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**PUBLIC AFFAIRS  
MANAGEMENT PLAN PROGRESS REPORT**

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**July 1990**

**CONFIDENTIAL:  
MINNESOTA TOBACCO LITIGATION**

**TIMN 194447**

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## Excise Taxes

Primary Responsibility: TBD  
Carol Hrycaj

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### Overview

Federal budget talks continued in July, with no apparent agreement between the Administration and congressional negotiators on specifics of revenue increases or spending cuts. A Republican budget proposal containing a beer and wine tax increase -- but not tobacco taxes -- surfaced shortly before the congressional recess.

The Consumer Tax Alliance's anti-excise tax ads aired in 15 states, beginning while Members were in their districts over the Independence Day recess. As the August congressional recess approached, allies and coalition groups planned to continue efforts to carry the anti-excise tax message to Members.

### Highlights

To heighten the level of anti-excise efforts planned and implemented so far this year, we have intensified efforts to reinforce the anti-excise tax message. Allies and coalitions are planning to expand grassroots outreach on taxes during the August congressional recess.

The Consumer Tax Alliance (CTA) aired its anti-excise tax ads in markets in 15 states for three weeks. Preliminary results of the pre- and post-testing of the ads were consistent with the January 1990 testing: When educated that it is the consumer who pays excises, opposition to the tax increases. Meanwhile, CTA continued to increase its membership.

The CTA is planning its next phase of activity to carry its fair tax message directly to lawmakers and the general public. A four-week media tour by CTA Executive Director David Wilhelm is tentatively scheduled to begin mid-August. The plan includes covering 10 states in which the ads aired.

Another media tour program, involving three consulting economists, is under consideration. This effort would seek to reach Republican members of Congress and to reinforce anti-tax messages in August during the Congressional recess.

The American Agriculture Movement (AAM) conducted its July media activities in Washington, D.C. The 1990 farm bill deliberations provided the media hook for a variety of activities, including a press conference with Willie Nelson and an appearance on Fox Morning News. Nelson accompanied AAM representatives on a series

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of congressional visits during which Members received AAM's anti-excise tax information.

In addition, AAM National Director David Senter prepared an op-ed discussing the impact of tax policy, federal budget negotiations and increased excise taxes on the rural community. The article has been distributed to AAM's agriculture and rural media list.

We worked with consultants on planning the AAM media tour schedule for the remainder of 1990. In addition, we worked with consultants on the new AAM general brochure, which will be used both to educate the public and policymakers on AAM's agenda (including taxes) and to recruit new members.

The AFL-CIO continued to speak out during the federal budget talks in support of progressive tax policy and in opposition to regressive taxes. The AFL-CIO Executive Council issued a statement on taxes and the federal budget deficit emphasizing that "new taxes" should be based on one's ability to pay. The Council urged the Administration and budget negotiators to "reject unfair schemes such as a national value-added tax or raising taxes on cigarettes, beer, wine and energy."

A July issue of AFL-CIO News carried a page-one story on the budget summit, citing labor's opposition to excise tax increases and support for a fair and progressive tax system.

Citizens for Tax Justice (CTJ) released an analysis of the impact of federal, state and local excise taxes on consumers, comparing the tax rate changes over the last decade on gasoline, cigarettes, beer and telephone service in the 50 states and the District of Columbia. CTJ asserted that increasing excises would be tantamount to a "betrayal of middle- and low-income families" and urged policymakers to assure "that those with the greatest ability to pay taxes in fact pay their fair share."

CTJ's analysis of progressive and regressive revenue options (forwarded to Members and the media in June) was reported on extensively by the labor press in Michigan. The Building Tradesman, the largest labor newspaper in Michigan, published two substantial articles on CTJ's report and the current budget situation.

CTJ furthered its progressive tax policy efforts as it released a proposal in response to Ways & Means Chairman Rostenkowski's recent calls for ideas on paying for the savings and loan bailout. The CTJ proposal consists of progressive options affecting those individuals with substantial interest, dividends and capital gains income.

The Economic Policy Institute (EPI) prepared and distributed to Members, the media and other interests a response to the recent Congressional Budget Office study, "Federal Taxation of Tobacco, Alcoholic Beverages and Motor Fuels." The EPI policy memorandum rebuts the CBO's methodology (analysis of expenditures rather than income) and concludes: "No matter what criteria for the tax burden one uses ... increasing excise taxes will mean an increased tax burden on the majority of Americans of modest incomes."

EPI is preparing a document that identifies progressive revenue options for deficit reduction in light of the current debate. The EPI report incorporates options from the EPI Fall 1989 study, "A Progressive Answer to the Federal Deficit." It will be distributed to policymakers, the media and other interested parties.

The Coalition on Human Needs' (CHN) "open letter" to the budget negotiators appeared as an ad in the Washington Post. The letter, signed by more than 100 CHN affiliates, states that "revenues should be raised in a progressive manner based on ability to pay."

CHN conducted a series of one-day mini-conferences on the tax issue in Illinois, Texas, Tennessee and Connecticut. The briefings, cosponsored by local political organizations, focused on the current budget debate and offered practical advice for grassroots activists to use in their anti-excise tax efforts. CHN's executive director conducted interviews with the local media and discussed the organization's tax and economic policy concerns.

Plans were made at the conference for CHN activists to contact their representatives by telephone on August 1 and express support for progressive budget alternatives. During the congressional recess, CHN activists plan to visit Members and express their concerns with regressive tax options.

The National Chamber Foundation (NCF) prepared a white paper, "Excise Taxes in the American Fiscal System," by economist Richard Vedder. Vedder examined the utility and efficiency of excise taxes and concludes that "new excises are unwarranted on almost every possible economic and policy basis." In late July, the paper was distributed to budget negotiators; it will be forwarded to the media and other policy interests in August.

Seeking to continue the dialogue begun in May as a part of the federal excise tax letter-writing campaign, veterans' organizations sent follow-up anti-excise letters to the negotiators and other members of Congress. With the "no new tax

pledge" broken, the groups reiterated their opposition to increasing excise taxes for deficit reduction.

Several other organizations sent letters to their state delegations in support of progressive solutions for the deficit. In addition, the national presidents of the Labor Council for Latin American Advancement (LCLAA) and the A. Philip Randolph Institute (APRI) will contact local union presidents and urge them to contact representatives and express opposition to regressive tax increases.

Tobacco Industry Labor Management Committee (TILMC) representatives gave presentations on the tax issue to several labor leaders in Michigan. In addition, TILMC representatives were in San Juan, Puerto Rico, as David Wilhelm conducted a tax policy briefing for the delegates at LCLAA's annual convention.

We approved a proposal for a general brochure for the League of Rural Voters (LRV). The piece will include information on the LRV's position on tax policy.

At Federal Relations' request, we revised several of the federal excise tax one-pagers to reflect the current status of the budget negotiations (post- "no new taxes"). In addition, we prepared a series of state-specific one-pagers on North Carolina, South Carolina, California, Illinois, Kentucky and Virginia.

We reviewed the mechanicals for the first series of state data cards to be updated. Blue lines for this set of cards are expected next month.

We continued to work on the excise tax plan and budget for 1991. By month's end, we completed the Public Affairs Division review of both documents.

#### **Next Month's Goals**

Work with consultants on the preparation for, and the launch of, CTA media tours

Work with consultants on the preparation for, and the launch of, economist media tours

Review draft excise tax studies and work with consultants on promotion

Continue to follow up with allies on federal excise tax campaigns

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Public Relations Division Variance Analysis

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Excise Taxes  
Cost Center Name

1305  
Cost Center Number

July  
Month

Martin Gleason/  
Carol Hrycaj  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
5101/Postage & Delivery	\$ 1,380	\$	\$ 1,380	\$ 2,000	Postage for <u>Tax</u> Burden not budgeted.
5201/Repro. Print & Drafting	57,845	81,667	(23,821)	(45,000)	Some expenses expected; some resources devoted to other tax projects.
7301/Prof. Fees	491,605	370,417	121,188	245,000	Includes costs for increased activities, which will continue to be incurred. Also includes media tours.
7501/Support Tob. & Other Organizations	476,170	370,417	14,753	437,000	Reflects expenses for new (unbudgeted) 1990 tax projects and tax fairness programs (studies, materials, etc.), which will take us over budget.
Total:	\$ 1,027,000	\$ 913,500	\$ 113,500	\$ 639,000	

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**TIMN 194455**

## PUBLIC SMOKING ISSUE

Primary Responsibility: Martha Rinker  
Sharon Ransome  
Kay Thomas

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### Overview

In July, the concentrated effort continued on ETS activities because of the release of the draft EPA ETS risk assessment and workplace policy publications. Tobacco Institute staff and consultants continue to prepare TI's response to the EPA risk assessment. Staff also continues to make revisions to the ETS briefing book for science and health reporters. TI consultants participated in six ETS/indoor air quality conferences.

### Highlights

#### Indoor Air Quality

We requested that the Environmental Protection Agency grant a 60-day extension of its deadline for comment on the ETS risk assessment and workplace policy guide. Meanwhile, scientific consultants continued discussions with EPA and Science Advisory Board personnel concerning the structure of the SAB hearing on the risk assessment and policy guide. We also continued work on a number of scientific reviews to be submitted to the SAB in advance of the board's hearing on the risk assessment and policy guide; and began working on a number of additional comments which will be submitted to EPA in advance of the August 31 deadline. We continued coordinating the industry's submissions on both draft documents with two member companies who plan to submit independent comments.

A scientific consultant wrote to the New York Times to protest the Times' failure to publish a response to the article on ETS and cardiovascular disease, which featured the claim by anti-smoker Stanton Glantz that some 32,000 cardiovascular deaths per year are attributable to ETS.

Editorials by scientific consultants criticizing the EPA ETS risk assessment in light of the findings of the McGill ETS symposium were published in the Detroit News, the Las Vegas Sun and the Chicago Sun-Times.

A scientific consultant prepared testimony on the health effects of ETS in anticipation of a hearing on H.R. 5041, which includes a requirement that manufacturers add a warning label to cigarette packages regarding the alleged health effects of secondary smoke.

Institute consultants submitted a critique of meta analysis for publication in the Journal of Clinical Epidemiology.

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TI staff continued work on additional chapters of the ETS briefing book. Completion is expected by the end of 1990.

A Labor Management Committee representative attended the July meeting of the Oregon State Indoor Air Quality Task Force to reinforce the position of organized labor on workplace smoking. Oregon OSHA supports the labor position that smoking in the workplace should remain a collective bargaining issue. LMC representatives also gave an IAQ presentation to the president of the Michigan State Firefighters Union.

#### Corporate/Smoker Assistance

The Institute received approximately 204 requests for workplace smoking assistance from both management and non-management during July. Two-thirds of the requests were from management -- due in part to recent targeted resource guide mailings. The third resource guide mailing is underway. Region VII -- AL, AR, FL, KY, LA, MS, TN -- is the current target area.

The Rhode Island employers' guide is in production. The completion date is scheduled for the end of August. Field staff is still working with The New Hampshire Chamber on the employers' guide. There is no firm date on when a decision will be reached.

Both the "Some Considerations" kit and the "Tobacco Smoke and the Nonsmoker" are being updated to reflect new information available since McGill. Revisions should be completed and new brochures printed in September.

The second quarter corporate workplace assistance report has been completed. We responded to more than 1,000 requests for assistance.

#### Other

Lorillard executives asked that TI represent them at a National Association of Fleet Administrators (NAFA) briefing on pending automobile clean air legislation. NAFA members were attempting to coordinate strategies as well as seeking assistance with personal contact with the conferees.

The Institute continues to work with the American Association of Airport Executives (AAAE) on airport smoking issues. AAAE has joined with the Airport Operators Council International (AOIC) and created a task force of airport executives to study and develop appropriate smoking policies. This task force is currently considering a proposal to study the ventilation of a few major airport terminals. Through its consultants, TI is exploring the opportunity to provide ventilation experts for this study.

A TAN letter has been sent on the Greyhound bus company passenger smoking ban. The letter encourages TAN members to write the president of Greyhound with their views on the ban.

Dr. Bernhardt Lieberman has started his project to conduct a social scientific inquiry of the controversy over environmental tobacco smoke. The first study of this three part project will test the hypothesis that social beliefs, values and ideology of "objective" scientists have influenced the results and the interpretation of the results of studies about the health effects of ETS.

Next Month's Goals

- Complete preparations for Science Advisory Board presentations on ETS risk assessment.
- Complete ETS risk assessment materials.
- Continue to work on the ETS briefing book.
- Review the progress of the identification and recruitment of academic researchers for the scientific witness program.
- Continue revisions to the Corporate Assistance Program materials.
- Complete the targeted resource guide mailing to Region VII.
- Continue to work with the AAAE on airport smoking issues.
- Continue to prepare for possible ICC proposed rulemaking on smoking restrictions on interstate passenger carriers.

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**Public Relations Division Variance Analysis**

Public Smoking  
Cost Center Name

1309  
Cost Center Number

July 1990  
Month

Martha Rinker  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
5105/Postage & Delivery	18,133	11,667	6,466	5,000	Postage is higher than anticipated because of <u>PM Magazine</u> reader requests for information.
5201/Repro. Printing & Drafting	37,707	110,833	(73,126)	(105,000)	Several publications are scheduled for update/revision later this year, but most will be deferred to save money.

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**Public Relations Division Variance Analysis**

Public Smoking (cont.)  
Cost Center Name

1309  
Cost Center Number

July 1990  
Month

Martha Rinker  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
7301/Profes- sional Fees	1,606,665	1,916,250	(309,585)	(922,000)	SAD demand for scientific and other experts continues to be less than anticipated.

**REDACTED**

TIMIN 194460

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**Public Relations Division Variance Analysis**

Public Smoking (cont.)  
Cost Center Name

1309  
Cost Center Number

July 1990  
Month

Martha Rinker  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
7501/Support Tobacco & Other Org.	643,347	831,250	(187,903)	(375,000)	July bills have not been pro- cessed for NEMI.
8000/Computer Expense	1,768	-	1,768		
Totals	2,315,514	2,298,333	(612,819)	(1,487,000)	

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**Public Relations Division Variance Analysis**

Scientific Affairs  
Cost Center Name

1302  
Cost Center Number

July 1990  
Month

Martha Rinker  
Cost Center Manager

Account#/Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
5201/Repro. Printing & Drafting	15,783	2,917	12,865	15,000	Purchase of McGill proceedings to distribute was not budgeted.
5801/Legal Fees	308,616	58,333	250,282	445,000	REDACTED

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**Public Relations Division Variance Analysis**

Scientific Affairs (cont.)  
Cost Center Name

1302  
Cost Center Number

July 1990  
Month

Martha Rinker  
Cost Center Manager

Account#/Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
7301/Professional Fees	1,313,907	638,750	675,157	1,600,000	Professional fees are higher than projected due to the concerted activity of scientists on ETS research and the EPA Risk Assessment.
Totals	1,638,305	700,000	938,305	2,060,000	

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**TIMN 194464**

## ADVERTISING

Primary Responsibility: TBD  
Melanie Merkle

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### Overview

On July 12, Chairman Henry Waxman (D-CA) held a hearing on his bill, H.R. 5041, the "Tobacco Control and Health Protection Act of 1990." The lengthy one-day session was the sixth hearing in the last twelve months on the subject of tobacco advertising and promotion. Nine witnesses -- Congressional, marketing, legal, advertising, tobacco -- opposed the bill before a standing room only audience.

Issue staff produced a "briefing book" for members and staff involved in the July 12 Waxman hearing that included background papers, opening statements and questions for friendly and unfriendly witnesses.

The Freedom to Advertise Coalition (FAC) held a press conference in the same building half an hour before the hearing to take advantage of the heavy media coverage.

Preparations for a proposed September 12 launch date for our major youth initiatives continued to be refined, culminating in a presentation to the Communications Committee in late July.

On the local level, hearings were held this month in Chicago on a proposed local ordinance to ban outdoor alcohol and tobacco advertising. However, no action was taken. We will work with State Activities to review the line of questioning from the hearings, which reflected a high level of preparation and which we expect will be used more frequently, and formulate a coordinated response.

### Highlights

Issue staff designed sample magazine and billboard advertisements based on provisions in the Waxman bill. This material was then incorporated into a 4-page brochure adopted by FAC and distributed to the Hill.

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Issue staff worked with Media Relations in providing background for the TI press kit, monitored the Waxman hearing and provided input for the President's report to the Executive Committee.

The Washington Legal Foundation (WLF) published, at our suggestion, a "Legal Backgrounder" by William Van Alstyne of Duke University. Professor Van Alstyne raised First Amendment concerns about the government-funded counter-advertising provisions of legislation proposed by Sen. Kennedy and Rep. Waxman.

Jolly Ann Davidson appeared before the Juneau, Alaska, city assembly on July 9 to follow up on earlier discussions to use TI's Responsible Living Program as an alternative to a city cigarette excise tax earmarked for youth education. However, The Institute and its member companies concluded that any such discussions would be inappropriate during excise tax deliberations. HYD materials and an offer to hold a seminar on their use still stands.

The Communications Committee signed off on the five-part youth program, including the tobacco-specific "Helping Youth Say No" booklet and the retailer compliance program. Based on Committee suggestions, program components were finalized for presentation to the Executive Committee in August.

The Committee offered industry assistance in developing a distribution plan for the "It's the Law" retail program. Working closely with State Activities, a draft plan was prepared in anticipation of an early August meeting with industry representatives.

The 1991 Advertising Issue budget and plan were submitted in July. In addition, we separately costed out the major youth campaign.

#### **Next Month's Goals**

1. Present to the Executive Committee our major youth campaign and proceed accordingly.
2. Continue development of "white paper" on cigarette advertising and promotion, "The Free-Speech Perspective."
3. Begin a planned transition with individual members of the Freedom to Advertise Coalition and FAC staff. This will reflect the change in issue management staff. Develop an orderly plan during the August Congressional recess for September implementation.

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**Public Relations Division Variance Analysis**

Advertising  
**Cost Center Name**

1308

July 1990

Merkle/Gleason

**Cost Center Number**

**Month**

**Cost Center Manager**

<b>Account#/ Description</b>	<b>Year-to-date Expenses</b>	<b>Year-to-date Budget</b>	<b>Amount Over (Under) Budget</b>	<b>Projected Amt. Over (Under) Budget at Dec. 31, 1990</b>	<b>Explanation</b>
5100 Postage and Delivery	290	29,162	(28,872)	-0-	Mailing new HYSN & additional requests for HYD will occur at year's end.
5200 Repro., Print and Draft	19,745	148,750	(129,005)	(70,000)	New HYSN on line by end of year will pick up expenditures.
6200 Adv. and Promo Space	-0-	583,331	(583,331)	-0-	New Youth Initiatives Program will come in 4th quarter.
7300 Prof. Fees	236,123	350,000	(113,877)	(73,000)	New Youth Initiatives Program will come in 4th quarter.
7500 Support Tob & Others	10,000	116,662	(106,662)	(135,000)	Additional support for ad/law groups will increase current rate of expenditure.
<b>TOTAL</b>	<b>266,176</b>	<b>1,227,905</b>	<b>(961,729)</b>	<b>(278,000)</b>	

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**TIMN 194468**

**FIRE SAFETY ISSUE**  
**July 1990**

**Primary responsibility: Karen Fernicola**

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**Overview**

After several weeks of discussions among the tobacco industry, Reps. Moakley and Boucher, and other key legislators, compromise "fire-safe" cigarette legislation was offered as an amendment to Rep. Moakley's H.R. 293 and passed in the House. On the same day, the Senate completed action on an identical bill and sent it to the President for his signature. We have begun to pass along the news to key fire service officials on the state and national levels.

On other fronts, we updated the 1991 fire safety plan, submitted a draft budget, met with several fire service representatives and continued to administer the grants program.

**Highlights**

On July 30, a Moakley-Boucher compromise "fire-safe" cigarette bill passed both the House and the Senate by voice vote. The legislation calls for the Consumer Product Safety Commission to complete, within 36 months, work recommended by the 1987 report of the Technical Study Group on Cigarette and Little Cigar Fire Safety, but stops short of mandating development of a "fire-safe" cigarette standard. The measure now goes to the President's desk.

In the months ahead, we will concentrate on informing key fire service officials of this new development and monitoring reactions at the state level.

An anti-tobacco group called Lawyers for Consumer Rights orchestrated the introduction of a "fire-safe" cigarette bill in Pennsylvania. This bill differs from those introduced in other states in that it would raise the cigarette excise by a penny a pack to finance the development of a "fire-safe" cigarette standard. We are alerting the Pennsylvania fire service to the state bill and the new federal legislation.

Jack Anderson's "The Insiders" television program interviewed TI this month on the "fire-safe" cigarette issue. Scheduled to be aired on Financial News Network in early August, the 6-7 minute segment reportedly will focus on political aspects of the issue. Congressman Moakley also has been interviewed. We understand that the International Association of Fire Chiefs was contacted, but declined to be interviewed.

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We met with the Missouri State Fire Marshal and the chairman of the National Volunteer Fire Council to inform them of the new "fire-safe" cigarette legislation. At the Texas A&M Firemen's Training School, we presented a seminar on TI's Fire Safety Education Program and gave tips on grant writing and fund raising.

The New York state fire service continued its efforts to establish a state fire caucus of legislators patterned on the Congressional Fire Services Caucus. TI-sponsored workshops for state fire officials are scheduled to begin in August to teach them how to take advantage of the caucus to promote their issues. Organizers of the New York fire caucus plan to assist other states in setting up fire caucuses of their own.

Upon discovering inaccurate references to "fire-safe" cigarettes and other fire data in a 1989 Centers for Disease Control report to Congress entitled Cost of Injury in the United States, consultant Phil Schaenman wrote a response to correct the inaccuracies.

We sent out review drafts of Schaenman's newest study, "Proving Public Fire Education Works," to TI staff and counsel. We also began discussions on a cover design and other aspects of production with Production Services.

The 1991 budget figures were submitted and reviewed. Meanwhile, we suggested items in the 1990 fire safety budget to be "frozen" in light of unanticipated expenditures in other cost centers.

We met with two Philip Morris representatives to brief them on the "fire-safe" cigarette issue and to review the suggestions we had made at PM's request for increasing the company's involvement in fire prevention activities.

The Fire Safety Educators of Colorado and the "Partners for Safety" program of the Sanatoga (Pennsylvania) Fire Department were among the recipients of grants from TI's Fire Safety Education Program in July.

#### **Next Month's Goals**

Inform key fire service officials of the compromise "fire-safe" cigarette legislation.

Complete in-house and counsel review of TriData's report, "Proving Public Fire Education Works."

Continue fulfilling backordered grant requests from last fall.

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**Public Relations Division Variance Analysis**

Fire Safety  
Cost Center Name

1306  
Cost Center Number

July 1990  
Month

K. Fernicola/M. Gleason  
Cost Center Manager

Account#/Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
5200/Repro., print. & draft	\$53,050	\$37,917	\$15,133	(\$10,000)	Production of NVFC sprinkler kit has put us temporarily over budget.
7300/Prof. fees	\$302,439	\$280,000	\$22,439	- 0 -	On target as long as funds allotted for video production are used for consultants' fees instead.
7500/Support tob. & other orgs.	\$175,755	\$186,667	(\$10,912)	(\$50,000)	We will cut back on grants and special projects to save money by year's end.
TOTALS	\$531,244	\$504,583	\$26,661	(\$60,000)	

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**TIMN 194472**

## Social Costs

Primary Responsibility: TBD  
Carol Hrycaj

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### Overview

As was the case last month, many of the social cost program resources were shifted to taxes in July as we intensified our activities concerning the federal budget negotiations. However, consulting economists were active on select projects, and our allies remained active in the social cost arena.

### Highlights

Dwight Lee is preparing an article for placement in an upcoming edition of The Margin. The piece will discuss the economic concept of "social cost" and the attempts by some interests to further their political agendas by the misuse of economic theory.

At our request, Robert Tollison prepared and submitted a letter to Newsday in response to a recent editorial on tax policy. The article recommends increasing federal tobacco excise taxes on the basis of "social costs." Meanwhile, Tollison and Wagner continue to work on the revision of Smoking and the State.

We reviewed and commented on the NCF's two-page briefing document on "social cost," tax policy and excise taxes. The item, based on the NCF's Senate Finance Committee testimony, was distributed to policymakers and the media.

The inaugural edition of the National Chamber Foundation's Journal of Regulation and Social Cost is expected this summer. Articles on a variety of social cost issues will appear in the first issue. The NCF plans to produce the publication quarterly.

We continue to monitor the Health and Human Services (HHS) commission on health care. The HHS commission was expected to release a report this summer detailing its recommendations on national health care issues. An October release is now anticipated. We understand that excise taxes are expected to be recommended to fund long-term care.

We continued to work on the 1991 social cost plan and budget. By month's end, we completed the Public Affairs Division review of both documents.

### Next Month's Goals

Consider consulting economist issue meeting

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**Public Relations Division Variance Analysis**

Social Costs  
Cost Center Name

1311  
Cost Center Number

July  
Month

Martin Gleason/  
Carol Hrycaj  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
5201/Repr. Print & Drafting	\$ 23,105	\$ 67,083	\$ (43,978)	\$ (60,000)	Some expenses expected in coming months.
7301/Prof. Fees	62,626	194,250	(131,624)	(201,000)	Expenses for <u>Smoking &amp; the State</u> revision are expected later in the year. Other resources are being devoted to tax programs.
7501/Support Tob. & Other Organizations	25,000	145,833	(120,833)	(170,000)	"Social cost" symposium will not be held this year.
Total:	\$ 110,731	\$ 407,167	\$ (296,436)	\$ (431,000)	

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**TIMN 194475**

## MEDIA RELATIONS

Primary Responsibility

Brennan M. Dawson

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### OVERVIEW

During the months of June and July, Media Relations activities were primarily involved with the EPA draft risk assessment and legislative hearings on vending machines and advertising restrictions.

### HIGHLIGHTS

The Environmental Protection Agency released the long-awaited draft risk assessment and workplace policy guide. Media Relations undertook the following efforts:

- o The Institute's response was immediately refined with the assistance of consulting scientists and distributed to the news media. In addition to placing the release and notices of The Institute's availability on the newswires, staff had responses hand-carried to approximately 200 key media representatives most likely to cover the story.
- o Our materials were distributed to science and health reporters at the nation's top 100 newspapers.
- o Following an earlier effort to set up editorial board meetings with the top 30 newspapers, The Institute re-extended our offer for meetings with the New York Times, Washington Post, Los Angeles Times and Atlanta Constitution. Staff and consulting scientist, Maurice LeVois, met with the New York Times for a productive briefing. The Washington Times published a positive editorial, noting the potential political motivation behind the EPA draft, as a result of a meeting TI and a consulting scientist had with the paper.
- o Through a coordinated effort with member companies, the top 75 newspapers have been invited (again, in the case of the top 30) to meet with The Institute and consulting scientists.
- o Additional materials, pointing out the diversity of opinion on ETS within the scientific community, have been distributed to columnists who have published fair or favorable articles within the last year and to science and health writers nationally.
- o In response to articles and editorials, a targeted response was immediately dispatched to newspapers covering the EPA's draft.

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- o Editorials comparing the results of the McGill Symposium to the draft EPA risk assessment have been submitted and published by consulting scientists. An editorial by Jack Peterson appeared in the Chicago Sun Times, Las Vegas Sun and the Salt Lake Tribune.

The Detroit News published an editorial submitted by Joe Pedelty.

On marketing issues:

- o Chairman Henry Waxman's Subcommittee on Health and the Environment held a hearing on the "Tobacco Control and Health Protection Act." Staff were on hand at the hearing, distributing materials and conducting interviews.
- o A modified version of TI's editorial opposing vending machine bans and licensing requirements for tobacco retailers, originally published in USA Today, was distributed to some 60 newspapers editorializing for or covering the issues.
- o When the Chicago City Council held a hearing on billboards, sampling and other "Youth Protection" issues, Media Relations staff accompanied The Institute's witness from Covington & Burling to conduct interviews and background briefings with the media.
- o Media staff testified and conducted media interviews at a Pittsburgh City Council hearing considering a ban on cigarette vending machines.
- o TI Media staff were also on hand when Takoma Park, MD considered a vending machine ban.

On other matters during June and July:

- o Staff drafted an op-ed for USA Today's editorial page opposing excise tax increases for signature by TI President Chilcote.
- o Staff wrote articles for the West Virginia Tobacco Wholesalers' Association, the New York State Association of Tobacco and Candy Distributors and the Montana Tobacco and Candy Distributors.

- o Simon Turner of Healthy Buildings International (HBI) conducted a media tour on indoor air quality in Nashville. Included in his media appearances were the three radio and one television interview.
- o A Fortune magazine article on sick building syndrome includes an interview with Simon Turner.
- o Over 500 press kits announcing the opening of HBI's Boston office were distributed to all major newspapers, radio stations, television stations, magazines and trade magazines in New England. As part of HBI's activities in this region, speaking and briefing opportunities with local Chambers of Commerce and other interested parties are being sought.
- o Institute media relations staff participated in 49 broadcast interviews, conducted 171 print interviews, filled 577 information requests (270 from the media) during June. In July, staff participated in 53 broadcast and 94 print interviews, filled 438 information requests (189 from the media) and wrote 57 letters to the editor.
- o Progress continues on the industry's youth initiatives.

**NEXT MONTH'S GOALS**

- o Prepare plans for media activity surrounding the EPA's SAB hearing, and continue ongoing media relations on the EPA draft.
- o Continue work on the industry's youth initiatives, and ready for launch when appropriate.
- o Revise and clear plans for promotion of the Price Waterhouse study, in light of the demands resulting from the EPA and youth issues.

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TIMN 194478

Public Relations Division Variance Analysis

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Media Relations  
Cost Center Name

1303  
Cost Center Number

July 1990  
Month

Brennan M. Dawson  
Cost Center Manager

Account#/Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt Over (Under) Budget at Dec. 31, 1989	Explanation
3901/Travel	\$ 29.5	\$ 131.3	\$( 101.7)	\$( 150.0)	Fewer speakers/lower travel.
4000/Conf.-erences	0	5.8	( 5.8)	( 7.5)	No industry meetings.
5101/Post. & Delivery	4.4	26.2	( 21.8)	( 10.0)	Mailings to-date in-house, to change this fall.
5201/Repro., Print & Draft	19.0	23.3	( 4.3)	( 5.0)	Low activity in early months.
5501/Memb. & Staff Training	3.8	5.8	( 2.0)	( 3.0)	Less than anticipated training fees.
7301/Prof. fees	134.6	177.9	( 43.3)	( 19.5)	Low activity in early months.
<b>TOTALS</b>	<b>237.0</b>	<b>420.0</b>	<b>( 183.0)</b>	<b>( 195.0)</b>	

TIMIN 194479

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**TIMN 194480**

Public Relations Division Variance Analysis

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General Coalitions  
Cost Center Name

1307

Cost Center Number

July 1990  
Month

Stuntz/Gleason  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
3900/Travel	\$ 78,269	\$ 96,250	(17,981)	(50,000)	Staff vacancies are reducing travel expenses.
5100/Postage & Delivery	\$ 1,279	\$ 8,750	(7,471)	295,000	Expenses related to mailing of "It's the Law" will put us over budget by year's end.
5200/Repro, print & draft organizations	\$ 19,938	\$ 402,500	(382,562)	(334,000)	Some funds allotted to "It's the Law" printing will be used for mailing.
5500/Staff Training	\$ 1,065	\$ 5,833	(4,768)	(7,000)	Few requests for staff training to date.

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**Public Relations Division Variance Analysis**

Cost Center Name

Cost Center Number

Month

Cost Center Manager

Account#/Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
6200/Advertising	\$ 3,000	\$ 5,833	(2,833)	46,000	"It's the Law" ads will put us over budget by year's end.
7300/Professional Fees	\$ 158,555	\$ 348,833	(190,278)	(344,000)	Consultant activity will continue to be focused on tax and public smoking through year's end.
7500/Support tobacco and other organizations	\$ 3,539,205	\$2,174,083	1,365,122	108,000	CTA ad support coded to 1307
TOTALS	\$ 3,801,882	\$ 3,042,083	759,799	(394,000)	

TIMN 194482

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**TIMN 194483**

## Production Services

Primary Responsibility: Anne Cannell

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### Overview:

The first part of July was spent preparing for the Waxman hearing. Staff assembled 50 briefing books containing the background for H.R. 5041. We produced a poster size tobacco advertisement, "After H.R. 5041" showing what a tobacco ad would look like after the ban, as a visual for the hearing. A four page "before and after" advertisement flyer was designed, printed and distributed. We arranged for a video tape and transcript of the hearing.

The second half of the month we focused our attention on the Industry launch of the new Youth booklet and the "It's the Law" materials.

### Highlights:

We completed the second targeted "Workplace Smoking: A Resource Guide" mailing. This mailing went to over 11,000 employers in the states of South Dakota and Wisconsin.

Working with State Activities, we coordinated and sent out two TAN mailings. The first dealt with the EPA draft document on the subject of ETS. The second was in reference to the new smoking policy at the Greyhound bus company. Both of these mailings covered our activist list which is now at 17,485 members.

Production started on two new issue brochures, "Workplace Smoking: A Guide to Rhode Island Employers" and "Proving Public Fire Education Works." Distribution is set for August for the workplace brochure and late September for the fire book.

### Next Month's Goals:

- \* Pending Executive Committee approval, move forward with the Industry Youth launch materials.
- \* Finalize materials for The Radio, Television and News Directors Association meeting and the State Government Relations Seminar.

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**TIMN 194484**

Listed below are projects started, underway or completed this past month.

PUBLIC AFFAIRS

**Helping Youth Decide Reprint:**

- . Revised copy typeset, waiting for  
blue-line.....Panzer/Merkle

**"It's the Law":**

- . Contents of kits in revision, collating  
in production
- . Ad in production.....Merkle/Dawson

**Memo Pads:**

- . Completed for: Gleason, Rinker,  
Peck.....Collins

**OICA:**

- . July newsletter copied and mailed.....Hrycaj

**Proving Public Fire Education Works:**

- . Design ideas for the cover of a new TriData  
publication in production.....Fericola

**Reprints/Reorders:**

- . Consumer Tax Alliance letterhead & envelopes....Hrycaj
- . "Thank You for Not Asking Me  
Not to Smoke" signs.....Merryman
- . International Concepts in Japan (TriData)....Fericola

**RTNDA:**

- . Posters, flyers, hospitality cards & signs  
in production for September meeting.....Merryman

**State Data Cards:**

- . Additional changes made to mechanicals  
before sending to printer. Waiting for  
blue-line. The states in production are:  
Florida, Georgia, Illinois, Kentucky,  
Pennsylvania, Tennessee.....Hrycaj

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**TIMN 194485**

**Timeline:**

- . Youth promotional timeline produced for mailings/meetings.....Dawson

**Tobacco: Helping Youth Say No:**

- . Cover comps, initial layouts completed based on draft copy. Models reviewed for photos
- . Ads in production.....Dawson/Merkle

**Workplace Orders:**

- . 153 orders fulfilled.....Ransome

**Workplace Smoking:**

**A Guide to Rhode Island Employers:**

- . Cover approved, mechanicals in production for end of August delivery date.....Ransome

**Workplace Smoking: A Resource Guide:**

- . Completed second targeted mailing to South Dakota, & Wisconsin, a total of 11,000 employers.....Ransome

**STATE ACTIVITIES**

**Government Relations Seminar:**

- . Portfolio and agenda designs approved
- . Gifts ordered
- . Tags in production.....Cannell

**TAN Mailings:**

- . Six-pager printed and mailed on the EPA issue.....Woodson
- . A one-pager is in production concerning the smoking ban at the Greyhound Bus Company.....Woodson/Rinker

**Transparencies:**

- . 10 overheads for initiatives meeting produced.....McAdam

Federal Relations

**Advertisement:**

- . Produced and sent for the Congressional Staff Ad Club Program.....Vinovich

**Poster:**

- . Produced for the "Bob Michel" golf tournament.....Vinovich

**Waxman Hearing (H.R. 5041):**

- . Briefing books produced
- . 20 x 30 poster produced of ad
- . Advertising/Billboard flyer printed and distributed
- . Video tape and transcript arranged.....Lewis

ADMINISTRATION

**Christmas:**

- . Production continued on cards and gift items.....Chilcote

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**TIMN 194488**

## INFORMATION CENTER

PRIMARY RESPONSIBILITY

MAUREEN BOOTH  
JENNIFER DOWDEN

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### OVERVIEW

In July, the Information Center presented its budget for review, streamlined the periodicals and journals routing and subscription lists and responded to a request for help from the Bureau of Alcohol, Tobacco and Firearms (BATF).

### HIGHLIGHTS

The TI staff have been very responsive to our request that they review their reading lists. Because of their promptness, the Information Center will be able to quickly revamp the subscription lists. This will be reflected in lower subscription costs and result in a much cleaner periodical holdings list.

Cliff Mullens of BATF asked our help in responding to a query from Congress. He is to provide the dollar figures by state, of tobacco product's tax revenue to that state. Mr. Mullen's request of us was to identify the states with three or more cigarette manufacturers.

After conferring with different TI staff people, we did a computer search by SIC code for cigarette manufacturing, discussed our findings with Mr. Mullens, and then sent him the list. He was very pleased.

We worked with Jada Smith as she readied the video tapes kept in the library, for eventual storage.

**Requests for information included the following:**  
(An asterisk denotes that a computer search was done.)

Marsha Lefkovits of RJR Nabisco asked if we were aware of James Bennett's book, Health Research Charities: Image and Reality and did tobacco money have anything to do with its production.

\*Barry Miller of RJR asked for an article on cigarette advertising.

Anna Okoniewski of Phillip Morris asked for any information on the group "Stop Teenage Addiction of Tobacco".

Kelly McInerney of Philip Morris asked for any print advertising copy by an anti-tobacco group.

Surnaina Virenda of Phillip Morris requested The Smoking and Health National Statistics. Surnaina also asked if there is a concrete figure of smokers, worldwide.

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Matt Winokur of Phillip Morris asked for statistics reflecting the number of smokers in the United States.

\*The Information Center staff had an in-house training session from Predicasts, an advertising and marketing database. Maureen attended a software demonstration at CAPON, our OCLC representatives.

Fred Panzer asked that the Information Center provide Marty Gleason with copies of three studies just released by the Leadership Council on Advertising Issues. They are listed in Recent Acquisitions.

\*Fred Panzer requested articles regarding the percentage of brand loyalty and switching among cigarette consumers as well as data that has appeared in the media giving the value of one percentage point share of the cigarette market.

Fred Panzer asked for the 1989 tobacco contribution to the GNP.

\*Fred Panzer requested current op-eds/editorials/letters to the editor objecting to either Synar, Luken or Waxman hearings.

We obtained a copy of the Spring 1990 edition of Government Waste Watch which carries more information on the Council for Citizens Against Government Waste initiatives for Carol Hyrcaj.

Brennan Dawson asked that we track a study on smoking bans by firms done by the Administrative Management Society. They are sending us a copy of the current survey and said that another one will be released in October.

Walker Merryman asked for a copy of the "Letter to the Editor" section of Ad Market Weekly.

\*Cathey Yoe of State Activities asked that the Cleveland, OH papers be searched on the city council's ordinance to ban sampling of free cigarettes and tobacco product on streets, sidewalks or parks.

\*Margaret Rita of State Activities asked for the wording of the Louisiana Civil Code Article 1492.

Mary Masi in Administration asked for a copy of the GAO report on Trade and Health Issues and the recent Waxman Hearings.

Shook, Hardy and Bacon asked our help in securing documents from Portugal. We were able to suggest several acquisition vendors.

Phil Gordon of the Canadian Tobacco Manufacturers' Council asked for information about the unpublished manuscript mentioned in the American Spectator article by Emmett M. Tyrell.

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A representative of Leo Burnett Advertising of Chicago requested information of the number of brands of cigarettes marketed in Tampa in the last couple of years.

An investment banker asked for information on the tobacco industry and he was sent TIP.

A representative of Rockwell International asked for diagrams of automated tobacco production equipment. We referred him to the research libraries of several tobacco companies.

INFOTAB requested the bibliographic information for Barron's April 9, 1990 article "Going Up In Smoke".

**Total Requests for the Information Center:**  
Staff - 33, Members - 8, Law Firms - 3, Other - 12. Total = 56.

**Recent Acquisitions to the Information Center**

Bennett, J. Health Research Charities: Image and Reality. Series of Studies in Philanthropy, no. 6. Washington, D.C.: Capital Research Center, 1990. Catalog number: 361.8B

The Coalition for Consumer Health and Safety. The Nation's Health and Safety: A Status Report. Excerpt: Cigarette Consumption by Susan Rappaport, American Lung Association. Washington: The Coalition for Consumer Health and Safety. 1990.

Keyes, A. Government Waste Watch. Washington: Citizens Against Government Waste (CAGW). 1990 Contains information on CAGW initiatives.

Parde, D. ed. An Examination of the Tax Incentives and Economic Consequences of Cross-Border Activity. A Price Waterhouse study done for the American Legislative Exchange Council (ALEC). Washington: ALEC. July, 1990

Penner, G. and Lilley III, W. Economic and Social Impacts of Media Advertising. Leadership Council on Advertising Issues. 1989.

----- Impact of Advertising on the Competitive Structure of the Media: With a Special Analysis of Advertising of Automobiles, Beer, Wine, Tobacco and Liquor. Leadership Council on Advertising Issues. 1990.

----- Impact of Media Advertising on International Competitiveness. Leadership Council on Advertising Issues. 1990.

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**TIMN 194491**

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**Public Relations Division Variance Analysis**

INFORMATION CENTER  
Cost Center Name

1304  
Cost Center Number

JULY, 1990  
Month

MAUREEN BOOTH  
Cost Center Manager

Account#/ Description	Year-to-date Expenses	Year-to-date Budget	Amount Over (Under) Budget	Projected Amt. Over (Under) Budget at Dec. 31, 1990	Explanation
4800 BOOKS AND SUBSCRIPTIONS	38,023	26,250	11,773	3,500	CONVERSION OF SUBSCRIPTIONS TO 2 & 3 YEAR SUBSCRIPTIONS IS STILL TAKING PLACE.
8030 PURCHASED COM- PUTER SERVICES	34,864	37,917	(3,052)	4,500	COMPUTER USE COST ARE DOWN DUE TO AN INCREASE IN EX- PERTISE BY STAFF
OTHER	3,918	8,166	(4,249)		
TOTALS	76,805	72,333	(4,472)	8,000	

TIMN 194492