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ADMINISTRATION

FEB 16 1988

February 12, 1988

MEMORANDUM

TO: Samuel D. Chilcote, Jr.

FR: William Kloepper, Jr.
Peter G. Sparber

The following are our comments and recommendations related to Operation Down Under, based on the proposals and limited research we have seen.

Introduction

It is our understanding that Operation Down Under relies on two basic strategies:

1. Seek to ensure the voluntary accommodation of smokers primarily by communicating to and working with private organizations and individuals.

By this, we understand "accommodation" to mean the creation of places, i.e. separate sections, where individuals will feel comfortable smoking. We also assume that we would seek accommodation in all public places, i.e. workplaces, restaurants, bowling alleys, arenas, etc.

We do not think there is enough distinction between mandatory and voluntary restrictions -- if the objective is the same -- for "Down Under" to effectively dissuade government action.

Therefore, this is not a strategy to defeat legislation but one to use restrictions to benefit smokers and reduce confrontation.

2. Reduce the public debate over the health effects of environmental tobacco smoke.

We understand this to mean that until science demonstrates that environmental tobacco smoke is a relatively unimportant element of indoor air pollution, we will seek to increase interest in overall indoor air quality.

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Operation Down Under differs from current Institute policy in that while we support private decision-making over mandatory rules, we have never actively encouraged segregation.

Recommendations

This division serves two functions: legislative support and the more traditional public relations -- "climate building" -- role.

o From a public relations perspective, we recommend a change in industry policy from total opposition to smoking restrictions to one of "accommodation" of smokers.

We believe a policy shift will have five major benefits and one significant liability:

- o It will align the industry with public opinion. Our position against all restrictions is supported by increasingly fewer people. We are at the extreme and have conceded the "high-ground" to the anti-smokers.
- o It will force the anti-smokers to an extreme as they seek smoking bans and hiring restrictions.
- o It will reduce the confrontation which drives this issue. Media coverage of this issue is now largely confined to specific legislative and regulatory battles and the occasional announcement of voluntary restrictions by private organizations.
- o It is supportive of smokers in that it encourages the creation and preservation of places to smoke.
- o It will improve overall industry credibility on other issues.

The significant liability involves organized labor. Labor's view is that restrictions are an element of negotiated "working conditions." Insofar as these advertisements could not prescribe collective bargaining, we will lose labor as an active ally on this issue. We are exploring possible options but are pessimistic about our ability to resolve this difference.

o We do not believe that the messages contained in the proposed advertisements satisfactorily reflect the research findings nor would they necessarily support the new policy.

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The messages are too vague. They need to emphasize fair accommodation of smokers and de-emphasize "reasonable" private decisions. We do not always agree with what others regard as reasonable. Right now, it is not uncommon to see a small business ban smoking because 24 of its 25 employees are non-smokers. That is a "reasonable" decision if, as one Down Under advertisement states, "Employers know more than government does about how to keep their employees happy."

We also have concerns about the exact definition of separate sections -- a matter we will be required to address in some detail in discussing this policy with the news media and with individual policy-makers.

- o We also do not believe that a program of this sort necessarily requires a budget of the magnitude proposed.

A shift in industry policy should be sufficiently newsworthy to promote without major advertising expenditures. The on-going promotional value is not clearly established by any research we have seen.

Increased use of direct mail to smokers -- even beyond what has been proposed -- appears to be a more efficient use of funds.

The budget proposes an additional \$1 million for "accommodation assistance" to businesses. In our view, The Institute's corporate support program is adequately funded at this time. We have not proposed additional staff and a more aggressive outreach program because -- in spite of major offerings of help by The Institute and Member Companies -- the number of requests for help have not overwhelmed our current resources.

If conditions change, we will report accordingly.

- o We agree that individual companies should sign Operation Down Under advertisements.

The Institute serves as a "lightning rod" for a highly controversial industry and, as such, it is no surprise that this organization's image is not positive.

This program has the potential to generate a favorable public reaction which should accrue directly to Member Companies.

- o Finally, we recommend that all appropriate research conducted by Member Companies related to this program be shared.

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Public relations practitioners rarely have all of the research they would like to make decisions. Frequent references have been made to extensive research and documentation has been requested by Institute staff on several occasions. Since it exists and is relevant to these recommendations, it should be made available.

If research gaps then exist, supplemental work should be conducted immediately.

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