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August 25, 1980

MEMORANDUM

TO:    Mr. Gene Ainsworth  
         Mr. James Cherry  
         Mr. Stanley S. Scott  
         Mr. Wilson Wyatt, Jr.

FROM: Martin R. Haley

RE:    Initiative and Referendum in Minnesota

The purpose of this memorandum is to provide background and detail to supplement my comments in our recent conversations.

(1)    The Situation

After all I have said and written on the subject of I&R, I will spare you my views except a brief reiteration that I believe this trend in the states is a monstrous perversion of representative government and one which is laden with particular dangers to the tobacco industry.

An evolving situation in Minnesota provides opportunity for some innovative government relations thinking and action which can have a direct practical effect, as well as substantial future national political benefit for this industry.

In the most recent session of the Minnesota legislature, Governor Quie asked the legislature to put a Constitutional amendment for Initiative and Referendum on the state ballot for the November 4, 1980 elections. Governor Quie was a generally sound liberal Republican member of Congress and before that a veteran state legislator. His championing of I&R seems to spring from some kind of modern Republican

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populism of the type which apparently has affected Governor Clements of Texas as well. After a struggle, the legislature acquiesced and this amendment will be on the ballot on November 4.

(2) The Attempt to Defeat It

William Brooks of the well-respected Minneapolis law firm of Chestnut and Brooks and one of the principal state lobbyists in Minnesota has mounted a campaign to defeat the proposed amendment. He has organized a campaign which I will describe below and has the assistance of several respected lobbyists and political advisors drawn from both parties. Bill Brooks himself is originally from New York City, was well established as a journalist with the Minneapolis Star and Tribune, then became a lawyer, then Assistant Attorney General when Fritz Mondale was Attorney General, and then helped organize and build the firm which today is Chestnut and Brooks. For the record, his full name, address and telephone are: William F. Brooks, Jr., Chestnut and Brooks, Suite 900, Midland Bank Building, Minneapolis, Minnesota 55401, telephone 612/339-7300.

(3) Interest Groups Opposing I&R

Bill Brooks and those working with him have done a surprising and superb job of developing interest group opposition to I&R. What they have done shows that it is entirely possible to attack this malignancy if it is done aggressively and intellectually.

Here are the Minnesota organizations which have so far taken formal positions in opposition to I&R:

The Democratic-Farmer-Labor Party  
The Minnesota Association of Commerce and Industry  
The AFL-CIO State Federation of Labor  
The League of Women Voters  
Minnesota Citizens Concerned for Life  
The Urban Coalition  
The Citizens' League  
The Joint Religious Lobby  
The Minnesota Education Association  
The United Auto Workers  
The Minneapolis Chamber of Commerce  
And, every daily newspaper in the state  
except the St. Paul Dispatch and Pioneer Press

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In addition, strong opposition to I&R is growing among the agricultural organizations.

What this list demonstrates is that I&R can be defeated if strong and persuasive leaders go to work on it, documenting intellectually all that is wrong with it and the inherent dangers which are otherwise glossed over by emotionalism.

(4) The Problem

Now a campaign must be mounted to capitalize upon this impressive array of opponent organizations because it is one thing to obtain the endorsement of the position and, as you know, quite another thing to be certain that the organizations' opposition is understood by all members, that the message filters down through the echelons, and that people then vote accordingly.

As a first step, Bill Brooks commissioned Mid-Continent Surveys to do a demographically balanced first wave opinion study with lengthy interviews of eight persons in each of twelve precincts for a total of ninety-six likely voters. Mid-Continent is a highly competent survey organization and such a relatively small sample is large enough for a first run at public opinion.

I attach the preliminary print of the survey response, dated August 6. Only eight percent of those polled had heard anything about I&R as a state Constitutional amendment on the November ballot. It is obvious that the organizational positions must be publicized and citizen opposition must be developed.

A second wave poll has just been conducted with, I believe, some two hundred interviews. The computer work on these responses is now being done and should be available about September 8.

(5) The Campaign

The effort to finance the campaign is now under way. About \$9,000 is needed now to complete payment for the two public opinion surveys.

Bill Brooks has gotten an opinion holding that the cost of the polling is not reportable under Minnesota law but the cost of polling analysis, the smallest part of the expense, is reportable. The reasoning is that the active polling is the

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gathering of research whereas its analysis is then for a political purpose. Corporations are allowed to contribute under Minnesota law.

Brooks has had his writer prepare the first brochure against I&R and this is being published as an official League of Women Voters publication and the first 200,000 copies will be used at the Minnesota State Fair in the closing days of August.

Under the Minnesota Constitution, the amendment requires an affirmative vote by fifty percent of all those who vote on November 4. This again increases the chance to defeat the amendment because the vote will be quite large and voters must actually vote in favor of it for it to pass.

The total campaign is estimated at only \$200,000 to \$250,000 which is unusually low for a state where most statewide campaigns should come in at around the \$1 million mark. The budget is low because the campaign should be principally a public information and public relations campaign, based on the impressive array of organizations in opposition. The League of Women Voters will sponsor forums around the state and these and other events will provide the base for an effort which is essentially one of publicity. Also included in the budget is \$75,000 for a last minute media effort. It is felt this will be sufficient to finish the job.

(6) Local Contributions

The business community in Minnesota is firmly opposed to I&R but very cautious about being identified as opponents. Some contributions will come from corporations and others will come in the form of contributions to organizations such as the League of Women Voters. Organized labor is equally opposed but their contributions are apt to be relatively low also because they are concentrating their money on candidate campaigns.

(7) The Need

Of national industry groups, so far the American Petroleum Institute has declared a willingness to contribute, probably in the area of about ten percent of the overall budget.

It is my recommendation that the tobacco companies give serious consideration to helping in this campaign because it is an opportunity to begin turning the tide, probably for the first time in the history of the growth of I&R in the United States.

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(8) The Benefits

- (a) Minnesota is one of the five or six bellwether states in the country. What is done there will have an effect nationwide and will begin some serious thinking about the evils of I&R.
- (b) If I&R can be defeated in Minnesota, a state noted for the liberalism of both its Republican and Democratic parties, the defeat will provide powerful ammunition for resisting I&R measures in the legislatures which meet beginning in January. So far, there is some form of I&R in 27 states. There is still time to resist this trend and begin deflecting it in the remaining 23 states, as has been done successfully so far in the Texas legislature.
- (c) It is premature to raise this point, but if this job can be done, it could provide the base for a national effort to begin reversing the trend toward I&R.

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Obviously, this campaign needs financial aid. No one involved in leading it is receiving any personal remuneration from the campaign. Some contributions will be essential now to complete the polling and printing. Further contributions will be needed later and, even though these are reportable, it should be pointed out that those made toward the end of the campaign will not be subject to release and publicity until January 15, 1981.

In terms of the tobacco industry, while we have many grave political challenges, I would be hard pressed to cite one which is more important than I&R over the longer term. Here we have an opportunity, as I said at the outset of this memorandum, for innovative and positive government relations action.

Very best regards.

MRH/pc

cc: Mr. Arthur Stevens ✓

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