

Date: 7 Jan 1985 1603-EST

From: GCOX

To: BROWN-AND-WILLIAMSON, PHILIP-MORRIS, LORILLARD, RJ-REYNOLDS, LIGGETT-AND-MYERS

cc: TINMAN

Subject: important message for your executives listed below

GHL

Xc: CAT

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WEA

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January 7, 1985

MEMORANDUM

TO: MEMBERS OF THE EXECUTIVE COMMITTEE

FROM: SAMUEL D. CHILCOTE, JR.

SUBJECT: FEDERAL EXCISE TAX PROPOSAL FROM COALITION ON SMOKING OR HEALTH

Last week, we were privately notified that the Coalition on Smoking OR Health will propose that the federal cigarette excise tax be increased to 32 cents a pack. The Coalition plans to conduct a news conference tomorrow (Tuesday, January 8) and then an organizational meeting Thursday to involve other groups in the effort.

We are also aware of Secretary Heckler's reported suggestion to the President as reported in the Wall Street Journal, that the current excise be extended and earmarked to the Medicare Trust Fund.

We have learned that the Coalition is having some difficulty with its effort. Their mailing to other health groups, asking that they join, appears to have resulted in little or no response. An effort to have one or more Members of Congress at the news conference appears to have been unsuccessful, although former FTC Commissioner Michael Pentzchuk will be present. It also seems that the news conference will now cover other items on their anti-smoking agenda.

To date, we have dealt with the situation in several ways:

- o We have sent a mailgram to friendly Members of Congress, alerting them to the news conference and tax proposal and reminding them of the Coalition's many and varied anti-tobacco activities. The Mailgram and followup documents are being expressed to you tonight for your information.
- o We have contributed to the difficulty the Coalition has had recruiting other groups for this effort. In the process, we have managed to obtain excellent information on the Coalition's plans and progress.
- o We have asked several of our tax allies to express concern to Members of Congress that proposals such as the

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Coalition's, will seriously sidetrack Congressional efforts to deal with the nation's current fiscal problems. This process is underway with a variety of business, labor and minority groups sympathetic to our position.

Finally, we have taken the following steps for possible implementation once it is clear what the Coalition will do next and with whom.

- o We have begun drafting a "Dear Colleague" letter for use by 12-14 friendly Members, outlining their opposition to the Coalition's proposal.
- o We are readying state lobbyists and TAN activists to proceed with letter-writing aimed at Members and the news media, and are coordinating a similar effort with the BC&T union leadership.
- o We have prepared a statement for use with the news media. It is in clearance.

On the Heckler development, we expect to see a story in tomorrow's New York Times with additional detail. Meanwhile, we already have offers from Members of Congress to cooperate with protests directed to the President, and have begun drafting a joint letter for that purpose.

We will keep you informed as this situation develops.

MSS