

draft 2 - 11/18/87

**COMMENTS**  
Samuel D. Chilcote, Jr.

The Tobacco Institute  
Annual Meeting

Thursday, December 10, 1987

page 2

GOOD MORNING.

IN RECENT YEARS ... WE HAVE  
USED THIS MEETING ... OUR  
ANNUAL MEETING ... TO DESCRIBE  
THE CHALLENGES WE FACE.

THEN ... THE FOLLOWING FEBRUARY  
AT OUR WINTER MEETING ... WE  
DISCUSSED OUR PROGRAMS TO DEAL  
WITH THOSE CHALLENGES.

AS YOU KNOW ... WE WILL NOT  
HOLD A WINTER MEETING NEXT YEAR  
AND SO WE HAVE CONDENSED OUR  
FORMAT ... AND WILL COVER BOTH  
CHALLENGES AND PROGRAMS TODAY.

page 3

(pause)

IT IS SAID THAT WE ARE GOLIATH  
... THAT THE ANTI-SMOKING  
MOVEMENT IS DAVID.

LET ME TELL YOU ABOUT DAVID ...  
AND HIS SLINGSHOT.

LITTLE DAVID ... IS THE FEDERAL  
DEPARTMENT OF HEALTH AND HUMAN  
SERVICES ... WHICH SPENT MORE  
THAN \$45 MILLION IN FISCAL YEAR  
1987 ON ANTI-SMOKING ACTIVITIES  
... AND HAS ANOTHER \$100  
MILLION IN PROGRAMS ON THE  
DRAWING BOARD.

page 4

HIS SLINGSHOT IS THE COALITION  
ON SMOKING OR HEALTH ... A  
GROUP OF VOLUNTARY ASSOCIATIONS  
-- THE CANCER SOCIETY ... LUNG  
AND HEART ASSOCIATIONS ... AND  
ASH ARE THE LARGEST.

TOGETHER ... THEY MAKE  
COMBINED ANNUAL EXPENDITURES OF  
MORE THAN \$400 MILLION.

THEY BRING AN ARMY OF PAID  
STAFF AND VOLUNTEERS ...  
MORE THAN \_\_\_ MILLION  
INDIVIDUALS ... LOCATED AT SOME  
\_\_\_ FACILITIES IN VIRTUALLY  
EVERY COUNTY IN THE UNITED  
STATES.

page 5

DAVID WAS A BUSY BOY IN 1987.

HE HAD A HAND IN 52  
ANTI-TOBACCO BILLS IN CONGRESS  
... 532 IN STATE LEGISLATURES  
... AND ANOTHER 336 AT THE  
LOCAL LEVEL.

HE ATTACKED US IN THE PRESS ...  
IN THE COURTS ... IN REGULATORY  
AGENCIES ... AND ON THE BALLOT.

AND YET ... FOR ALL OF HIS  
MUSCLE ... MONEY ... AND MEDIA  
... HIS AIM'S NOT THAT GOOD.

page 6

GOLIATH IS STILL STANDING ...  
TALL AND PROUD ... AND TOSSING  
A FEW ROCKS OF HIS OWN.

(pause)

WE ARE NOT A 'GOLIATH' ... BUT  
THEN AGAIN... THE ANTI-SMOKERS  
ARE NOT EXACTLY A 'DAVID.'

WHAT ARE WE?

page 7

ACCORDING TO THE NATIONAL JOURNAL ... A PUBLICATION READ FAITHFULLY BY WASHINGTON POLICY MAKERS ... "THE INSTITUTE IS CONSIDERED TENACIOUS ... SMART ... WELL FINANCED ... AND SKILLED AT HARD-BALL."

AS WE ENTERED THIS YEAR ... OUR CHALLENGES WERE CLEAR.

o WE WERE GIVEN A 90 PERCENT CHANCE OF HIGHER FEDERAL EXCISE TAXES ... AND OUR ADVERSARIES WERE TRYING TO PLACE A 250 PERCENT TAX INCREASE ON THE BALLOT IN CALIFORNIA.

page 8

o THE SURGEON GENERAL'S  
... AND THE NATIONAL ACADEMY  
OF SCIENCES' REPORTS ON ETS  
... WERE STILL ON THE FRONT  
PAGE AND THE EVENING NEWS.

WE EXPECTED AN ON-SLAUGHT OF  
SMOKING RESTRICTIONS AT ALL  
LEVELS OF GOVERNMENT.

o HENRY WAXMAN WAS POISED  
TO CONSIDER AN ADVERTISING  
BAN ... AND CIGARETTE  
INGREDIENTS ...



page 9

O THE FEDERAL FIRE SAFE  
CIGARETTE STUDY WAS DUE OUT  
BY YEAR'S END ... AND THERE  
WAS A SERIOUS MOVE TO REMOVE  
THE CIGARETTE DISCOUNT AT  
MILITARY COMMISSARIES.

HOW DID WE DO?

LET ME QUOTE ONCE AGAIN FROM  
THE NATIONAL JOURNAL ...

page 10

"THERE IS NOT AN ORGANIZATION IN THIS CITY, PROBABLY IN THE COUNTRY, THAT HAS A MORE DIFFICULT ISSUE TO WORK AND THAT HAS BEEN ABLE TO MAINTAIN ITSELF OVER THE PAST 15 YEARS AGAINST UNPRECEDENTED ASSAULT."

I DISAGREE WITH THE JOURNAL ON ONE POINT. IN 1987 ... WE DID CONSIDERABLY MORE THAN "MAINTAIN" OURSELVES.

AGAINST VERY TOUGH ODDS ... WE HAD SEVERAL DECISIVE VICTORIES ... AND EXTRAORDINARY ACCOMPLISHMENTS.

page 11

OUR MOST REMARKABLE  
ACCOMPLISHMENT FOR 1987 WOULD  
HAVE TO BE IN THE AREA OF  
TAXATION.

NOT ONLY DID WE BLOCK NEW  
FEDERAL EXCISES ... BUT WE ARE  
CLOSE TO THE POINT WHERE  
REGRESSIVE TAXES MAY BE OUT OF  
BOUNDS FOR FEDERAL LEGISLATORS.

OUR CHALLENGE IN 1988 WILL BE  
TO INCREASE THE PRESSURE  
AGAINST EXCISES AT THE FEDERAL  
LEVEL ... AND IN THE STATES  
WHERE ... THIS YEAR ... WE  
DEFEATED NEARLY 75 PERCENT OF  
THE 77 TAX BILLS PROPOSED.

page 12

OUR SECOND MAJOR ACCOMPLISHMENT  
INVOLVES ADVERTISING  
RESTRICTIONS.

AT THE FEDERAL LEVEL ... ALL  
YEAR LONG ... THE INSTITUTE AND  
ITS ALLIES SUCCESSFULLY RAISED  
FIRST AMENDMENT ARGUMENTS ...  
IN HEARINGS ... AND IN THE NEWS  
MEDIA.

page 13

AS A RESULT ... THE  
ANTI-SMOKERS SEEM TO HAVE  
ABANDONED THEIR PROPOSED  
ADVERTISING AND PROMOTIONAL BAN  
... AND ARE NOW SEEKING OTHER  
APPROACHES ... INCLUDING  
'COUNTER ADVERTISING' ... AND  
'CONTENT CONTROLS' ... NEXT  
YEAR.

IN THE STATES ... 43  
ADVERTISING AND PROMOTION BILLS  
WERE INTRODUCED ... ALL BUT  
THREE WERE DEFEATED OR  
POSTPONED.

page 14

OF THE THREE ... JUST ONE DEALT  
WITH CIGARETTES, WHEN MINNESOTA  
BECAME THE FIRST STATE TO BAN  
SAMPLING. THE OTHER TWO ...  
INVOLVED SMOKELESS PRODUCTS.

BUT ... BY THE SAME TOKEN ...  
THE MASSACHUSETTS SENATE VOTED  
TO REPEAL LOCAL SAMPLING  
ORDINANCES.

OUR THIRD MAJOR ACCOMPLISHMENT  
WAS SUCCEEDING WITH A WIDE  
VARIETY OF LESS PROMINENT ...  
BUT EQUALLY IMPORTANT ISSUES  
AND LEGISLATION.

page 15

THIS LIST IS LONG ... LET ME  
MENTION JUST THREE IMPORTANT  
ITEMS.

-- IN SPITE OF MUCH FANFARE  
... THE ANTI-TOBACCO MOVEMENT  
IN THE MILITARY HAS STALLED.

"POINT OF SALE" ANTI-SMOKING  
MESSAGES ... SPONSORED BY THE  
CANCER SOCIETY AND THE AIR  
FORCE ... WAS DISCONTINUED.

page 16

AND THE CIGARETTE DISCOUNT AT  
MILITARY COMMISSARIES IS NOT  
ONLY INTACT BUT ... THANKS TO  
SOME CLEVER LEGISLATIVE WORDING  
... WILL BE EXTREMELY DIFFICULT  
TO ATTACK IN THE FUTURE.

-- TORT REFORM LEGISLATION WAS  
ADOPTED IN CALIFORNIA ... NEW  
JERSEY ... OHIO AND TEXAS.

AND FEDERAL RISK ASSESSMENT  
LEGISLATION PROGRESSED IN  
CONGRESS ... WITH HELPFUL  
LANGUAGE INSERTED BY ORGANIZED  
LABOR.



page 17

-- OUR RELATIONSHIP TO AMERICA'S FIRE FIGHTERS HELPED US DEAL WITH THE RELEASE OF THE FEDERAL FIRE SAFE CIGARETTE REPORT.

THIS REMAINS ONE OF OUR TOUGHEST CHALLENGES ... BUT WE ARE PREPARED FOR WHAT LIES AHEAD.

OUR FOURTH MAJOR ACCOMPLISHMENT IS THE SUPPORT WE HAVE RECEIVED FROM OUR ALLIES.

page 18

WE HAVE ESTABLISHED STRONG  
WORKING RELATIONSHIPS WITH  
VETERANS ... RACIAL AND ETHNIC  
MINORITIES ... FIRE FIGHTERS  
... THE ACLU ... CHAMBERS OF  
COMMERCE ... FARMERS ...  
PUBLISHERS ... UNIVERSITY  
ECONOMISTS ... CONVENIENCE  
STORES ... WOMEN'S AND CONSUMER  
GROUPS.

page 19

OUR ALLIES HAVE HELPED US WITH THE NEWS MEDIA ... AND AT ALMOST EVERY ONE OF THE 13 DAYS OF FEDERAL HEARINGS WE FACED THIS YEAR. THEY HAVE LOBBIED ON OUR BEHALF AT ALL LEVELS OF GOVERNMENT ... AND HAVE HELPED US WITH INFORMATION ... FUNDING ... AND BY CHALLENGING OUR ADVERSARIES.

IN 1987 ... FEW GROUPS HELPED US MORE THAN ORGANIZED LABOR.

CONSIDER THE EFFECT OF ADDING LABOR'S POLITICAL STRENGTH TO OUR OWN.

page 20

EIGHT OF THE TOP 25 POLITICAL ACTION COMMITTEES ARE RUN BY LABOR UNIONS. TOGETHER ... LABOR'S 96 PACS RAISED MORE THAN \$61 MILLION IN THE 1985-86 ELECTION CYCLE ... ALMOST 20 PERCENT OF ALL MONEY RAISED BY PACS NATIONALLY.

IN THE HOUSE ... 200 MEMBERS ... INCLUDING NEARLY HALF OF ALL COMMITTEE CHAIRMEN ... VOTED WITH LABOR ON KEY ISSUES 75 PERCENT OF THE TIME OR BETTER.

page 21

IN THE SENATE ... LABOR DOES  
ALMOST AS WELL.

IN 1987 ... LABOR CRITICIZED  
THE SURGEON GENERAL ... TOOK  
THE LEAD AGAINST EXCISES ...  
AND IS OUR ONE CONSISTENT ALLY  
AGAINST SMOKING RESTRICTIONS.

OUR FINAL ACCOMPLISHMENT OF THE  
YEAR IS THE PROGRESS WE MADE ON  
THE PUBLIC SMOKING ISSUE ...  
AGAINST THE TOUGHEST OF ODDS.

WE HAD SOME SERIOUS SETBACKS IN  
1987 ... AIRLINE RESTRICTIONS  
IS AT THE TOP OF THE LIST.

page 22

ALMOST AS FRUSTRATING WAS THE  
FIGHT AGAINST LOCAL MEASURES.

ALL TOLD ... WE DEFEATED OR  
POSTPONED JUST ABOUT HALF OF  
THE 272 LOCAL ORDINANCES WE  
FACED THIS YEAR. SOME OF THESE  
RESTRICTIONS WERE FAIRLY TOUGH  
... OTHERS WERE WEAKENED  
THROUGH GOOD LOBBYING.

50 PERCENT SIMPLY ISN'T GOOD  
ENOUGH.

page 23

WE FOCUS ON THE BAD NEWS ...  
BUT MUCH WAS ACCOMPLISHED IN  
1987 IN THIS MOST DIFFICULT  
AREA.

THE PERFORMANCE AT THE STATE  
LEVEL WAS EXCELLENT. OF 190  
BILLS INTRODUCED IN 45 STATES  
... WE DEFEATED OR POSTPONED 90  
PERCENT ... AND MANAGED TO  
WATER DOWN ALL BUT TWO OF THOSE  
THAT PASSED.

WE HAVE TO BE PLEASED WITH THE  
SUCCESSFUL CHALLENGE OF THE NEW  
YORK PUBLIC HEALTH COUNCIL  
REGULATION. A LOSS WOULD HAVE  
HAD BROAD IMPLICATIONS.

page 24

WE DEFEATED HIGHLY VISIBLE  
MEASURES IN DEL MAR AND RANCHO  
MIRAGE ... AND PERSUADED THE  
BEVERLY HILLS CITY COUNCIL TO  
REPEAL ITS RESTAURANT BAN.

(pause)

IN 1987 ... WE BEGAN TO  
REPOSITION THIS ISSUE ... FROM  
THE NARROW SUBJECT OF ETS ...  
TO THE BROAD ISSUE OF INDOOR  
AIR QUALITY.



page 25

PERHAPS THE HIGHLIGHT OF THE YEAR WAS THE COVERAGE WE RECEIVED FOR OUR "GREAT AMERICAN CHALLENGE."

(ad here)

THE CHALLENGE FOCUSED PUBLIC ATTENTION ON INDOOR AIR QUALITY FOR A FEW DAYS BUT ... WEEK AFTER WEEK ... GRAY ROBERTSON AND OUR OTHER SPOKESPERSONS KEPT IT ALIVE MARKET-BY-MARKET. THIS YEAR ... GRAY APPEARED ON \_ TELEVISION AND RADIO PROGRAMS, AND WAS INTERVIEWED IN \_ NEWSPAPERS IN MAGAZINES.

page 26

IN ADDITION TO GRAY ... OUR  
"TRUTH SQUAD" OF SCIENTISTS HAS  
APPEARED IN \_\_ MARKETS,  
INCLUDING

\_\_\_\_\_.

I'D LIKE TO SHARE WITH YOU SOME  
RECENT EXAMPLES OF THEIR WORK.

(videotape)

OUR OVERALL PUBLIC SMOKING  
PROGRAM DEALS DIRECTLY WITH  
THE NEWS MEDIA ... BUSINESSES  
... UNIONS ... ASSOCIATIONS ...  
PUBLIC AGENCIES AND  
INDIVIDUALS.

page 27

IT IS OUR MOST HEAVILY FUNDED  
... MOST AGGRESSIVE AREA. EVEN  
SO ... THE PUBLIC SMOKING ISSUE  
IS SO LARGE ... SO PERVASIVE  
... AND SO IMPORTANT ... WE  
MUST DO MORE.

THIS AFTERNOON WE WILL HOLD A  
SPECIAL SESSION ON THIS ISSUE  
... TO EXAMINE OUR STRATEGIES  
... CONSIDER NEW PROGRAMS ...  
AND STRENGTHEN EXISTING ONES.

NEXT YEAR ... GENTLEMEN ... OUR  
PUBLIC SMOKING PROGRAM WILL BE  
OUR FIRST ... NOT OUR LAST ...  
ACCOMPLISHMENT.

page 28

(pause)

IT HAS BEEN A TOUGH YEAR. IT  
HAS BEEN A PRODUCTIVE YEAR.

BUT ... THERE IS NOT ONE OF US  
HERE ... WHO DOES NOT EXPECT  
1988 TO BE TOUGHER.

I HAVE ASKED OUR DIVISION HEADS  
TO REPORT ON WHAT THEY EXPECT  
TO SEE IN 1988 ... AND HOW THEY  
EXPECT TO DEAL WITH IT ALL.

page 29

BOB LEWIS ... FEDERAL  
RELATIONS ...

(Mr. Lewis)

ROGER MOZINGO ... STATE  
ACTIVITIES ...

(Mr. Mozingo)

BILL KLOEPFER ... PUBLIC  
AFFAIRS ...

(Mr. Kloepfer)

THANK YOU, GENTLEMEN.

page 30

ON BEHALF OF BOB, ROGER, BILL,  
AND ALL OF OUR STAFF ... I WISH  
TO THANK EACH OF YOU FOR YOUR  
GUIDANCE ... YOUR SUPPORT ...  
AND FOR THE OPPORTUNITY TO  
SERVE THIS INDUSTRY.

HAVE A SAFE AND HAPPY HOLIDAY.