objective

To provide efficient service to Institute staff and member companies with respect to their research and information needs.

IV. Strategies, Goals and Tactics

Strategy I: Following established procedures, provide and systematically report on basic information services.²

Goals and Tactics:

- 1) Prepare 12 progress and variance reports in 1988 -- by the second Friday of each month.
- 2) Receive 12 activity reports from each professional staff member -- by the second Wednesday of each month.¹
- 3) Prepare quarterly activity reports for the Division Director within 10 days of the end of each quarter.¹
- 4) Produce 52 editions of the Executive Summary. Distribute to Institute Executive Committee members by the close of business each Friday.¹

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- 5) Prepare 26 calendars of significant meetings and conferences possibly requiring coverage; distribute every other Tuesday to Institute professional staff and counsel.¹

- 6) Prepare 26 status reports on pending Freedom of Information Act requests; distribute on alternate Tuesdays to Institute professional staff and counsel.¹

- 7) Prepare "Tobacco News Today" clipping service; distribute daily by 9:30 a.m. to Institute professional staff.

- 8) Prepare the annual Tobacco Industry Profile; distribute to Institute staff, member companies and others on distribution list by June 1.¹

- 9) Prepare the annual report on funding of biomedical research by Institute member companies and the Council for Tobacco Research; distribute to Institute senior staff, spokespersons and member-company staff involved in preparing the report.¹

- 10) Conduct monthly staff meetings to set priorities, adjust assignments and revise operating procedures as required.

Strategy II: Emphasizing service and efficiency, maintain fundamental library functions, including reference assistance, routine information retrieval and processing of requests for publications.

Goals:

- 1) Answer each request for information within 48 hours.
- 2) Process requests for subscriptions and other publications within 48 hours of receipt.
- 3) Obtain and deliver various executive branch and congressional directories to users within one week of publication.
- 4) Conduct semi-annual surveys of Institute staff for comments regarding Center services.
- 5) Conduct an annual survey of Institute staff regarding the relevancy and usage of the journals maintained in the Center.
- 6) Identify 12 new private collections, such as other trade associations, available for research purposes.¹

Tactics:

- 1) Periodically distribute advisory bulletins to all Institute staff regarding Center services and contacts.¹
- 2) Provide on-demand reference assistance.
- 3) Maintain an issue-based electronic index of important reports, articles, books, legislative materials, transcripts and videotapes.¹
- 4) Assist users of the Center's electronic index with searches and retrievals.¹
- 5) Participate in professional associations for information specialists and in library organizations, particularly the Special Libraries Association.²
- 6) Maintain good "inter-library loan" standing.
- 7) Maintain system for logging and processing requests for information.
- 8) Maintain current information on research/reference products and services.

Strategy III: Develop closer working relationships with principal users through aggressive marketing of work-product and the Center's service orientation.¹

Goals:

- 1) Work with principal users to develop at least two requests for substantive analytical research per month.¹
- 2) Coordinate with the vice president of issues management to ensure that Center staff participate in monthly meetings of the issues management team for the purpose of coordinating and expanding Center involvement in issues management activities.¹

Tactics:

- 1) Ensure that Center staff participate in strategy or other working-group meetings on specific issues or projects, and assist in developing strategies and information to manage such issues and projects.¹
- 2) Encourage Center professionals to increase their visibility among principal users through informal contacts.¹

- 3) Propose and conduct discrete research projects for principal users.¹
- 4) Circulate finished work-product to principal users and Center staff.¹
- 5) Anticipate specific information needs and forward pertinent information to appropriate staff.
- 6) Conduct analytical research on trends affecting the evolution of issues, as appropriate.
- 7) Monitor and report on scientific meetings and legislative and regulatory hearings, as appropriate.²
- 8) Prepare briefing materials for specific events, such as legislative or regulatory hearings or media events, as appropriate.

Strategy IV: Encourage and assist with the professional development of Center staff.¹

Goals:

- 1) Ensure that all Center staff participate in at least two specialized training courses, seminars, conferences or

other forums in research techniques, writing, a relevant academic field, management or other pertinent area of study.¹

2) Ensure that all Center staff submit for consideration at least one new project proposal per month, with justification and resources outlined.¹

Tactics:

1) Consulting with other Division managers, maintain and distribute information on training programs of possible interest to Center staff and others.¹

2) Investigate and report on training programs that could be offered by The Institute "in house."¹

3) Encourage staff to join and participate in relevant professional organizations and societies.

4) Ensure staff's continuing literacy in the use of all available on-line computer services.²

5) Encourage long-range professional planning via informal quarterly performance reviews and strategy sessions.¹

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V. Resources

A. Staff

1) Center Staff:

Lyons, Picciano, Schoonmaker, Hrycaj, Myers, Rusk

2) Other Staff:

Sparber, Stuntz, Moran, Dedick, Duffin, Data
Processing staff

3) Consultants/Professional Services:

Federal Document Retrieval, Inc.

The SRC Group, Inc.

DP's computer consultants

B. Materials:

DECmates; IBM PC-XT and corresponding software;
commercial computer services; the VAX; reference and
periodical collections; academic, public and private
libraries; federal agencies.

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - Information Center No. 1304

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
4801	Books & Subscriptions.....	....	\$ 45	\$ 45	\$ 45
4901	Equipment Repairs & Maintenance....	....	1	1	1
5001	Office Supplies.....	....	2	2	2
5101	Postage and Delivery.....	....	2	2	2
5201	Reproduction, Printing & Drafting..	....	3	2	2
5500	Membership and Staff Training.....	....	3	3	5
7301	Professional Fees.....	....	-	-	5
7401	Purchased Admin. Services.....	....	1	4	1
8030	Purchased Computer Services.....	....	33	35	48
Totals.....			\$ 90	\$ 94	\$ 111

1988 increase of 18% over 1987 projections caused by consolidation of four issue areas' computer services budgets -- totaling \$20,000-- in the Information Center. \$15,000 of this amount will supplement the Center's existing computer services budget to cover the growth in demand for commercial database research anticipated in 1988. \$5,000 has been allotted for professional services related to Freedom of Information Act requests, document retrieval, and other research services. Otherwise, a slight decline in marginal costs is expected.

* Includes \$15,000 of \$20,000 distributed among the four issue areas (1305, 1306, 1308, 1309) in 1986.

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TAX ISSUE

I. Background

In 1987, we conducted a public affairs campaign hammering the points that all excise taxes are regressive and undermine tax reform. Whenever possible, we encouraged third party groups and our economists' network to communicate this message.

This strategy appreciably enhanced our traditional arguments that an increase in the tobacco excise tax has an adverse impact upon the tobacco economy and the economy as a whole. Our strategy to date has been successfully employed on the federal level and increasingly in the states.

We also were assigned to develop a comprehensive plan to counter any Congressional effort concerning cigarette pricing in commissaries, exchanges and ship stores. The focus of this plan is to encourage military groups to forcefully oppose any change in the pricing issue as a threat to the commissary benefit. Although considerable progress was made, a comprehensive plan has not yet been fully implemented.

II. Assumptions

o Cigarette excise taxes are proposed at the federal, state and local levels to raise general revenue to support

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earmarked projects, to deter smoking--especially youth smoking--and to compensate for the alleged "social cost" smoking imposes upon society.

o Federal deficit reduction legislation, resulting cuts in federal funding to state and local governments, and aggressive lobbying by anti-smoking groups, foster a political environment conducive to increases in cigarette excise taxes. So far this year, eight Congressional bills have been introduced to increase the federal excise tax; 93 state and local bills have been introduced.

o Excise taxes are "regressive" taxes. They are imposed upon consumers regardless of their ability to pay. According to a recent Congressional Budget Office study, tobacco excise taxes are the most regressive.

o Excise taxes are inconsistent with tax fairness. The objective of the Tax Reform Act of 1986 was to restructure the federal tax code to assure fairness--many states are following suit. But excises require citizens who purchase certain goods and services to pay higher taxes than those who do not.

o Labor-liberal, tax reform, minority, conservative and industry groups embrace the fairness and regressivity issues

and can effectively lobby against proposals to increase excise taxes.

o The federal deficit reduction movement has precipitated a search for revenue sources. A House-Senate conference committee has conceptually approved \$65 billion in new taxes for the next three years in an attempt to meet Gramm-Rudman targets. Although there are a number of alternative revenue sources more consistent with tax fairness, excises--particularly "sin" taxes--are often positioned as the only politically viable revenue option.

o Although earmarking continues to be a threat on the federal level, i.e., proposals to earmark for health care and counter-advertising, the deficit reduction movement helps assure that no existing revenue will be diverted or any new tax earmarked for anything other than deficit reduction.

o Increased federal excise taxes are detrimental to the tobacco economy and the economy as a whole. All components of the tobacco industry and the Congressional tobacco family should effectively oppose any increased excise tax.

o The Department of Defense is committed to reducing tobacco consumption among military exchange, ship store and commissary patrons. If the military and Congress conclude a tobacco education program is ineffective in reducing

consumption, they will seriously consider proposals to eliminate the sale of tobacco products in Department facilities or raise the price of tobacco products to prevailing retail rates.

o Military and veterans groups view the commissary and exchange system as an integral component of their compensation package. They view proposals to eliminate the sale of tobacco products in commissaries as a threat to the system.

III. Objective

To discourage reliance on tobacco excise taxes as a source of revenue by demonstrating that excise taxes are regressive and inconsistent with fair taxation.²

To posture any proposal concerning the sale of cigarettes in military commissaries as a threat to the commissary system.¹

IV. Strategies, Goals and Tactics

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



Should we not
put more emphasis
on direct communication
with legislators
etc. Regular communication
from CART so
with State &
Federal legislators

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Goals:

- 1) Commission two op-ed articles in 1988 from each consulting economist. As articles are published, promote through economists and third party groups and submit to appropriate federal and state legislators.²
- 2) Conduct at least one editorial board briefing per economist with local press on the excise tax issue.¹
- 3) Conduct at least ten presentations on the excise tax issue before national and regional tax policy conferences. Use economic consultants.¹
- 4) Support preparation and promotion of at least five allied group studies/reports on the excise tax issue, including at least one study on earmarking for health services.¹
- 5) Support at least 20 editorial board briefings by allied groups in targeted legislative districts.¹
- 6) Conduct at least one federal excise tax advertising campaign and at least three state campaigns.¹

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7) Organize broad based tax reform coalitions in at least three states.¹

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not
seen
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8) Conduct tax reform conferences in at least three states.¹

9) Prepare and aggressively promote at least one regressivity study sponsored by an industry group, i.e., Coalition Against Regressive Taxation.¹

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Tactics:

1) Continue to maintain and refine economists' network for preparation of op-eds, editorial board briefings, preparation and delivery of testimony, the latter as coordinated by the State Activities and Federal Relations Divisions.

2) Commission economic consultants to write and distribute op-ed articles opposing excise taxes for publication in major press.

3) Assign economic consultants to conduct editorial board briefings on the excise tax issue.¹

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10) Continue to support as appropriate, via Tobacco Industry Labor Management Committee, labor/liberal organizations, i.e., Citizens for Tax Justice, New Populist Forum, Coalition on Human Needs, Labor Council for Latin American Advancement, Coalition of Labor Union Women, and their efforts to oppose excise taxes.²

11) Continue to support minority groups, i.e., Congressional Black Caucus, League of United Latin American Citizens, etc., and their efforts to oppose excise taxes.²

12) Support conservative groups, i.e., The U.S. Chamber of Commerce, National Association of Manufacturers, etc., and their efforts to oppose any tax increase.²

13) Continue to support industry groups, i.e., Coalition Against Regressive Taxation, and their efforts to oppose all excise taxes. Consider commissioning a new economic study on the regressivity of excise taxes.²

14) In cooperation with federal relations division, encourage a member of Congress to request an updated Congressional Budget Office study on the regressivity of excise taxes.¹

15) Support allied group public advertising campaigns opposing excise taxes on the state and federal level.²

16) Organize broad based tax reform coalitions in selected states identified by state activities division. Support tax reform conferences in selected states.¹

17) Cultivate relationships with health care and senior citizens organizations, e.g., National Council of Senior Citizens, and encourage their opposition to earmarking of excise taxes to finance health care.²

Strategy II: Demonstrate the viability of progressive alternatives to excise taxes as a revenue resource and encourage allied group support in promoting these alternatives. Encourage significant involvement of Institute member companies.¹

Goals:

1) Support in the first quarter of 1988 a national, academic conference on reducing the deficit, tax fairness and alternative revenue sources. Publish the academic conference proceedings by July 1, 1988.¹

2) Working with industry allies, commission three allied group studies of alternative revenues.¹

Tactics:

- 1) Coordinate a major meeting for member company tax experts to re-examine the question of alternative revenue options.¹

- 2) Sponsor a third party, national academic conference in Washington, D.C. on reducing the deficit, preserving tax fairness, and long-term, progressive revenue sources. Publish and promote conference proceedings. Follow up with media tours and editorial board briefings.¹

- 3) Encourage and support efforts of allied groups, i.e., Citizens for Tax Justice, Congressional Black Caucus and Center for National Policy to study and promote alternative revenue sources consistent with tax fairness.¹

- 4) Maintain an up-to-date index of alternative revenue options and their revenue raising potential. As appropriate, provide to allied groups researching alternative revenue sources (see above).¹

Strategy III: Reinforce the negative effect of excise taxes on the tobacco economy and promote unity among the tobacco industry family.²

Goals:

- 1) Distribute to 40 Congressional tobacco family members excise tax information kits in the first quarter of 1988.¹
- 2) Brief at least ten national/regional agriculture groups on the excise tax issue.¹
- 3) Update the federal excise tax video as appropriate and to complete a general excise tax video in the first quarter of 1988.¹

Tactics:

- 1) Maintain up-to-date information on the economic impact of tobacco on the nation's economy and the potential effect of excise tax proposals. Utilize Chase update (see "Social Cost" plan). As appropriate, distribute to Members of Congress, state and local legislators and allied groups to oppose excise tax increases.
- 2) Support federal relations division in providing tobacco family members with materials, i.e., fact sheets, extension of remarks, etc., and assist in coordinating their efforts to oppose excise taxes.²

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3) Brief national/regional agriculture groups as appropriate and encourage their active support on the excise tax issue.²

4) Support efforts of tobacco family groups, i.e., National Tobacco Council, National Association of Tobacco Distributors, etc., in communicating opposition to excise taxes.²

5) Update federal excise tax video for use by tobacco family members of Congress. Prepare a general excise tax video for use by field staff.¹

Strategy IV: Reinforce the commissary and exchange system as an integral part of the military compensation package and encourage military and veteran groups to forcefully oppose any infringement of the benefit--including the cigarette pricing issue.¹

Goals:

1) Conduct at least one meeting of the Military Coalition to discuss the importance of the commissary and exchange system.¹

2) Brief at least ten military/veteran groups in 1988 on potential threats to the commissary and exchange system.¹

3) Commission at least one economic impact study of proposals restricting the sale or effecting the price of tobacco products in commissaries and exchanges.¹

4) Commission at least one public opinion poll on the importance of the commissary and exchange benefit to the military.¹

5) Support at least 12 Military Coalition media tours (one a month) on the importance of the commissary and exchange system.¹

6) Submit at least 10 articles to the military press on the importance of the commissary and exchange system.¹

Tactics:

1) Support as appropriate Military Coalition meetings on the importance of the commissary and exchange system to the military and potential threats to the system. Promote as appropriate.¹

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2) Brief military and veteran groups on threats to the system and encourage their support in opposing any reduction of their benefit. Provide with appropriate materials.¹

3) Maintain current information on military smoking behavior and cigarette sales in commissaries and exchanges for articles, op-ed pieces and economic impact studies.¹

4) Commission economic impact studies sponsored by the Military Coalition on the effect of any proposal concerning cigarette pricing or availability in commissaries, exchanges and canteens. Promote as appropriate.¹

5) Commission public opinion polls sponsored by the Military Coalition to demonstrate and reinforce the positive value of the commissary and exchange benefit to the military and posture any restriction as a threat to the entire system. Promote as appropriate. Encourage military press coverage.¹ - -

6) Sponsor Military Coalition media tours on the importance of the commissary and exchange benefit posturing any restriction as a threat to the entire system.¹

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7) Encourage and assist military and veteran groups in the preparation and submission of articles and op-eds to the military press on the importance of the commissary and exchange system.¹

V. Resources

A. Staff

1) Management:

Ross

2) Division staff:

Stuntz, Panzer, Duffin, Production Services,
Media Relations, Information Center.

3) Other staff:

Federal Relations: Payne, White, O'Rourke.

State Activities: Battison, Duhaime,

appropriate field staff.

B. Consultants

1) Economists

2) Public Relations Counsel

3) Legislative Counsel

- 4) Survey research firms
- 5) Military spokesperson
- 6) Tobacco Industry Labor Management
Committee

C. Materials

- 1) Videos
- 2) Data Cards
- 3) Topic Sheets
- 4) Materials from coalitions and third party
organizations

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - Tax Issue No. 1305

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
4801	Books & Subscriptions.....	.....	\$ -	\$ *	\$ 0
5201	Reproduction, Printing & Drafting..	.....	110	110	210
5401	Other Office Expense.....	.....	-	*	0
6201	Advertising Space & Promotion.....	.....	-	100	500
7301	Professional Fees.....	.....	730	730	590
7501	Support of Tob./Other Organizations	.....	235	215	703
8108	Outside Data Bases.....	.....	5	0	0
TOTALS.....			\$1,080	\$1,155	\$2,003

The tax budget reflects expanded public communication support for third party groups, such as the Coalition Against Regressive Taxation (CART), including their advertising for consultant economist spokesmen, and increased focus on state legislation and the earmarking issue. The tax budget also includes the commissary issue.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Tax Issue No. 1305

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
TI tax publications	\$ 60	\$ 30	\$ 50
Tax materials for other organizations	50	30	75
Excise tax videos			
. Cigarette excise tax video*	-	50	25
. Generic excise tax video for federal and state use*	-	-	60
	<u>\$110</u>	<u>\$110</u>	<u>\$210</u>

Account #6201 - Advertising Space & Promotion

Federal advertising campaign*	\$ -	\$100	\$350
State campaigns (3 @ \$50,000)*	-	-	150
	<u>\$ -</u>	<u>\$100</u>	<u>\$500</u>

Account #7301 - Professional Fees

PR counsel			
..PR counsel	\$150	\$ 225	\$ -
Ogilvy & Mather*	-	-	180
Hill & Knowlton*	-	-	20

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	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
<u>Account #7301 - Professional Fees, contd.</u>			
Economic Consultants	150	200	-
. Savarese*	-	-	100
. Economists for op-ed program* (40 @ \$3,000)	-	-	120
. Editorial board briefings* (10 @ \$3,000)	-	-	30
. Presentations to conferences (10 @ \$3,000)	-	-	30
Surveys	50	30	0
Coalition work	250	200	-
. Fleishman-Hillard*	-	-	50
. Mike Forscey*	-	-	45
Health care costs	50	25	(see social costs)
Economic studies & research	80	50	-
. Impact on state revenue	-	-	15
	<u>\$730</u>	<u>\$730</u>	<u>\$590</u>

Account #7501 - Support of Tobacco & Other Organizations

Support to Labor Management Committee	\$150	\$170	\$ -
. Citizens for Tax Justice*	-	-	100
. Labor Council for Latin American Advancement*	-	-	24
. Coalition on Human Needs*	-	-	24
. New Populist Forum*	-	-	24
. Academic conference on deficit reduction	-	-	25
Allied group studies on excises (5 @ \$10,000)	-	-	50

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #7501 - Support of Tobacco & Other Organizations, contd.</u>			
Allied group editorial board briefings* (20 @ \$2,500)	-	-	50
Minority groups	35	35	-
. Alternative Revenue Studies* (3 @ \$25,000)	-	-	75
Other	50	10	-
. CART*	-	-	50
. Military coalition*			
. Statistical info. on smoking in the military	-	-	10
. Commissary poll	-	-	15
. Commissary economic study	-	-	10
. Meetings	-	-	10
. Media tours (6 @ \$5,500)	-	-	66
. American Agriculture Movement	-	(1307)	50
. State tax reform coalition*	-	-	75
. State tax reform conference* (3 @ \$15,000)	-	-	45
	<u>\$235</u>	<u>\$215</u>	<u>\$703</u>
TOTALS.....	<u>\$1,080</u>	<u>\$1,155</u>	<u>\$2,003</u>

PRODUCT REGULATION

I. Background

After two years of relative quiet, several events in 1987 moved the cigarette ingredients and "self-extinguishing" cigarette issues back into the public eye.

The Federal Trade Commission announced plans to shut down its tar and nicotine testing lab, prompting Congressional hearings and renewed calls to give the Consumer Product Safety Commission or the Food and Drug Administration authority to regulate cigarettes. The Surgeon General's report, on "the pharmacology of quitting," anticipated late this year, will turn attention to the product rather than advertising or environmental issues. And, the CPSC-coordinated federal study on the technical and commercial feasibility of a "self-extinguishing" cigarette, will be completed and submitted to Congress.

At the same time The Tobacco Institute's fire prevention program grew substantially in 1987. We have working relationships with over 225 fire departments in the United States, and have given educational grants to over 130 cities and 47 fire service organizations.

II. Assumptions

o Public, legislative and media interest in the cigarette manufacture/ingredients issue has been relatively light over the last two years. Anticipated release in Congress, or via the media, of a list of some 900 ingredients used by American cigarette manufacturers and turned over to the Office on Smoking and Health in 1986, with assurance of secrecy, in compliance with the 1985 labeling law, has not materialized.

o At the same time, the work of the technical study group examining the feasibility of the "self-extinguishing" cigarette moved that issue almost completely out of the public eye.

o These two years of relative peace on these issues is changing. Cigarette companies are coming under increasing attack and scrutiny over the manufacture of their products. Legislation has been introduced in the House, by Rep. Jim Bates (D-Cal.), to allow the Consumer Product Safety Commission to "regulate the safety of tobacco and tobacco products."

o Also, U.S. Department of Agriculture officials in 1987 announced that some exported cigarettes contained dicamba, a substance sometimes used by tobacco growers. That

announcement prompted a Congressional hearing, and more questions about ingredients other than tobacco that are contained in cigarettes.

o Cigarettes contain, in addition to tobacco, substances to enhance or add flavor, to retain moisture and to control burn rates. Various public sources suggest that manufacturers have chosen from as many as 2,000 substances, in addition to tobacco, to achieve these effects. According to published reports, these include licorice and cocoa, shellac and clove oil, and triethylene glycol, catechol, coumerin ("deer tongue") and calcium chloride.

o A list of some 900 ingredients commonly used by U.S. cigarette manufacturers has been provided to the Office on Smoking and Health. Legislation requires that federal officials regard this list as a "trade secret." To date, that list has not been released.

o Results of the CPSC-coordinated study will create renewed public, media and legislative interest (most likely on the federal level), in the "self-extinguishing" cigarette issue, and thus additional opportunity for scrutiny of the cigarette manufacturing process.

o Although the number of fire deaths related to careless smoking decreased in the early part of the decade, the latest data indicate that trend has leveled off and even increased. Even though the death rate remains lower than it was five years ago, careless smoking still is regarded by many as an important cause of accidental fires.

o In the past, as many as 15 states have considered "fire safe" cigarette legislation. To date in 1987, bills requiring manufacture of "self-extinguishing" cigarettes are pending in Massachusetts and New Jersey; a Minnesota bill carries over to 1988. This contrast is due largely to the fact that officials are awaiting the outcome of the federal study.

o Although fire service hostility to the tobacco industry has subsided, it is far from nonexistent. Many major fire service groups have in the past adopted resolutions in support of "self-extinguishing" cigarette legislation. Although these resolutions are outdated, they may continue to reflect the positions of some of these groups, and may be used to justify lobbying. Meanwhile, The Institute has helped improve relations and has demonstrated that the industry can act responsibly to help deal with the fire problem.

o Elected officials remain unaware of the severity of the overall accidental fire problem and the availability of good prevention and education programs. They also are unaware of The Institute's role in fire prevention. The fire service believes that these public officials, and representatives from other industries, should be playing a larger role in the overall fire prevention effort.

o Anti-smokers argue that the contents of cigarettes should be scrutinized at least as rigorously as those of less controversial products. To industry arguments that the contents of cigarettes are "trade secrets," the anti-smokers respond that public safety is more important than trade secrets, and that no other industry has the same privilege. Similar industry arguments on the "self-extinguishing" cigarette (that a "fire safe" cigarette, even if feasible, might not be as appealing to consumers as current cigarettes), have in the past added to fire service hostility toward the industry.

III. Objectives

To demonstrate to legislators, journalists and consumers that cigarette manufacturers act responsibly by using ingredients which have been scientifically scrutinized, and to reinforce

the fact that the security of "trade secrets" is a fundamental part of a free market economy.¹

To demonstrate to key public officials and to fire service leaders that the tobacco industry acts voluntarily and responsibly in fire prevention.

IV. Strategies, Goals and Tactics

Strategy I: Work with manufacturers of other consumer products, and with trade associations and manufacturers representing the ingredients suppliers industry, to raise public awareness of the current rigorous process by which all ingredients, including those in cigarettes, are reviewed. Promote concept that trade secrets are a necessary element of a competitive marketplace.¹

Goal:

To produce and have published in 1988 15 op-ed pieces by economists on the importance of competition and the role of trade secrets in a free market economy.¹

Tactics:

1) Review existing literature on the importance of trade secrets; prepare briefing papers for use in meetings with other industries.¹

2) Identify spokespersons, if available, who are familiar with the issue; seek their assistance in briefing other industries and representing our views to the media, and in briefings with legislative representatives.¹

3) Identify officials within appropriate trade associations representing ingredients manufacturers and brief them on the issue. Seek their support in publicly stating that ingredients that have been identified as being used in cigarette manufacture all have been subjected to proper scrutiny by the appropriate regulatory agencies, and that anti-smoker efforts to weaken consumer confidence in those ingredients as applied to cigarette manufacture could also affect consumer views of other products which use the same ingredients.¹

4) Commission economist team to develop arguments and produce op-ed pieces highlighting the

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importance of competition in a free-market economy, and how trade secrets foster that competition.¹

5) If appropriate, commission economic impact study of the effect on research and development of new products of efforts to force manufacturers to disclose trade secrets. Seek third-party sponsorship and promote, via op-ed pieces, testimony, etc., as appropriate.¹

6) Support, through a major association of manufacturers, a second economic impact study of the effect on competition of politically-inspired disclosure of confidential information.¹

7) Encourage manufacturers of well known products protected by trade secrets to speak out on the negative effects of disclosure of such secrets.¹

8) Encourage the inventors/developers of popular products to speak out on the importance of trade secrets to technology and investments.¹

Strategy II: Work with fire officials and, when possible, other public officials at the state and/or local level to improve the quality and increase the availability of education and prevention programs for fire departments.

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How are we
going to get
the money to
to cover the
deficit?

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Goal:

To have working relationships in 275 localities by January 1, 1989, an increase of 50 from the previous year's goal. A working relationship signifies (1) a TI-sponsored project in place, (2) TI staff contact with the local fire service and (3) awareness or involvement of public officials.²

Tactics:

1) Develop video formats for existing programs (e.g., smoke detector programs) by June 1, 1988.¹

2) Develop and implement promotion plan for all TI fire safety materials by January 1, 1988.¹

a) Assess feasibility of offering nationwide distribution of all programs through National Volunteer Fire Council.²

b) Develop catalogue of fire prevention materials and programs, for distribution

in response to requests for information,
by January 1, 1988.¹

3) Continue city grants program, awarding an additional 30 grants in 1988. To date, 130 cities have received grants from the program.²

4) Continue grants to fire service organizations for fire prevention education programs, supporting an additional 3 programs in 1988. To date, 47 fire service organizations have received grants.²

5) Seek locales as opportunities to implement TI programs as follows:

a) Make direct contacts with individual departments and officials in order to establish programs.

b) Work through state and regional fire service groups to coordinate introduction of programs locally.

c) Work through elected officials' offices to approach local departments.

d) Approach fire officials who have commented favorably on research supported by The Institute.

e) Follow up on all requests for assistance from fire service and public officials generally aware of our efforts.

f) Follow up with departments already participating in the program.

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

Efforts will target California, Connecticut, Florida, Illinois, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington and West Virginia.

Goals:

1) Encourage placement of at least five articles, each describing a program supported by the industry, by fire service personnel in fire trade publications.

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communication
from these groups
to
Legislators
on our behalf

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2) Obtain at least five mentions per quarter in national, state and regional fire service publications.

3) Appear on the program of at least two national and five regional fire service conferences in 1988. Attend at least a dozen other conferences, to privately promote industry programs.

Tactics:

1) Encourage local departments to publicize industry efforts in newsletters, publications of national, regional, state and county fire associations.

2) Maintain and improve relations with key fire trade journalists.

3) Maintain and improve relations with individuals responsible for planning major conferences.

- 4) Conduct individual briefings as part of visits to departments, conferences and other meetings.
- 5) Identify opportunities to promote program in media relations visits to appropriate regions.
- 6) Consider implementing additional model fire safety programs in regions of the country identified by federal and/or state activities staffs.

Strategy IV: Continue to encourage discussion among fire service leaders and concerned public officials about the overall accidental fire problem.

See Strategy III for discussion of priority regions.

Tactics:

- 1) Make presentations of 1987 research findings of decision-maker attitudes toward fire safety and education to major fire service groups and to representatives of groups surveyed in the report.

- 2) Publish findings in state chiefs and firefighter publications.

- 3) Encourage fire service, financial, education and other officials to comment on study in articles, speeches and correspondence with public officials.

- 4) Meet with State Activities Policy Committee to consider actively supporting smoke detector legislation at the state and local levels.

- 5) Seek additional opportunities to assist key fire service organizations (e.g., IAFC, ISFSI, IAFF, NVFC, IABFF, Burn Concerns, Pan Educational Institute) with additional programs and projects aimed at fire prevention.

- 6) Where appropriate, cooperate with Federal Relations and State Activities Division to arrange briefings on fire prevention issues between elected officials and representatives of the fire service.

V. Resources

A. Staff

- 1) Public Relations: Sparber, Stuntz
Osborne
- 2) State Activities: Yoe, appropriate
field staff
- 3) Federal Relations: Vinovich, White

B. Consultants

- 1) Legal: John Rupp, Covington & Burling
- 2) Fire Experts: Pat Mieszala, Burn
Concerns, Inc.; Ron Coleman, Phoenix
Technology, Inc.; John Sroka, John Sroka
and Associates; Larry Zoeller, Larry
Zoeller and Associates; Carolyn Perroni
Inc.; Phil Schaenman and Barbara -
Lundquist, TriData; Anthony Granito
- 3) Appropriate legislative consultants

C. Materials

- 1) **New Tools for Volunteer Firefighters**
- 2) **Firesafety...for the Rest of Your Life**
- 3) **FireCare**
- 4) **Fire Education Evaluation Survey**
- 5) **Smoke detector programs (1) urban
(2) rural**
- 6) **Research reports**
- 7) **Fire Sense**
- 8) **Reprints of appropriate articles**

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Product Regulation Issue No. 1306

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
5201	Reproduction, Printing & Drafting.	....	\$130	\$115	\$ 45
7301	Professional Fees.....	....	248	280	370
7501	Support of Tob./Other Organizations	....	245	230	420
8108	Outside Data Bases.....	....	5	0	0
TOTALS.....			\$628	\$625	\$835

Transfer of third-party support expenses from the General Coalitions budget and an expected demand for expert witnesses, as outlined on the previous pages, account for the preponderance of the requested budget increase.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Product Regulation Issue No. 1306

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Production of new materials			
. "FireSense" hearing impaired program	\$ 10	\$ 10	\$ 0
. Fire prevention case study (Barriers)	10	10	0
Reproduction of existing materials			
. Articles and studies	5	5	15
. "FireCare"	30	30	15
. Nat'l. Vol. Fire Council materials	15	20	0
. Smoke detector programs	30	10	0
. "FireSense"	30	30	15
	<u>\$130</u>	<u>\$115</u>	<u>\$ 45</u>
<u>Account #7301 - Professional Fees</u>			
Tri Data, Inc.*			
. General consulting	\$248	\$260	\$260
. State, federal testimony	-	-	50
Other	-	20	0
Economists (op-ed project)* (15 op-ed @ \$2,000)	-	-	30
Economic impact studies*			
. R&D	-	-	15
. Competition	-	-	15
	<u>\$248</u>	<u>\$280</u>	<u>\$370</u>

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COALITIONS PLAN

I. Background

Coalition activities supportive of specific issues are described in the issues, media relations and special projects plans. In this plan, we propose activities to improve relations with groups and individuals that fall into three general categories: (1) the tobacco family, (2) coalitions with which we have existing relations among some but not all groups and/or on some but not all issues, and (3) coalitions with which we have no relationship as yet.

The success of many of these activities will depend upon the involvement and cooperation of staff from other divisions within The Institute, and from member companies and other tobacco-related organizations.

II. Assumptions

o The tobacco industry is a highly competitive assortment of individuals, businesses and trade associations. Unity of its competitors in public affairs represents the industry's greatest strength; conversely, disunity can be its greatest weakness.

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o In dealing with public issues, the industry has come to rely more and more heavily on development of effective coalitions to complement and supplement its communications activities. The development, maintenance and involvement of coalitions by The Institute and its member companies has become a priority communications activity which has produced outstanding results.

o Our allies' greatest strength -- independence -- remains a limit on the usefulness of these coalitions. Allies may not agree or even have an interest in all industry issues, and may not be willing or able to assist in all ways requested.

o Although a great deal of progress has been made in establishing and involving coalitions in our issue programs, a great deal of additional work remains, particularly in the areas of tobacco family and farm issues, minority and women's issues.

o In order to attract allies and maintain their interest in our issues, The Institute must become more involved in responding to requests for assistance on non-tobacco concerns, and in identifying and offering assistance on some issues before we are asked.

III. Objective

Establish and maintain working relations with other groups and individuals for the purpose of demonstrating broad support for industry positions and initiatives.

IV. Strategies and Tactics

Strategy I: Improve working relations with all major segments of the tobacco industry.

Tactics

1) Maintain and improve ongoing communications with the basic segments of the industry. Use established methods such as the Tobacco Observer and other Institute publications, as well as guest columns in tobacco-related trade journals, and new means as appropriate.²

2) As appropriate, restructure Tobacco Observer in accordance with results of readership survey to be conducted in 1988. Continue to assess its usefulness as a communications/education vehicle for tobacco family members.¹

- 3) As part of an aggressive member company relations program, continue to conduct regular briefings for member company executives and public affairs officers, on issues of concern and ongoing projects at The Institute.²

- 4) Provide editorial material and services for member company communications on public issues and, in support of state activities and federal relations, undertake communications projects focused on specific events.²

- 5) Provide public relations services and material in support of events, projects and communications sponsored by tobacco family groups.²

- 6) Conduct and promote specialized seminars for family members: Annual Tobacco College in Washington as well as a traveling version for use at sales force and other company and allied meetings; conduct a labor/management seminar for tobacco family unions as appropriate; identify opportunities for similar sessions aimed at other industry segments.²

- 7) Assess continued support of Tobacco Growers' Information Committee.

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8) Continue to improve relations with the National Association of Tobacco Distributors by identifying joint projects, supporting appropriate activities, and offering non-financial resources, including materials and opportunities for member attendance at annual Tobacco College.

9) Improve relations with other industry trade associations, such as Tobacco Merchants Assn., Retail Tobacco Dealers Assn., Tobacco Associates, Cigar Association and Smokeless Tobacco Council, etc., by supporting appropriate activities, identifying issues of joint interest, and offering, as appropriate, non-financial resources.

10) Identify officers and activists in tobacco family organizations, willing to speak out on issues. Develop a Tobacco College program to train potential spokespersons.¹

11) Accelerate development of relations with key wholesale and retail groups, including the National Assn. of Wholesale Grocers, the National Grocers Assn., the Food Marketing Institute, the National Assn. of Wholesaler Distributors, the National Assn. of Convenience Stores, the General Merchandising Distributors Council, the Chain Drug Assn., and the

National Wholesale Drug Assn. Identify issues of joint interest and offer, as appropriate, non-financial resources as assistance.

12) Work with Federal Relations and State Activities Divisions to improve relations with key growers' organizations and other farm groups. Identify issues of joint interest and provide support as appropriate.

13) Reinstitute guest column on tobacco issues in trade publications; seek opportunities for additional columns and/or publications.

14) Support as appropriate the Tobacco Industry Labor Management Committee.

15) Assess feasibility of raising tobacco as an issue in Southern Presidential primaries, as a means of ensuring objective treatment. Develop and implement Super Tuesday program as appropriate.¹

Strategy II: Broaden relationships with non-tobacco groups with which we are now working; establish relationships with new groups.

Tactics:

1) Continue to establish relations with non-tobacco labor unions, particularly those representing white collar workers and manufacturing unions outside the tobacco industry. Maintain and expand relations with AFL-CIO and state labor federations, and local labor federations in major cities.²

2) Establish and build on relations with minority councils within the AFL-CIO representing women, Hispanic and Black trade unionists, focusing on indoor air quality and excise tax issues that are of concern to other labor groups.¹

3) Broaden membership of Tobacco Industry Labor Management Committee to include associations and unions representing supplier industries.¹

4) Expand relations with publishers' groups. Broaden to include reporters' and broadcasters' groups, using advertising threats and other issues as points of discussion.²

5) Build on existing relationships with women's and minority groups on tax, advertising, workplace and discrimination issues.²

6) Establish objective relationships with Asian retailer communities in major cities, e.g., Korean and Chinese businessmen.¹

7) Continue to establish objective relationships with groups representing the disabled on accidental fire (special needs), tax (regressivity) and workplace (equal access) issues.

8) Identify trade associations representing major suppliers to member companies; work with member company public affairs representatives to garner support on key issues.

IV. Resources

A. Staff

- 1) Public Relations: All staff
- 2) State Activities: - Regional vice presidents, regional directors
- 3) Federal Relations: White, Leggett
- 4) Administration: Adams

B. Consultants

- 1) Public Relations Counsel: Fleishman-Hilliard,
Hill & Knowlton
- 2) Labor Relations Counsel: Regional labor
consultants, Michael A. Forscey
- 3) Support to Labor Management Committee:
Savarese & Associates, Ogilvy & Mather,
John Jarvis
- 4) Minority Counsel: Mario Obledo, Gene
Reyes

C. Materials

- 1) Chase Econometrics studies
- 2) Tobacco Heritage publications
- 3) Tobacco Observer and TI Newsletter
- 4) Issues materials are detailed separately
in each issues plan

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - General Coalitions No. 1307

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
3901	Travel - General.....	....	\$ 150	\$ 120	\$ 175
4701	Furniture, Fixtures & Equipment....	....	3	0	0
5001	Office Supplies.....	....	-	*	0
5101	Postage & Delivery.....	....	-	*	0
5201	Reproduction, Printing & Drafting..	....	90	90	60
5401	Other Office Expense.....	....	2	2	2
55**	Membership & Staff Training.....	....	5	8	10
6201	Advertising Space & Promotion.....	....	75	45	50
7301	Professional Fees.....	....	350	703	379
7401	Purchased Admin. Services.....	....	1	1	1
7501	Support of Tob./Other Organizations ....	....	565	480	713
TOTALS.....			<u>\$1,241</u>	<u>\$1,449</u>	<u>\$1,390</u>

Overall, a slight decrease, especially reflecting retainers negotiated with most key consultants, which should mean significant reductions in professional fees.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - General Coalitions No. 1307

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Tobacco Heritage	\$ 50	\$ 60	\$ 20
Production of materials for other orgs.	40	30	40
	<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ 60</u>
 <u>Account #6201 - Advertising Space & Motion</u>			
Miscellaneous placements with allied groups	\$ 75	\$ 45	\$ 50
	<u>\$ 75</u>	<u>\$ 45</u>	<u>\$ 50</u>
 <u>Account #7301 - Professional Fees</u>			
Labor consultants	\$100	\$ -	\$ -
. Griffin*	-	4	0
. Regional labor consultants* (per SAD request)	-	10	60
. Forscey*	-	75	60
. Zoeller & Assoc.	-	70	(1306)
PR Counsel	100	250	(see 7501)
Minority	75	-	-
. Mario Obledo*	-	24	24
. Gene Reyes*	-	65	65
. Circulation Experti	-	55	-
Other Allied Groups	75	150	100
. Fleishman-Hillard*	-	-	50
. Hill & Knowlton*	-	-	20
	<u>\$350</u>	<u>\$703</u>	<u>\$379</u>

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #7501 - Support of Tobacco and Other Organizations</u>			
National Tobacco Education Council	\$300	\$ 0	\$ 0
. National Tobacco Council*	-	150	100
Tobacco Industry Labor Management Comm.	100	-	-
.PR support to Committee issues/projects	(see 7301)	(see 7301)	
. Ogilvy & Mather*	-	-	180
. Savarese & Associates*	-	-	100
. Miscellaneous projects	-	25	60
. John Jarvis*	-	75	90
Tobacco Growers Information Committee	48	48	48
Other tobacco "family" support	20	10	20
. NATD*	-	50	50
American Agriculture Movement*	-	40	(1305)
Minority groups*	50	50	30
Women's groups*	30	20	20
Veterans' groups*	17	12	15
	<u>\$565</u>	<u>\$480</u>	<u>\$713</u>
TOTALS.....	<u>\$1,241</u>	<u>\$1,449</u>	<u>\$1,390</u>

ADVERTISING ISSUE

I. Background

It is our objective plan to position the issue as an attack on the Constitution, rather than an attack on cigarette advertising. T.I. has been very successful in accomplishing that objective.

Through painstaking preparation, the industry clearly got the better of the free speech case in four sets of Congressional hearings -- two before the Waxman subcommittee in 1986 and 1987, one each before the Luken subcommittee and the Ways and Means committee this year.

Another major victory, stemming from a massive effort, came about when the American Bar Association rejected a resolution in favor of a prohibition of tobacco advertising.

The creation and development of the Freedom to Advertise Coalition (FAC), which has proved itself to be a viable coalition of advertising and media trade associations, is also a notable accomplishment.

While more work remains to be done, our coalition with the National Association of State Boards of Education is

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developing into a significant community presence in several key Congressional districts.

II. Assumptions

o In order to accomplish its overall goal of eliminating cigarette smoking in the United States by the year 2000, the anti-smoking coalition will continue to strike at the industry's marketing practices.

o Currently, the coalition relies on two strategies to accomplish this goal -- one is the direct approach of banning cigarette advertising and promotion; the other is the indirect approach of prohibiting tax deductions for cigarette advertising and promotional expenses.

o Since both approaches raise serious First Amendment concerns to a broad spectrum of American society, the anti-smoking movement may abandon its frontal attack.

o Contrary to expectations, the AMA/Synar proposal has worked in our favor. It has rallied many respected groups, such as ACLU, and powerful interests, such as newspaper publishers, to our side. When our opponents discover their mistake, they will replace an ad ban with less drastic bills

to control the content of advertising or to provide for counter-advertising.

o In turn, less drastic alternatives may result in the defection of some, or all, of our present allies. For example, ad agencies and media suffer no economic loss from text-only advertising and may even gain from counter-advertising funded by advertisers or the government. The ACLU might not regard earmarking excise taxes for health promotion as violating the First Amendment.

o Promotion is becoming a larger factor in the industry's marketing mix. In 1980, the advertising/promotion ratio was 70/30; four years later it was nearly 50/50. This trend could weaken our links with advertising and print media trade associations, requiring us to reach out to form coalitions with groups in the promotional segment. The free speech aspect of the industry's promotional practice will call for research and development.

o The legal profession, i.e. the American Bar Association, has rejected the view that an advertising ban is constitutional. But legal scholars will continue to debate the implications of the Posadas decision.

o However, other industries, trade associations and their labor organizations (e.g. endangered industries such as

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alcoholic beverages, all terrain vehicles and small arms manufacturers) may be considered as potential allies should the issue shift focus.

o The anti-smoking network will act as "watchdogs" of advertising and promotional activity and denounce cigarette industry "code violations" and urge that the Federal Trade Commission be given rulemaking authority to regulate "unfair" cigarette advertising.

o On the state and local level, anti-smoking groups will continue to push for proposals to restrict advertising, promotion and sale of tobacco products, including: sampling bans; limitations on billboard and transit ads; restrictions on vending machine sales; higher minimum age laws for sale/possession of tobacco products; subjecting tobacco advertising to sales taxes; and denying tobacco advertising as a business expense.

o In particular, anti-smoking activists will conduct "sting" operations in which a teenager goes on a shopping trip and demonstrates the ease of buying cigarettes and/or alcoholic beverages. These media events will be used to launch and support advertising restriction measures.

o To get state and local jurisdiction over tobacco, the American Medical Association and the American Lung

Association will continue efforts to repeal the federal pre-emption of state laws regulating tobacco advertising and promotional activities. The AMA/Synar proposal would remove the federal pre-emption clause.

III. Objective

To demonstrate to elected officials, on the federal, state and local levels, to opinion leaders, to the media and to the general public that:¹

- (a) The First Amendment of the United States Constitution protects the freedom to truthfully advertise and promote any legal product brand, including cigarettes;¹
- (b) Cigarette advertising is merely the first victim on a slippery slope that includes many other vulnerable products;¹
- (c) Young people are not targeted by or especially vulnerable to cigarette advertising. In fact, our member companies are responsible corporate citizens, truthfully and fairly marketing their products to adult smokers, not youth.¹

III. Strategies, Goals and Tactics

Strategy I: Increase official, media and public focus on the fact that the right to advertise is guaranteed by the U.S. Constitution, and that ad bans, copy restrictions and counter-advertising proposals must pass the Central Hudson tests, one of which is that restrictions must advance the government's interest; thus, position the issue as a defense of a constitutional process (i.e. commercial speech) rather than a specific product.

Goals:

- 1) To encourage editorial visits, media tours, op-ed articles, video playdates and legislative visits in "hometowns" of 20 key Members of Congress.¹
- 2) To organize a First Amendment cadre of ad agencies, ad clubs, ad media in each of these 20 key locations.¹
- 3) To repackage and update existing materials under the Freedom to Advertise aegis by the end of this year, with all new studies, surveys and publications completed in the first half of next year.¹

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Tactics:

1) Expand the body of credible professional literature and journalism rebutting the most common charges leveled at the industry's advertising and promotion, which findings will also satisfy the Central Hudson criteria.¹

2) Through third parties, such as Freedom to Advertise Coalition and tobacco state members, make widespread use of "Tobacco Ad Bans: The Larger Issues" as well as the Philip Morris conceptual video. Target audiences include Members of Congress and their staff, ad clubs and other constituent groups of coalition members, "family" letter-writing gatherings, and media in connection with editorial board visits by ad and media association teams.¹

3) Continue to make widespread distribution of the 16-country study and the 5-nation study -- which demonstrate that ad bans do not work -- to ad clubs and constituent groups of our coalition members. Repackage in shorter version along with excerpts from WHO study and Council of Economic Advisors report.¹

4) Comb the literature for articles and polls showing that advertising does not cause young people to smoke. Seek professional journal publication, then distribute reprints to key legislators, media, and business schools in their districts. ¹

5) Commission a comprehensive review of the economic, marketing and business literature to demonstrate that advertising of a mature product, like cigarettes, does not increase aggregate demand. Get it published in an opinion journal.

6) Canvass the world literature for relevant articles. Monitor papers given at the World Conference on Smoking and Health in Japan. Encourage release of the literature survey at a press conference of an international advertising group.

7) Support the Freedom to Advertise Coalition (FAC) as appropriate. ¹

8) Enlist the direct support of the Communications Committee in expanding our coalition building to include supermarkets, convenience stores, military canteens and commissaries, as well as tobacco wholesalers, retailers and vending machine companies. ²

9) Measure the economic impact on these groups of legislation restricting tobacco advertising and promotion; disseminate the data to these allied groups in order to develop a constituency opposed to such legislation. Seek state federation policy statement on job impact, if appropriate. (See #11 below). Conduct briefings as appropriate.²

10) Expand relationships with organizations affected by promotional bans. Specifically encourage the Committee for Affordable Sports and Entertainment (CASE) and its membership to become active and express its opposition to elective officials and the media, through credible spokespersons.²

11) Assess the feasibility of developing a coalition of labor unions whose members would be adversely affected by advertising and promotional legislation, such as sign painters; printers; newspaper reporters and workers; machinists, musicians and other trades involved in auto racing and other sports promotion. Utilize the Massachusetts State Federation (AFL-CIO) position statement, if enacted in October, in coalition development.

12) Encourage active support of groups and individuals benefiting from corporate sponsorship of the arts as well as those in other industries who sponsor such activities. Identify credible spokespersons for media and legislative tours, as appropriate.²

13) Use public opinion research and economic studies to show public approval of industry sports sponsorship and impact of its prohibition.²

14) Identify a network of groups that oppose ad bans ideologically or are affected economically. Assess the impact, brief them and seek, as a minimum level of commitment, use of their corporate names as part of a broad-based coalition like FAC or passage of anti-ad ban resolutions. These resolutions will be promoted to legislatures and media.

Strategy II: Demonstrate that the proposed restriction of tobacco advertising and promotion sets a dangerous precedent to other industries and their trade groups -- the "Slippery Slope Strategy."¹

Goals:

- 1) To form a new coalition by June 1, 1988 of manufacturers most threatened by enactment of Synar and Stark. Or to broaden the base of the Freedom to Advertise Coalition to include them.¹

- 2) To develop by June 1, 1988 a complete set of documentation consisting of an issue paper, a legislative analysis, a review of scientific literature and a public opinion poll. It would "sell" others on joining the coalition.¹

Tactics:

- 1) Encourage third parties, such as advertising, ad media and libertarian groups to adopt data, studies and literature we have developed. Also support their public relations and publicity efforts, as necessary.¹

- 2) Develop short review papers (based on our broadcast ban experience) for use as op-eds or trade articles reminding media and legislators that other groups -- advertising, media, distributors -- suffer from advertising and promotion bans, not the tobacco industry.¹

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3) Contract for a paper by a former FTC commissioner or top commission official (or former Justice Dept. official) pointing out that an ad ban is an anti-competitive proposal which limits consumer information and freeze market share at current levels.¹

4) Commission a review article by some scientific think tank such as the Franklin Institute that would demonstrate that (a) tobacco is not unique as an alleged health hazard and (b) list the great numbers of citations in the literature of other generic products and practices that could easily share the same status. Seek publication in Science or similar professional journal.¹

5) Establish the ground work for a coalition of obvious "vulnerables" to ad bans or tax-code censorship, including manufacturers, suppliers and distributors. They would be activated to fight off "less drastic" text-only or counteradvertising alternatives.¹

6) Develop background briefing papers for use with each of these potential coalition groups.¹

7) Assist coalition groups in carrying out legislative mobilizations of their memberships to register timely and effective response to legislators.¹

8) Develop stronger coalitions with suppliers of the industries that directly benefit from the tobacco industry's traditional advertising and promotional activities.¹

9) Seek broad-based corporate cooperation with other threatened industries in funding symposia or seminars on The First Amendment, advertising and consumer choice. Sponsorship might include the Freedom to Advertise Coalition, the Freedom of Expression Foundation and a consumer group. Topics would cover the effects of ad restrictions on competition, free access to consumer information, freedom of choice, etc.¹

10) Develop an award for presentation at these events for outstanding defense of commercial speech.

11) Encourage the U.S. Constitution Bicentennial Commission, First Amendment Congress, American Bar Association, U.S. Chamber, Washington Legal Foundation to cover commercial speech in their activities, by offering support grants.

12) Working with Media Relations staff, explore similar opportunities with the Reporters Committee for Freedom of the Press, Sigma Delta Chi and professional trade associations of minority news media, e.g., the Association of Black Journalists and the National Association of Hispanic Journalists. Resolutions should be solicited from these groups.

Strategy III: Increase the level of awareness among local, state and federal officials and opinion leaders that smoking is only one of a constellation of adult practices; that social and family factors are the primary factors shaping the behavior of young people; and that member companies act responsibly in this regard.²

Goals:

- 1) To support in 1988 a total of 20 community-based "parent-child" communications programs, at the rate of 5 per quarter, and help publicize them locally and in Washington, D.C.²
- 2) To gain professional and legislative recognition for the industry's effort to shield youth from cigarette advertising.²

Tactics:

- 1) Involve local, state and federal elected officials in the opening and operation of each of these community programs. After the first year of operation, support a Washington D.C. conference of key participants at which they will meet their Member of Congress.¹
- 2) Reaffirm the industry's position against youth smoking by commissioning a case history study of its experience in dealing with the problem. With NASBE, publicize the study through a one-day seminar and through appropriate professional publication.²
- 3) Assist educational consultant and associated groups to distribute the parent guidebooks "Helping Youth

Decide" (HYD) and "Helping Youth Say No" (HYS) and related materials developed with National Association of State Boards of Education.¹

4) Prepare a video tape presentation for staff and consultants to use in visits with elected officials, editorial boards and educational leaders that will demonstrate the good faith efforts of cigarette makers regarding youth.¹

5) Support, as appropriate, National Automatic Merchandising Association (NAMA) point of purchase awareness campaign; seek and support similar opportunities with other vending trade groups, retailers and other industries.¹

6) Join forces with others to create a multi-industry, multi-disciplinary study group on how best to discourage youth from early adoption of adult practices, of which smoking is just one.¹

IV. Resources

A. Staff

- 1) Management: Panzer

- 2) Division staff: Media Relations, Production Services and Information Services staffs.
- 3) Other staff: State Activities and Federal Relations staffs.

B. Consultants

- 1) Economic/legal experts
- 2) Education organizations and consultants
- 3) Public Relations counsel
- 4) Research firms as necessary
- 5) First Amendment consultants

C. Materials

Booklets, folders, news releases, audio and videotapes, HYD and HYS materials, other printed materials

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - Advertising Issue No. 1308

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
5101	Postage & Delivery.....	....	\$ 80	\$ 15	\$ 15
5201	Reproduction, Printing & Drafting..	....	338	245	115
5401	Other Office Expense.....	....	-	*	0
6201	Advertising Space & Promotion.....	....	650	0	0
7301	Professional Fees.....	....	330	260	497
7501	Support of Tob./Other Organizations	....	265	357	495
8030	Outside Data Bases.....	....	5	3	0
TOTALS.....			\$ 1,668	\$880	\$1,122

As noted in the previous pages, many new Division activities and projects, bearing footnote 1, are deemed necessary to protect the industry's right to advertise its products. The added expense, especially for new studies, their promotion, and third-party support, is detailed on the following pages.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Advertising Issue No. 1308

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5101 - Postage & Delivery</u>			
"Helping Youth Decide" (HYD) booklets distribution	\$ 60	\$ 15	\$ 15
Spanish HYD	<u>20</u>	<u>0</u>	<u>0</u>
	<u>\$ 80</u>	<u>\$ 15</u>	<u>\$ 15</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
HYD booklet (1987 - 200,000 copies)	\$ 80	\$ 0	\$ 0
"Helping Youth Say No" booklet* (1987 - 200,000)	200	100	0
Misc. printing, reprints, etc.*	30	75	25
. 16 country & 5 nation studies	-	-	20
. Youth smoking survey	-	-	15
. Aggregate demand study	-	-	5
. International literature review	-	-	5
. Coalition impact reports	-	-	5
Ad ban videos*	-	50	40
HYD parent education tape sets	20	20	0
HYD ad reprint (1987 - 200,000)	3	0	0
New success story folder printing (1987 - 20,000)	<u>5</u>	<u>0</u>	<u>0</u>
	<u>\$338</u>	<u>\$245</u>	<u>\$115</u>

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #6201 - Advertising Space & Promotion</u>			
HYD national insertions	\$150	\$ 0	\$ 0
"Helping Youth Say No"	<u>500</u>	<u>0</u>	<u>0</u>
	<u>\$650</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Account # 7301 - Professional Fees</u>			
Advertising creative fees	\$ 50	\$ 0	\$ 0
Public relations counsel*	75	135	150
. Media tours (10 @ \$5,500 each)	0	0	55
James Peterson	30	0	0
Jolly Ann Davidson*	75	25	25
Economic, behavioral & opinion studies*	100	100	-
. Economic impact studies	-	-	100
. Scientific/behavioral research	-	-	20
. Public opinion surveys	-	-	50
. Coalition impact studies	-	-	12
. Historical review of broadcast ban	-	-	10
. Youth smoking case study	-	-	10
Labor counsel*	-	-	-
. Savarese & Associates	-	-	45
. Forscey	-	-	20
	<u>\$330</u>	<u>\$260</u>	<u>\$497</u>
 <u>Account #7501 - Support of Tobacco & Other Organizations</u>			
National Association of State Boards of Education (NASBE)*	\$150	\$272	\$275
First Amendment Coalitions	80	-	-
. Freedom to Advertise*	-	80	50
. Seminars (3 @ \$30,000)*	-	-	90
Other Education groups	30	0	0
CASE/Arts groups*	5	5	20
Supplier & Distributor coalitions*	-	-	25
Vulnerable manufacturer coalitions*	-	-	25
Support to Labor Management Committee	-	-	10
	<u>\$265</u>	<u>\$357</u>	<u>\$495</u>

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
TOTALS.....	<u>\$1,668</u>	<u>\$880</u>	<u>\$1,122</u>

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PUBLIC SMOKING ISSUE

I. Background

As a result of the 1986 Surgeon General and National Academy of Sciences reports on environmental tobacco smoke, an explosion of anti-smoking legislation was introduced at both the state and local levels. Midway through the year it was apparent that the budget for public smoking was not adequate to meet the legislative support and public communication challenges these reports presented.

In part because of more aggressive marketing of our resources, in part because of the increased public awareness of the ETS issue, we were able once again to meet our goals for mailings, and corporate and indoor air quality briefings by midyear, despite our having quadrupled most goals from 1986. These accomplishments also occurred with one less staff member assigned to the issue. We continued to expand the broader issue of indoor air quality with media tours involving ventilation experts. We also have completed production of three workplace and indoor air quality videos for use in private as well as legislative briefings.

With additional funds made available in August, we moved forward with plans to encourage the hospitality industry to

recognize smokers as a significant portion of their clientele, with development of ETS and indoor air quality advertising, and with plans to increase significantly the number of experts on the road bringing the workplace/ETS/indoor air quality issues to the public via media tours.

II. Assumptions

o Most smoking restrictions and smoking restriction legislation are based on the alleged health effects of environmental tobacco smoke on the nonsmoker; proponents are strongly motivated by annoyance. The 1986 Surgeon General's and NAS reports provided additional ammunition for legislative activity.

o Although other viewpoints exist, it has been difficult for scientists with these viewpoints to express themselves within the scientific community. A network of anti-smokers in leadership positions effectively muzzles opposing views; publication of articles with these views is difficult.

o Federal, state and local public smoking activity continues to increase. As of June, 1987, 5 bills were pending at the federal level; 189 state and 178 local bills have been introduced. Eighteen state proposals have been

enacted; however, local legislation has a greater chance of passage - - 53 bills (30 percent) have been approved so far this year. Since the first public smoking legislation was passed in 1973, some 42 states and 198 localities have restricted smoking in public places. Of these, 12 states restrict smoking in the private workplace and 23 states address smoking in government facilities. In addition 167 localities restrict smoking in the workplace.

o Although many private employers who regulate smoking attempt to accommodate smokers and nonsmokers, some implement smoking bans and discriminatory hiring policies. The public, the business community, and the news media perceive a growing trend toward severe restriction.

o Employers and restaurateurs are receiving substantial pressure from anti-smoking organizations to severely restrict smoking to protect the public's health, reduce overhead expenses and thereby increase profits.

o Although the Public Affairs Division has caused increased focus on the broader issue of indoor air quality, environmental smoke is still viewed as a separate and distinct issue, and smoking restrictions continue to be viewed as the only way to improve indoor air quality.

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o Over the past year, several jurisdictions have taken preliminary steps to address the problem of indoor air quality, either as a free standing proposal to address ventilation standards or as a companion bill to a smoking restriction proposal.

o Most employers and restaurateurs would prefer to develop their own responses to the issue rather than respond to specific legislation or to anti-smoker demands; however, we are seeing a growing trend toward support of legislation and/or total bans as easy ways out of dealing with a potentially difficult issue.

o The Institute can and does call upon considerable resources to broaden the issue to the greater problem of indoor air quality and to assist employers and others in dealing with the public smoking issue in a responsive and reasonable manner. Although the Institute has provided assistance to a number of institutions, many continue to be unaware of our resources and willingness to provide assistance.

III. Objective

To increase public policy makers' awareness of the need for proper ventilation as the one effective means of dealing with

most or all of the components of indoor air pollution in the workplace and public places; and to discourage legislators and organizations from unfairly discriminating against employees and others who smoke.

IV. Strategies, Goals and Tactics

Strategy I: Focus greater attention on the broader issue of indoor air quality and the need for improved ventilation systems or more efficient use of existing systems.

Goals:

- 1) Conduct at least 500 briefings on the broader issue with officials from labor, industry, trade, environmental groups and the media throughout 1988.²
- 2) Continue ACVA media tours, conducting at least 17 in targeted communities throughout the year.²
- 3) Continue Truth Squad (lay and scientific spokesman teams) media tours, focusing on indoor air quality issues. Conduct at least 24 (two per month).¹

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4) Continue media tours by Alan Katzenstein, a lay expert on environmental questions, sponsoring at least two per month.²

5) Identify by June 1, 1988, a spokesperson for the National Energy Management Institute, capable of carrying NEMI's message regarding ventilation adequacy to the press. Conduct at least one media tour a month once spokesperson is identified and trained.¹

6) Assist the tobacco industry funded Center for Indoor Air Research in conducting an additional six "briefcase" studies in priority locations identified by State Activities and/or Federal Relations. Such ETS studies will have been completed in New York, Dallas and Washington.¹

Tactics:

1) Through the Center for Indoor Air Research, encourage scientific research and publication of articles that point to environmental tobacco smoke as a minor indoor air quality factor.²

2) Through the Center for Indoor Air Research, encourage continued and expanded participation by

scientific consultants on committees of organizations studying indoor air quality.²

3) Through the State Activities Division and the Center for Indoor Air Research, identify localities in which portable air sampling system (PASS) tests might be conducted, with credible third party support and sponsorship. Assist sponsors in promoting results via news conferences, media releases. As additional studies are conducted, summarize cumulative results and release to media in jurisdictions considering restrictions.¹

4) Continue to assist the Federal Relations and State Activities divisions in opposing unnecessary smoking restriction legislation and regulation, emphasizing the need to examine the broader issue of indoor air quality. Provide scientific, economic, ventilation, and other expert testimony as requested.

5) Point to smoking restrictions/bans as an ineffective response to poor indoor air quality. Identify, prepare and promote positive case studies where indoor air quality was improved without restricting smoking.

6) In conjunction with ACVA (a company devoted to the identification and control of internal pollution

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problems in public and commercial buildings) media tours, sponsor ACVA indoor air quality issue ads in newspapers in media tour cities.¹

7) Identify opportunities to use ACVA indoor air quality corporate video in legislative, media and issue briefings. Update video as appropriate.²

8) Continue support of National Energy Management Institute indoor air quality project, through the Tobacco Industry Labor Management Committee. Identify appropriate NEMI spokespersons; promote the project as appropriate.¹

9) Continue to identify additional ventilation experts who also are qualified to conduct media, corporate and legislative briefings.²

10) In consultation with the State Activities division, identify legislation/ordinances that have been introduced, passed or are pending that impose smoking restrictions as a means of improving indoor air quality. With third party (i.e. labor) support, shift the focus from smoking restrictions to ventilation standards. Seek to repeal existing smoking restrictions.²

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11) Through Tobacco Industry Labor Management Committee and the National Energy Management Institute, identify opportunities to conduct building ventilation studies in areas or among employers considering smoking restrictions.²

12) Develop and implement nationwide ETS/Indoor Air Quality advertising campaign. Seek third party support.¹

Strategy II: 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 or to state and local legislation.

Goals:

1) Conduct in 1988 at least 500 workplace smoking issue briefings with institutions that are facing the issue. A briefing shall consist of either an on-site visit by an Institute representative, possibly accompanied by a specialty consultant, or a detailed phone/correspondence briefing. Follow up all briefings as needed.²

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2) Make workplace presentations before 25 meetings of professional associations (i.e., American Society for Personnel Administration, Association of Legal Administrators, American Management Association) by the end of 1988. These workplace presentations will be done by an Institute representative or specialty consultant.²

3) Provide workplace written issue briefing materials to 200,000 employers during 1988. Briefing materials include Institute resource guides, workplace kits and materials produced by state and local chambers of commerce. Follow up as needed.²

4) Respond, within two days, - - via letter or telephone call - - to all requests for assistance and/or information. Follow up all responses as needed.

Tactics:

1) Continue targeted mailings establishing the Institute's expertise and willingness to provide assistance. In consultation with State Activities Division, mailings will be prioritized according to states and localities that are facing workplace smoking legislation.²

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2) Promote reasonable policies to employers who are considering policies or responding to state or local legislation. Maintain samples of reasonable policies to incorporate into package. Reasonable responses will accommodate smokers and nonsmokers without allowing an individual or a group of individuals to dictate preferences.

3) Identify opportunities for corporate briefings as follows:

a) Companies with which we have already established contact but have not yet requested a briefing.

b) As a follow-up to targeted mailings and phone calls.

c) Leads from state and local chambers of commerce with which we have established a relationship.

4) Briefings will be conducted by Institute staff. Specialty consultants may include: legal counsel, union specialists, ventilation expert and management consultant.

5) Continue promotion of expert legal, labor, science and ventilation consultants in briefings with print and broadcast media, and in corporate briefings.²

6) With third party assistance, promote effective ventilation, air filtration/cleaning technology as a viable alternative for employers/restaurateurs facing the issue. Develop materials outlining low-cost approaches to improved ventilation system, use in communications with employers and restaurant groups.²

7) As appropriate, offer generic workplace smoking video and corporate indoor air quality video to employers considering restrictions. Videos may be used in instances where in-person briefings are not possible.²

8) Encourage publication in the general media of articles giving examples of reasonable responses. (Consultants who are adept on the issue will respond to articles which suggest unreasonable and unfair solutions to workplace smoking issues.)

9) Conduct at least two legal expert media tours per month; focusing on reasonable employer response and legal issues relating to smoking in the workplace.²

Strategy III: 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 hotels, airlines, rental car companies and restaurants that treat smokers graciously.²

Goals:

- 1) Complete attitudinal survey of smokers' opinions of nonsmoker promotional efforts in the hospitality industry by March 1, 1988.¹
- 2) Have all materials developed and available for use by June 1, 1988.¹
- 3) Develop by June 1 a plan for briefing representatives from the various hospitality industries on findings from the survey, and providing them with materials.¹
- 4) Through the remainder of the year, brief at least 75 officials from the hospitality industry and its trade associations.¹

Tactics:

- 1) Commission a survey of smoker's attitudes towards discrimination in the hospitality and travel industry. Promote the results via news conferences and releases.¹

- 2) Communicate results of survey in briefings with the trade associations and major companies within the hospitality and travel industries.¹

- 3) Complete survey of major hotel, restaurant, airline, rental car and other industry chains, for attitudes toward smokers and awareness of smokers' attitudes.¹

- 4) Develop background information and materials resulting from the industry survey to member companies for use in their smoker communications programs; communicate with smokers by providing materials (based on both surveys) for use by hospitality and travel groups supportive of smokers; and through the news media.¹

- 5) Continue to promote "smokers are welcome here" tent cards and hospitality materials for restaurants. Offer similar materials for hotels and motels and airlines.²

6) Identify opportunities for the Center on Indoor Air Research to conduct portable air sampling system tests in restaurants and airlines. With third party support, promote results to news media and to travel and hospitality industries.¹

Strategy IV: Continue to broaden political and professional relationships with organizations and individuals heavily affected by restrictions and/or concerned with the issue of indoor air quality.

Goals:

1) Conduct briefings before at least 20 state/local labor councils on workplace smoking issues, using the "Indoor Air Quality: A Labor Perspective" video and labor consultants.²

2) Conduct at least one media tour per month in unionized regions of the country, featuring labor consultants. Target the labor press, central labor councils and union audiences. Utilize existing labor video as appropriate.²

3) If appropriate, produce by June 1 a second labor video featuring the president of a union representing pink/white collar employees.¹

4) By March 1, have completed and available for inclusion in the existing workplace guide for labor a brochure outlining legal aspects of the issue.¹

Tactics:

1) Expand or establish and maintain personal and professional contacts with state, local and national organizations, i.e., unions, civil libertarian groups, minority groups, veterans' groups, personnel management associations and environmental groups.²

2) Attend and/or appear on the program of conferences sponsored by such organizations.²

3) Assist interested organizations in preparing statements opposing smoking restriction legislation utilizing research/materials described in Strategy I. Publicize as appropriate.

4) Utilize materials prepared for organized labor to encourage state and local labor councils/international

unions to reasonably accommodate all members in their bargaining conferences.

5) Assess feasibility of producing a video to promote NEMI's ventilation program, and, if affirmative, produce it.¹

6) Promote availability of existing "Labor Guide to Collective Bargaining on Workplace Issues," to unionized employees. Update and add to materials as appropriate.²

7) Identify opportunities to place the existing five-union ETS ad in unionized cities hosting workplace seminars and/or considering legislation.¹

8) Via Labor Management Committee, support efforts of local unions to promote indoor air quality awareness.²

9) Promote opportunities for ACVA ventilation studies, funded by Labor Management Committee but done at the request of affected unions.²

10) Support, as appropriate, labor requests for help in grievances as related to workplace smoking. Maintain a current file of grievance decisions; update Labor Management Committee legal assessment as appropriate.¹

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- 11) Broaden relationships within AFL-CIO to include councils representing Hispanic, Black and women trade unionists. Seek positions on indoor air quality as appropriate.²

- 12) Encourage neutrality on tobacco issues among organizations for which such issues are not a priority.

- 13) Brief civil libertarians on employer practices that discriminate against smokers. Encourage opposition to employee screening programs that may attempt to discriminate against smokers.

- 14) Encourage and support presentations of the existing American Association for Affirmative Action (AAAA) paper, "Toward a Civil Rights Approach to Smoking" to select audiences. These presentations should be conducted by the authors, Dr. Robert Ethridge, President of AAAA and John Fox.²

- 15) Identify legislation of interest to our allies and offer our support where feasible.

- 16) Where appropriate, assist third parties in legal efforts to overturn workplace smoking restrictions.

V. Resources

A. Staff

1) Public Affairs: Stuntz, Foley, Osborne, Ransome, Media Relations, Information Center, Production Services

2) State activities: Woodson, appropriate field staff and legislative counsel

3) Federal Relations: White, Walters

B. Consultants

1) Legal (John Fox, Dennis Vaughn)

2) Labor experts (Mike Forscey, James Savarese and Associates)

3) Public relations counsel (Ogilvy & Mather, Fleishman-Hillard, Hill & Knowlton Inc.)

4) Management consultants to be identified

5) Scientific consultants (Indoor Air Pollution Advisory Group, Scientific Witness Team)

6) Commercial air quality inspection firms (ACVA Atlantic, National Energy Management Institute)

7) Survey firms (Hamilton, Frederick & Schneiders and regional firms identified on an as-needed basis)

8) Economists (supervised by James Savarese and Associates)

9) Labor Management Committee

C. Materials

1) Backgrounders on indoor air quality and other issues of concern to third parties

2) Examples of reasonable workplace smoking policies

3) Chamber issue brochures

4) "Some Considerations" workplace kit, economic, productivity, legal, design, health and other publications

5) Workplace Smoking: A Resource Guide

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- 6) Workplace materials for organized labor
- 7) Workplace video
- 8) Corporate and labor Gray Robertson videos
- 9) Hospitality and travel industry materials including tent cards, policy certificates, program brochures, window and door decals
- 10) Summaries of economic, voter and other surveys and research

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Public Smoking Issue No. 1309

Account Number	Description	Page Ref.	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
4701	Furniture, Fixtures & Equipment....	....	\$ -	\$ 7	\$ 0
4801	Books & Subscriptions.....	....	-	*	0
5101	Postage & Delivery.....	....	-	8	35
5201	Reproduction, Printing & Drafting..	....	165	281	485
6201	Advertising Space & Promotion.....	....	-	-	5,750
7301	Professional Fees.....	....	1,105	1,371	1,484
7501	Support of Tob./Other Organizations	....	430	430	561
8030	Outside Data Bases.....	....	5	5	0
9100	Data Processing Allocations.....	....	-	50	-
TOTALS.....			<u>\$1,705</u>	<u>\$2,152</u>	<u>\$8,315</u>

The impact this year of the Surgeon General and National Academy of Sciences reports on environmental tobacco smoke required special additional budget authorizations. The foregoing pages identify the new or expanded Division activities which require additional funding in 1988. The project to disabuse public and policymaker misconceptions of this issue through advertising is mentioned on page 117, and its development is to be monitored in stages by the Communications Committee.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER Public Affairs - Public Smoking Issue No. 1309

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5101 - Postage & Delivery</u>			
Workplace Resource Guide (4 @ \$7,700)*	\$ -	\$ 8	\$ 35
 <u>Account #5201 - Reproduction, Printing & Drafting</u>			
Smoking in the workplace kit			
. production	\$ 10	\$ 12	\$ 25
. printing	40	20	160
. reprints of articles	5	5	20
Other public smoking publications/ reproductions	50	50	100
Video			
. Workplace* (1987 actual high due to demand from State Activities, coalitions)	30	90	50
. 30-minute ACVA (Per Philip Morris for use overseas)	-	44	0
. Restaurant*	30	-	75
. Corporate air quality*	-	45	20
Workplace resource guide (200,000)*	-	15	35
	<u>\$165</u>	<u>\$281</u>	<u>\$485</u>
 <u>Account #6201 - Advertising Space & Promotion</u>			
ETS issue ads	-	-	5,000
ACVA issue ads*	\$ -	\$ -	\$ 750
	<u>-</u>	<u>-</u>	<u>\$5,750</u>

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #7301 - Professional Fees</u>			
PR counsel/corporate*	\$100	\$ 50	\$ -
. Fleishman-Hillard	-	-	50
. Hill & Knowlton	-	-	20
PR counsel/labor*	150	-	-
. Ogilvy & Mather	-	200	225
. Savarese	-	200	150
Consultants to conduct research and represent TI to media, corporate, labor, and technical audiences			
. Local voter surveys (2 per SAD request)*	100	60	-
. Local restriction cost studies* (4 per SAD request)	80	40	-
. Local economists	25	10	-
. Ventilation consultants	150	(Media tours)	(Media tours)
. Economic (Solmon)	25	20	25
. Miscellaneous opinion research* - Hospitality survey	25	50	25
. Paul, Hastings, Janofsky & Walker	-	-	50
. Labor consultant (Forscey)	25	200	50
. Workplace consultant (Alan Katzenstein)	150	150	75
. Social Costs research	80	70	25
. Arbitrator	50	25	-
	45	-	-
Media Tours			
. Truth squad (24)			
- Expert consultant (@ \$8,000 each)	-	56	192
- Agency (@ \$5,500 each)	-	40	132
. ACVA			
- Gray Robertson (expenses)	-	25	35
- Agency (@ \$6,500 each)	-	175	150
. John Fox (24 @ \$7,500)		(See PHJ&W)	180
. Katzenstein (24 @ \$4,000)		(See Katzenstein)	100
	<u>\$1,105</u>	<u>\$1,371</u>	<u>\$1,484</u>

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	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #7501 - Support of Tobacco & Other Organizations</u>			
Grants to assist in implementation of voluntary policies*			
. Workplace	\$ 40	\$ 30	\$ 40
. Restaurant	40	10	40
. Hospitality	-	-	30
American Assn. for Affirmative Action	10	10	10
Grants to conduct building studies*	300	-	-
. Building studies per PAD request	-	80	80
. Building studies per SAD request	-	0	20
Support to National Energy Management Institute (NEMI)*			
. Grant to develop IAQ protocol	-	180	100
. Spokesperson to represent NEMI in testimony, media work	-	-	50
. Video	-	-	50
Labor Management Committee*			
. Workplace smoking materials	15	30	30
. ETS ads	-	40	-
. Labor spokesperson media tour (12 @ \$5,500)	-	-	66
. Indoor Air Quality Video	-	25	20
. Miscellaneous	-	25	25
Air quality seminar	25	0	0
	<u>\$430</u>	<u>\$430</u>	<u>\$561</u>
TOTALS.....	<u>\$1,705</u>	<u>\$2,152</u>	<u>\$8,315</u>

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SOCIAL COST ISSUE

I. Background

The "social cost" issue is a new program assigned to the Public Affairs Division. In the past, we have addressed this issue on an ad hoc basis when used to justify specific anti-smoking proposals. The "social cost" issue impacts all of our issues and is being used increasingly and with greater intensity by anti-smoking groups. This plan represents our first comprehensive program to aggressively manage the "social cost" issue.

II. Assumptions

- o Anti-smoking activists increasingly are arguing that the smokers' alleged cost to society, i.e., increased job absences, higher public medical expenses, accidental fires, etc., justify increasing cigarette excise taxes, bans on cigarette advertising, public smoking restrictions, and elimination of the tobacco farm program. "Social cost" arguments promoted by anti-smoking groups add to the perception that tobacco use is socially unacceptable.

- o "Social cost" arguments are utilized by anti-smoking groups to counter any effort by the tobacco industry to

demonstrate the positive economic impact of tobacco on the nation's economy, i.e., the Wharton and Chase studies. These economic impact studies do not deal with "social cost" arguments.

o Independent economists state that "social cost" concepts and computations used by anti-smokers do not withstand credible economic scrutiny. Anti-smokers' research presumes that most costs they perceive to be associated with smoking represent a financial burden on society as a whole.

o The Surgeon General's assertion that environmental tobacco smoke is a demonstrated health hazard to the nonsmoker will most likely escalate future "social cost" estimates.

o The "social cost" debate thus far has been largely between the anti-smoking lobby, including some members of Congress, and the tobacco industry, with public policy makers as the primary audience. Some actuarial and health care economic discussions which do not support anti-smoker research have not been widely distributed or promoted. The general public is not familiar with all aspects of the issue and, if they were, would likely be unsympathetic to "social cost" economics as a justification for restricting free lifestyle choices.

o Other industries, i.e., dairy, meat, alcohol, chemical producers, nuclear power, hazardous wastes management and small aircraft, are also vulnerable to similar "social cost" arguments.

III. Objective

To challenge the validity of anti-smokers' "social cost" arguments used to support anti-tobacco legislation on the federal, state and local level.¹

IV. Strategies, Goals and Tactics

Strategy I: Aggressively counter "social cost" research with credible, independent economic studies.¹

Goals:

- 1) Conduct at least one organizational meeting of the "social cost" economists network within six months.¹
- 2) Submit for publication at least five articles summarizing independent economic review of "social cost" arguments within six months.¹

- 3) Commission at least five specific new studies on the "social cost" issue within six months.¹
- 4) Conduct media tour to promote Tollison and Wagner book now in draft within the six months.¹
- 5) Support at least one academic symposium on the "social cost" within nine months.¹
- 6) Submit at least five abstracts of new "social cost" studies to prestigious economic conferences within nine months.¹
- 7) Brief at least five legislative organizations on the "social cost" issue within six months.¹
- 8) Brief at least 10 minority and veteran groups on the "social cost" issue within six months.¹

Tactics:

- 1) Identify network of economists familiar with the "social cost" issue to review and maintain literature, to conduct research, to prepare articles, legislative testimony, letters to the editor and op-ed pieces. When possible utilize existing tax issue economists' network. Conduct periodic meetings in central location.¹

2) Publicize independent economic review of "social cost" arguments and encourage publication in newspapers, economic journals and economic conference proceedings.¹

3) Commission and aggressively promote new studies on precise topics, i.e., smoker vs. nonsmoker productivity, absenteeism and accident rates, actual estimate of all taxes paid by smokers vs. the public health care costs allegedly attributed to smoking, etc.¹

4) Publicize Tollison and Wagner book in conjunction with a media tour of "social cost" economists sponsored by an academic institution. In conjunction with tour, prepare and distribute executive summary of book.¹

5) Support and aggressively promote a one day symposium sponsored by an academic institution, i.e., Center for the Study of Public Choice at George Mason University, on the "social cost" issue. Sponsor would commission papers on precise topics and publish and promote the proceedings.¹

6) Direct "social cost" economists to submit abstracts of studies and seek speaking/seminar opportunities at prestigious economic conferences, i.e., American Economic Association, Southern Economic Association,

Western Economic Association, Atlantic Economic Association, etc.¹

7) Seek opportunities for "social cost" economists to testify, to prepare testimony, and to include research/articles in the legislative record when anti-tobacco legislation is under consideration and "social cost" arguments are utilized. (This year, economists already have prepared rebuttals to "social cost" arguments to justify excise tax increases in California and Texas.)¹

8) Direct "social cost" economists to brief economic and policy staffs of legislative organizations, i.e., American Legislative Exchange Council, National Conference of State Legislators, Council of State Governments, National Governors Association on the "social costs" issue; encourage them to address the issue as a serious public policy concern. Seek publication and speaking/seminar opportunities.¹

9) Encourage existing and future smoker anti-harassment groups to point to "social cost" arguments issue as another form of harassment.¹

10) Brief minority and veterans groups on the "social cost" issue and encourage them to take a position. Assist in preparing op-ed pieces, letters to the editor

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and developing a series of position statements suggesting "social cost" as a byword for discrimination.¹

11) Inspire Congressional request for a new OTA study within proper economic guidelines.¹

Strategy 2: Demonstrate that "social cost" arguments can be applied to other industries and generate support from those industries in challenging these arguments.¹

Goals:

- 1) Conduct studies extending "social cost" research to at least five other industries within three months.¹
- 2) Identify and brief at least five industries on the potential threat of social costs arguments to their businesses within six months.¹

Tactics:

- 1) Extend "social cost" research as applied to smokers to other industries by obtaining estimates from "social cost" economists of potential cost targeted commodities

impose upon society, i.e., beef, alcohol, sugar, coffee, salt, etc.¹

2) Brief target industry association executives on repercussions of potential social cost allegations utilizing "social cost" economist network. If possible, have economists brief peer economists at targeted industries or utilize third party groups, i.e., tobacco grower representatives for briefing with cattlemen's association.¹

3) Attempt to organize coalition of business to counter "social cost" claims. Prepare and distribute coalition brochures, newspaper advertisements and video on the issue.¹

4) Organize coalition of economists frustrated with abuse of economics in politics. Seek speaking opportunities at economic seminars (see above); interviews with business and economic journalists.¹

Strategy 3: Counter the objective of those using "social cost" claims and maintain tobacco family unity by reinforcing the historic and economic benefit of tobacco in the U.S.²

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Goals:

- 1) Commission an update study demonstrating the economic impact of tobacco by the end of the year. The last study was completed in 1985 based upon 1983 data.¹
- 2) Sponsor at least one historical celebration, art show or archival collection by the end of the year.¹
- 3) Commission at least two articles that highlight the historical role of tobacco in the U.S. in three months.¹

Tactics:

- 1) Continue to promote Chase study and commission an update demonstrating the impact of tobacco upon the nation's economy.²
- 2) Commission and aggressively promote articles and research that highlights tobacco's historical role in the U.S.¹
- 3) Support an art show or archival collection demonstrating the historical role of tobacco in the U.S.¹

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- 4) Serve as corporate sponsor of Normandy Museum demonstrating tobacco's role in World War II.¹
- 5) Promote "heritage" materials in tobacco states to elevate awareness of tobacco's historic role.¹
- 6) Identify historians at major southern universities to write articles of tobacco's role in U.S. history.¹

V. Resources

A. Staff

- 1) Management:
To be determined after plan and budget approval.
- 2) Division staff:
Ross, Panzer, Stuntz, Foley, Lyons, Moran
- 3) Other staff:
State Activities and Federal Relations Divisions, their staffs and legislative counsel

4) **Consultants**

a) **Economists**

--Network coordinated by James Savarese

b) **Public Relations Counsel to be determined**

c) **Private research firms**

d) **Chase research and consultants**

e) **Legislative Counsel**

f) **Tobacco family consultants**

g) **Tobacco historian/archivist**

B. Materials

1) **Tollison/Wagner book**

2) **Chase materials**

3) **Heritage materials**

4) **Brochures, reprints, seminar proceedings and
other printed materials**

5) **"Social cost" video**

THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - "Social" Cost Issue No. 1311

Account Number	Description	1987 Budget (\$000)	1987 Estimated (\$000)	1988 Budget (\$000)
5201	Reproduction, Printing & Drafting.....	-	-	\$170
6201	Advertising Space & Promotion.....	-	-	20
7301	Professional Fees.....	-	-	335
7501	Support of Tob./Other Organizations ..	-	-	140
TOTALS.....				\$665

The social cost issue budget reflects development and implemenation of an entirely program to manage the issue.

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THE TOBACCO INSTITUTE

1988 BUDGET

COST CENTER NAME Public Affairs - "Social" Cost Issue No. 1311

	<u>1987 Budget (\$000)</u>	<u>1987 Estimated (\$000)</u>	<u>1988 Budget (\$000)</u>
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reprints of articles, symposium proceedings, etc.			
. Article reprints (5 @ \$10,000)	-	-	\$ 50
. Symposium proceedings	-	-	15
. Miscellaneous brochures	-	-	20
. Reprints of Heritage articles	-	-	10
. Chase Econometrics update	-	-	25
. Video	-	-	50
	<hr/>	<hr/>	<hr/>
			\$170
	<hr/>	<hr/>	<hr/>
<u>Account #6201 - Advertising Space & Promotion</u>			
Advertising (political abuse of economics)			\$ 20
	<hr/>	<hr/>	<hr/>
<u>Account #7301 - Professional Fees</u>			
PR Counsel	-	-	\$ 20
Consultants to conduct research, prepare articles, deliver briefings			
. "Social cost" economists (research, articles, briefings)	-	-	40
. "Social cost" studies (3 @ \$30,000)	-	-	90
. "Social cost" industry case studies (3 @ \$30,000)	-	-	90
. Chase Econometrics update	-	-	80
. Tobacco historian/archivists	-	-	15
	<hr/>	<hr/>	<hr/>
			\$335
	<hr/>	<hr/>	<hr/>

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PRODUCTION SERVICES

I. Background

In the last quarter of 1985 the Production Services Department (PSD) was reassigned to the Public Affairs Division. The reorganization resulted in redefined staff duties and responsibilities. Consequently, PSD grew more efficient and versatile as a service group to the Institute.

PSD is not a separate budgeted cost center. The group provides services to all Institute divisions. These services are then charged to the cost center initiating the project. The Information Center is another department within the division that follows this administrative procedure.

II. Assumptions

o New York, Chicago, Los Angeles and Dallas are centers of graphic design. By comparison, Washington, D.C., has relatively few art studios and printing companies. The responsibility of the Production Services Department (PSD) is to find and utilize the highest quality and most economical services for The Institute's needs in this geographic area.

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These needs generally consist of publication design, slide presentations, photography, printing and mailing services. Special projects are addressed as they are assigned.

o Communicating with Institute staff on projects is an important area. Projects, regardless of complexity, require as much initial input as they do follow through.

o Deadlines need to be agreed upon and met. Each stage of the production process involves careful planning and managing in terms of time and budget. Streamlining all phases is necessary.

o Production of printed materials for allied organizations - as part of the coalition process - increased by an estimated 40% in 1987. By providing project management, we are able to support these groups in a variety of ways.

o A total of \$700,000 was spent on the production of graphics in the first six months of 1987. Most of these monies supported major projects such as:

- The National Tobacco Council Legislative Mobilization Packages
- Helping Youth Say No

- Workplace smoking assistance booklets and kits
 - ACVA presentation packages
 - Transcribing and video taping our hearings
- o Large contracts with vendors are based on competitive bidding proposals.
- o The graphic arts industry is constantly growing in the areas of computer graphics and new product developments. PSD keeps in touch with these advancements by regularly reviewing vendors and their specialty services. Desk top publishing is an area that we will continue to explore in 1988.

III. Objective

Produce high quality, graphic materials in a timely and economic manner.

IV. Strategies, Goals and Tactics

Strategy I: Increase TI staff knowledge of PSD capabilities and guidelines related to the production of graphics and publications, as a means of gaining their help in containing costs and ensuring quality.²

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Goals and Tactics:

- 1) Stress to staff that PSD must be informed, well in advance, of upcoming conferences, projects, etc., that require visual support. Require written directions and time table on all assignments, time permitting. PSD will negotiate reasonable deadlines and plan to meet 100% of them.
- 2) Involve and apprise clients at every stage of each project. All stages will require signature and date of responsible staff before proceeding to next step.
- 3) All completed projects will be reviewed by PSD staff and clients to determine that project needs were satisfied. A record of the meeting will be filed in the job jacket.
- 4) Continue publication cost/quality recaps and distribute to clients on a timely basis.
- 5) Distribute to all staff information on any new capabilities that PSD has acquired either in house or through outside resources, within two weeks of acquisition.¹

6) On the first of every other month, issue a publication inventory for all cost centers. Distribute to appropriate personnel.

7) Update and issue publication list bi-monthly to maintain maximum use of publications by member companies and the general public.

8) Coordinate new publication release mailings with appropriate support staff for distribution.²

9) Support TI staff on audio-visual aids. Update and maintain equipment as necessary.

10) As a means of measuring quality, enter selected T.I. publications in awards competitions.

Strategy II: Require vendors to ensure high quality output on a timely basis with minimal costs.

Goals and Tactics:

1) Conduct bi-annual review of vendors in: typography, design, photography, printing and mailing. Maintain profiles of each company in PSD files.

2) Produce written estimates for staff on any project involving design and printing.

3) Have comprehensive bids submitted on projects that will exceed \$10,000. Budget or time restraints must be discussed and approved by initiating client, in advance to exempt a project from bidding.

4) Where appropriate, initiate contract agreements with vendors pertaining to the production of specific publications. Several publication series are already under contract: state data cards, heritage series and issue topic brochures. Develop a similar arrangement for the [revised] Tobacco Observer.¹

5) Produce and maintain production schedules on all projects. Coordinate projects with designers, printers and TI clients.

6) Devise and maintain a written evaluation form for each project. After completion of a project, review with client design and printing quality and procedures. File and feed back all problems, recommended changes, criticisms or praises to appropriate vendor.

IV. Resources

A. Staff

- 1) Production Services: Dedick, Nordahl, Davis
- 2) Public Affairs: Baumann, Miller, Myers, Richman, Pinkney, Stark
- 3) Administration: Coulton, Dieman, Evans, Grays, Hilderley, Jones, Miller, Ott
- 4) Vendors: Typographers, Design Studios, Freelancers, Photographers, Printers and Mailers
- 5) Clients: TI staff, other supportive organizations

B. Materials

- 1) Supplies for in-house equipment: wax, cartridges and type wheels for Kroy, paper and film for Video-Show, miscellaneous drawing supplies and tools.
- 2) Files: Photo, Slide, Art and Publication