

The Allies

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THE ALLIES

The \$18 billion tobacco industry may be surrounded by controversy, but it is most certainly not without its friends. This section provides information on a range of large groups which support our industry.

Manufacturers' employees. The employees of tobacco products manufacturers form the backbone of the industry's support group. There are about 72,700 production workers, with a total annual payroll of over half a billion dollars, in approximately 150 tobacco manufacturing plants in 20 states. Nearly all cigarettes and more than 90 percent of all tobacco products are manufactured by the six largest tobacco companies. Ranked by 1978 percentage of total cigarette sales, those companies are:

1. R.J. Reynolds	32.9%
2. Philip Morris	27.8%
3. Brown & Williamson	15.3%
4. American Brands	11.7%
5. Lorillard	9.1%
6. Liggett & Myers	3.2%

Two unions represent nearly all tobacco manufacturing workers. They are the Bakery, Confectionery & Tobacco Workers International Union, which represents approximately 5,300 Brown & Williamson workers and about 35,000 workers industry wide, and the International Association of Machinists and Aerospace Workers, which represents approximately 900 Brown & Williamson workers among its total membership of approximately 1,000,000. A number of other unions--those representing pipefitters, carpenters, sheetmetal workers, etc.--represent smaller groups of tobacco manufacturers' employees.

Growers. About 600,000 farm families participate in growing and harvesting of 538,964 federally-issued tobacco allotments on farms in 22 states and Puerto Rico. These families' crops were sold for \$2.6 billion in 1978, making tobacco the sixth largest cash crop, after corn, soybeans, hay, wheat and cotton.

Although a degree of mechanization has been introduced in the harvesting and curing of flue-cured tobacco, tobacco growing remains a labor-intensive, small farm industry. The average flue-cured tobacco base in the Southeast is five or six acres, and only one or two acres in the burley regions of Tennessee and Kentucky. Tobacco, therefore, remains a family crop, not an agribusiness crop, and as such it ties families strongly to the industry.

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Many organizations such as the Farm Bureau and The Grange include tobacco growers as members, but there is no one organization which represents all classes of tobacco growers.

A coalition of 27 burley and flue-cured trade groups, the Tobacco Growers' Information Committee, provides a liaison between farmers, warehousemen and manufacturers on legislative matters. It was established in 1958 as a clearinghouse for information on issues adversely affecting the tobacco business.

Among its activities, the Committee lobbies at state legislatures, supports agricultural research into tobacco at land-grant colleges and distributes positive medical and scientific information to local and regional leaders of the tobacco family.

The Committee lists as its successes participation in the containment of punitive tax legislation and the national political endorsement of the tobacco support program.

Businessmen and businessmen's groups, like Chambers of Commerce, in tobacco-belt rural communities also are closely tied to the industry. The influx of money into these communities at tobacco auction time often makes the difference between a good year and a bad year for rural businessmen.

Warehouse operators. Tobacco is sold in 846 auction warehouses in 172 markets. The warehouse operators sell the leaf at auction and are paid a percentage of the purchase price by the grower. They provide employment for about 14,000 people during the auction season.

There is a separation between manufacturers and the warehouses as distinct as the separation between manufacturers and growers. Brown & Williamson's buyers purchase leaf at auctions conducted by the warehouses, but that is the full extent of the business relationship. Most states with active tobacco markets have a tobacco warehouse operators' association.

Wholesale distributors. There are over 1,720 primary tobacco wholesalers distributing tobacco products. These businesses, on the average, depend on cigarettes for over 69 percent of their total business. They employ some 42,000 people, who in turn are equally dependent on the industry for their livelihood.

There are another 1,000 grocery, drug and convenience store wholesalers distributing tobacco products. While such products comprise 10 to 20 percent of sales for these companies, the profitability of tobacco items gives these wholesalers a substantial economic tie to the tobacco industry.

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The 1977 wholesale value of tobacco and related products was \$11.6 billion. The official organizations representing tobacco wholesalers are The National Association of Tobacco Distributors and The National Candy Wholesalers Association. Statewide associations of tobacco distributors exist in almost every state, and are frequently more helpful on local issues than the national organizations.

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Vending machine companies. The operators of vending machine equipment are involved in both the distribution and the retailing of cigarettes. There are about 6,000 individual companies owning over 850,000 machines across the country. Many are small and owner-operated. Cigarettes are estimated to be about 25 percent of the vending machine companies' total sales, and vending machine sales account for about 13 percent of the total tobacco industry sales.

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The National Automatic Merchandising Association represents vending machine companies nationally, and more than 30 states have automatic merchandising councils. State councils are usually more active on legislative issues.

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Retailers. Over 300,000 retail establishments sell cigarettes and other tobacco products in the U.S. Food stores account for over 53 percent of retail cigarette sales and drug stores represent 14 percent. Although cigarettes account for less than 15 percent of total grocery and drug store sales, tobacco products are highly profitable items. Tobacco's impact on retailing is great:

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* 1978 cigarette sales in the food industry were \$6.2 billion,

* Cigarettes represented 4.6 percent of total supermarket sales,

* Cigarette inventory turnover at retail outlets is about 25 to 30 times a year.

Three national organizations serve the retail food industry: the Food Marketing Institute, the National American Wholesale Grocers Association and the National Association of Convenience Stores. Most states have associations of supermarket operators and there are a growing number of state associations of convenience store operators. State associations offer the most ready assistance and support.

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Suppliers. Suppliers to tobacco manufacturers include transportation and chemical companies, farm-related businesses (chemicals, implements, suppliers, seeds), advertising agencies, banks, newspapers and periodicals, and makers of filter material and other cigarette ingredients. In 1977, tobacco manufacturers spent almost \$2.5 billion on

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goods and services provided by outside suppliers--nearly three times the amount they spend for tobacco. Companies supplying these products employed approximately 32,000 persons in 1977.

The Tobacco Institute. Founded in 1958, The Tobacco Institute is the Washington-based trade association for the tobacco manufacturers. It has 13 company members including Brown & Williamson and four other major cigarette manufacturers. (American Brands is not a member.) The Institute is funded entirely by member companies on a pro rata basis, based on annual sales.

The stated mission of the Institute is to lead and direct the resources of the tobacco industry in promoting an understanding and acceptance of the role of tobacco in our society, and to defend the industry against unwarranted restrictions on its right to engage in normal business activities.

"We do not try to sell cigarettes or promote smoking," said William Kloepfer, Jr., director of public relations. "Our objective is to bring a seemingly closed subject back to the level of controversy in the public's mind."

The Institute employs more than 100 persons in its federal and state activities, scientific and public relations departments. Four professional spokespersons--Connie Drath, Bill Dwyer, Anne Browder and Walker Merryman--travel the country to present the views of the tobacco industry to the public through the media and in personal appearances. They have visited 48 states and have appeared on more than one-third of the nation's television stations.

The Institute produces pamphlets, background papers and other literature on the history and culture of tobacco, and on various aspects of the tobacco controversy. It has films that are available free to clubs and organizations. Films and publications are not promoted to youth audiences, however, in line with the industry's longstanding belief that smoking is an adult custom. Materials produced by the Institute are readily available to B&W employees by calling the Corporate Affairs Office, 774-7442.

The Institute's public relations department also publishes a bi-monthly ~~intra~~^{inter}-industry newsletter and the more general, six-times-a-year newspaper, The Tobacco Observer.

A major new function of the Institute is the Tobacco Action Network (TAN), which will develop and coordinate state, county and municipal tobacco support groups nationally. TAN organizations for each of the 50 states are now being developed. This effort is essential to combat the state and local attacks on the industry by well organized adversaries. The success of TAN depends upon a high degree of cooperation

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from the manufacturers and upon voluntary actions of individuals in the "tobacco family." B&W is fully prepared and committed to do its part in making TAN succeed.

Complementing the TAN efforts are ~~six~~³ full-time Institute area public affairs managers who further the legislative, public affairs and public communication objectives of the Institute at state and local levels. Ten state TAN directors were operating full-time in 13 states by mid-1979.

Another function of the Institute is management of The Tobacco People's Public Affairs Committee (TOPPAC). Political contributions from executive and administrative employees of the Institute's member companies are distributed by TOPPAC to candidates for congressional office who have the ability to render effective public service and who agree with the industry's philosophy regarding the importance of the free enterprise system.

TOPPAC is registered with the Federal Election Commission and has contributed between \$100 and \$1,000 to the campaigns of 50 currently-seated Senators and 243 currently-seated members of the House of Representatives.

Tobacco Tax Council. This trade association, based in Richmond, Virginia, works to resist increases in state and local cigarette taxes. Funding is primarily from tobacco product manufacturers.

The Council supports active lobbying against increased taxes in all state legislatures and in selected states, it supports bills which would reduce the state cigarette tax. It counts as a success the fact that the average state cigarette tax has increased little since the early 1970s.

Council for Tobacco Research. The Council for Tobacco Research (CTR) is an independent, industry-supported medical and scientific research support organization. CTR's Scientific Advisory Board meets regularly to evaluate applications for grants and contracts. Qualified applications are approved, and the Council awards research grants to independent scientists, who conduct the approved research and publish the results without CTR direction or control. As of June, 1979, 387 scientists in 250 medical schools, hospitals and institutions in the U.S. and 10 foreign countries have been funded by CTR.

CTR regularly publishes descriptive material on study projects it is funding, and the project results are available through medical and scientific publications, and through CTR. (See Smoking & Health, paragraphs 210 through 219, for a discussion on industry-sponsored research.)

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International Committee on Smoking Issues (ICOSI)
ICOSI was established by leading members of the international tobacco industry to give support and information in regard to smoking issues world-wide to the various national associations of tobacco manufacturers. British-American Tobacco Co. Ltd. is a member of ICOSI, as are Philip Morris, R.J. Reynolds and four other major international tobacco companies. ICOSI does not deal with any commercial tobacco matters.

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A word to smokers (about working together)

Whether you're a billboard painter or just, as you obviously are, a reader of magazines, you've discovered that there's a difference between nonsmokers and anti-smokers. We all work with nonsmokers — and they work with us. Roughly 60% of the people around us are nonsmokers, and 40% of them are smokers — so we have to work together. And, like our sign painters, we do. Anti-smokers are a breed apart. They don't want us to work together with nonsmokers. And they go to some extreme lengths to see that we don't.

Two examples:
1. A nationally known TV and film star was prevented from performing by a band of anti-smokers threatening violence because the star frequently smoked on stage. The occasion was a benefit to raise funds for handicapped children.

2. The executive director of one anti-smoking group announced plans to build an "army" of 2,000,000 anti-smoking militants who would go about "zapping" smokers in the face with spray from aerosol cans.

"You don't know what a rewarding feeling it is," he is quoted as saying, "the first time you spray a smoker in the face. It's hard to work yourself up to the first spray. It takes guts. But once you've broken the ice, it's easy. And you feel exhilarated!"

Such people clearly do not represent the nonsmokers we all know and work with. They would not last long in any working environment where people must cooperate to get the job done. And we don't very much that the "zappers" will find 2,000,000 others to go along with them. Americans just don't think that way.

Such anti-smokers are not only anti-smoking. They're giving themselves the reputation of being anti-individualism, anti-freedom of choice, anti-everything that does not agree with their special prejudices. And in that they're as much a threat to nonsmokers as they are to smokers.

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Freedom of choice
is the best choice.

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A word to nonsmokers (about working together)

Whenever you work — even if you're a billboard painter — you work with smokers, and always have.

There's nothing remarkable about that. Forty percent of the people around you are smokers, and 60% are nonsmokers. Still, we work, live, and enjoy ourselves together.

Lately, however, we've all become super-sensitive to each other and to each other's privileges and obligations. And that's not a bad thing.

We agree on many things. There are places (crowded elevators, to take the simplest example) where smoking is not appropriate. In closed and private places, the ancient courtesy of "Do you mind if I smoke?" is still the best rule. Smokers, we believe, have become more generally conscious of that courtesy. The occasional careless smoker, waving a lighted cigarette or cigar, should, in our opinion, be as quickly reminded of others' preferences by a thoughtful smoker as by a nonsmoker.

Nevertheless there are some people — anti-smokers rather than nonsmokers — who will never be satisfied with our sensible accommodations to each other. They don't want us to work together at all. Instead they want to segregate us by law — literally to

build walls between us — at considerable expense to both smokers and nonsmokers in places where we work, sleep, eat or fit to minus ourselves.

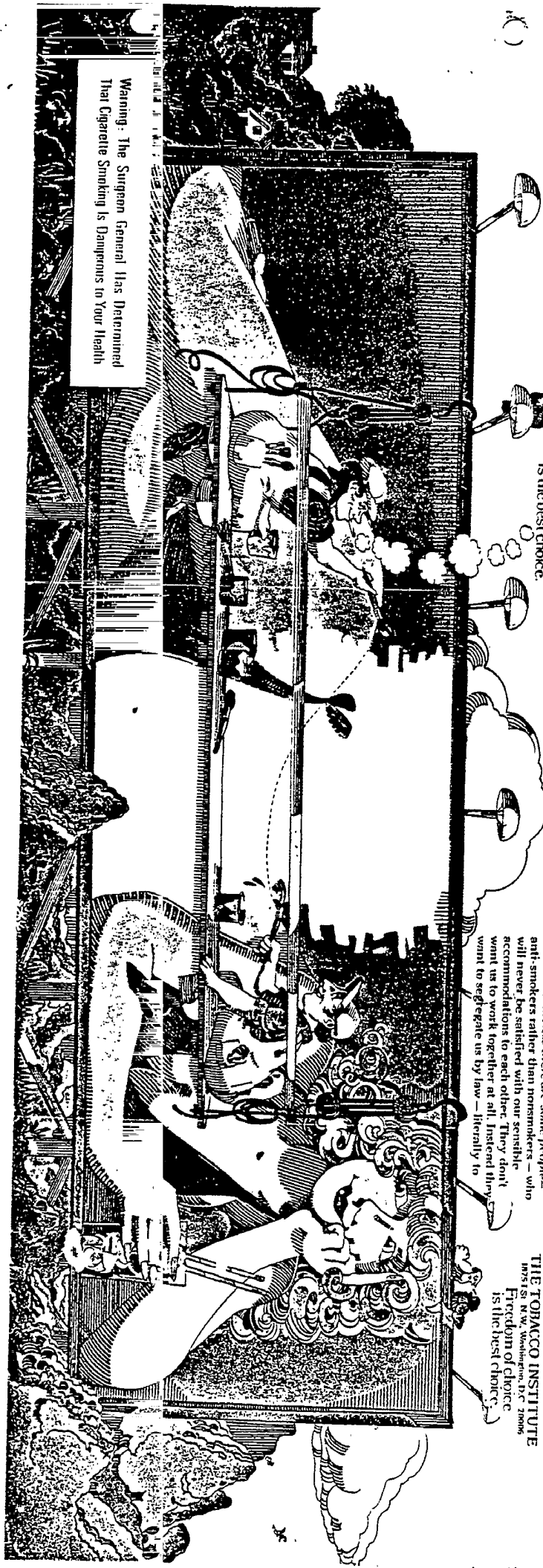
We know that such anti-smokers represent the great majority of nonsmokers. And the anti-smokers know it, too. But there is a danger that others will think I do.

"When I went to the legislature," said one anti-smoking lobbyist, "they thought I had about 10,000 people behind me. I was a laugh. It was just me. I had the law passed by myself."

If it is a "laugh" for the anti-smoker, it is no joke for the rest of us for we must all, smokers and nonsmokers alike, pay the cost of such foolish laws. All of us are losers when any one of us is denied freedom of choice. We don't think that, over the long run, that's going to happen. We think that, like our billboard painters, we'll go on working together until we get the job done.

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Freedom of choice
is the best choice.

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health



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