

TOBACCO STRATEGY

- **Acton Institute for the Study of Religion and Liberty**

An esoteric policy group that focuses on illuminating the free market perspective on such issues as taxation and the environment to philosophic/religious organizations and the media---because it believes in not only the power but the principle of the marketplace to effectuate growth, prosperity and fairness for society---Acton has on several occasions written articles and op-eds opposing the use of cigarette excises as a funding mechanism for health care reform on grounds of social engineering, economic dislocation and because they are an unstable revenue source. Acton is presently preparing, with our assistance, a monograph for the *Detroit News* detailing arguments against "sin" taxes. I will be contacting them this week to elicit their assistance in rebutting the just-released University of Michigan report that attacks industry projections of economic dislocation caused by prohibitive excise tax hikes.

- **Alexis de Tocqueville Institution (AdTI)**

Written several pieces questioning the efficacy of cigarette taxes to fund health care reform, based on the inefficiency of the revenue source and the effect of the resulting hike in the CPI on government transfer payments. We are currently working with AdTI in media placement in key legislative districts, i.e., those of House Energy & Commerce and Ways & Means Committee members.

- **American Enterprise Institute for Public Policy Research (AEI)**

Provided background information to AEI in the development of a series of monographs examining various aspects of the Clinton Plan, and how other alternatives would provide a preferable health care system for the American people. Although AEI is highly bureaucratic and rather slow in getting programs off the ground, they have a premier conference/forum/panel operation. We should consider working with them in the development of a well-publicized forum under their sponsorship that would "expose" various aspects of the Clinton plan and help explain the benefits of some of the existing alternatives.

- **Americans for Tax Reform (ATR)**

A staunch ally of PM for a number of years in many tax battles, ATR has sponsored print ads against the use of excise taxes to fund health care as well as VNRs on the subject, most recently one detailing the impacts of prohibitive cigarette excises in Canada on the economy and on crime....which had a profound influence on the eventual decision to rollback the tax. ATR is very close to proponents of alternative health care plans, has good access in the dungeons of Washington as well as with its many state-level contacts throughout the country, and could be mobilized for lobbying or other grassroots tactics either in Washington or in key legislative districts. This has proven to be particularly helpful in state excise battles, and, with ATR's expertise in the town hall and direct mail formats, could be explored here as an adjunct to the CSE effort.

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- The Business Roundtable (BRT)

We were early supporters of the proposal to back the Cooper plan as the starting point in deliberations on health care reform....leading to a ground swell of similar support from the other major business organizations (GMA, NAM, US Chamber). Nevertheless, BRT has had a history of softness on tax issues, and we need to be extra vigilant in monitoring their activities and positioning on this debate. In particular, we need to be careful of White House efforts to divide the business community in exchange for some promised benefits, and especially of attempts by other BRT members to sell out the tobacco industry to save their own skins.

- Cato Institute

An Associate Broadcaster of NET, Cato is in discussions with us re promotion on their show ("Cato Policy Forum") of the issues contained in the *Regulation* magazine article by Dr. Gary Huber, "Smoke and Mirrors: The EPA's Flawed Study of Environmental Tobacco Smoke". As *Regulation* is a Cato product we are optimistic that such a forum will be provided. Cato is also the "co-sponsor" of the John Goodman/NCPA/Phil Gramm health care alternative---which contains no excise taxes---and hence we should consider working with them in any way possible to promote this as a better alternative to the Clinton plan. This could include any of the spate of policy group activities, ranging from conferences and panel discussions to op-eds and ads, and, of course, including maximum promotion on NET.

- Center for the Study of American Business (CSAB)

Directed by Murray Weidenbaum, former Chairman of the Council of Economic Advisors, CSAB is perhaps the leading American think tank on regulatory issues. We have worked with them on numerous aspects of the regulatory burden imposed on the tobacco industry, and their work has gotten tremendous airplay. CSAB has proven to be amongst the true and loyal allies of PM through the years, with unmatched credibility, and we should continue to work with them in the development of pertinent op-eds, for which their syndication will provide national exposure on the key issues.

- Chamber of Commerce of the United States of America

As we all know, the Chamber has been all over the map, including on the wrong side, on this debate. However, we have been intensely lobbying them behind the scenes to "bring them in line" consistent with the other major business organizations, especially on FET, but also on employer mandates. The Chamber Board is awaiting the results of a membership survey to determine how to proceed in the debate, but we should coalesce with other large corporate members of the Chamber (who comprise just 10% of the membership but fully 90% of the dues) to ensure not only that Chamber waffling be discontinued, but that the positions it takes be representative of its members' interests. We are presently working on a strategy to accomplish this.

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- **Citizens for a Sound Economy (CSE)**

We are funding a major (400K) grassroots initiative in the districts of House Energy & Commerce members to educate and mobilize consumers, through town hall meetings, radio and print ads, direct mail, patch-through calls to the Capitol switchboard, editorial board visits, polling data, meetings with Members and staff and the release of studies and other educational pieces. The goal of this effort is to show the Clinton plan as a government-run health care system replete with higher taxes and government spending, massive job losses, less choice, rationing of care and extensive bureaucracies. CSE is taking aim at the heart of the plan---employer mandates, new entitlements, price controls, mandatory health alliances, heavy load of new taxes and global budgets---and, with the program well underway, is by all accounts getting rave reviews in the respective districts.

- **Citizens for Tax Justice (CTJ)/Institute on Taxation and Economic Policy (ITEP)**

As a leading labor-backed organization, CTJ/ITEP and we have worked closely to highlight the regressive nature of tobacco excise taxes, and, in particular, how the problem would be exacerbated by passage of the Clinton plan. As this group has a strong voice in the labor movement, we plan to reinforce this message through the mobilization of this important constituency.

- **The Claremont Institute for the Study of Statesmanship and Political Philosophy**

Worked with this think tank in the development of a major policy paper entitled "The Clinton Health Plan: Bad Medicine for California". Bruce Herschensohn and other Claremont spokesmen are doing a media blitz to disseminate the findings throughout the state; we could use the results as the basis for a similar message in other regions of the country.

- **Consumer Alert**

The antithesis of the Nader/Citizen Action brand of "consumer defense", Consumer Alert has worked with us in the promotion of the concept that the Clinton plan is anti-consumer, both in toto and because of the regressive excise taxes contained therein. Via continuation of their forums, position papers and op-eds, we are discussing a further media blitz for early Spring, perhaps including a debate with the Naderites on the implications of the Clinton and competing plans for the nation's health care.

- **Grocery Manufacturers of America (GMA)**

Worked with GMA in the formulation of a resolution on health care reform mirroring that of the BRT. We currently chair the GMA Tax Committee and hence can ensure that no wayward positioning on excises ensues.

- **The Heartland Institute**

As a member of the Board, I am working with Heartland in several areas: their meetings with various members of the House Ways & Means and Energy & Commerce committees to present health care reform points of view consistent

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with our own; their coalescing of state-based free market policy groups to unify on health care and work with the legislators, media and constituencies in their respective states to mobilize on health care; their series of town hall meetings, primarily throughout the Midwest, to educate legislators and the media of the evils of the Clinton plan and discuss more palatable alternatives; and their development of fax-back technology, a system for the dissemination of research, policy positioning, articles and op-eds (including PM points of view) to legislators, public opinion makers and media fax machines throughout the country. Through all these efforts runs Heartland's 1994 top priority: to inform policymakers, reporters and opinion leaders of the true nature of the Clinton Administration's health care reform legislation, and of the availability of superior alternatives....as Heartland has consistently opposed any reforms that require additional government spending, advocating instead the combination of deregulation, tax reform and medical savings accounts that can now be found in several bills being considered by Congress.

- **The Heritage Foundation**

Worked with Heritage in the development of alternative policy prescriptions to the Clinton plan, and articles and op-eds espousing such positioning. Our efforts have resulted in several major policy papers, including one on the massive economic dislocation that would result from the implementation of the Clinton plan (including drastically less cigarette tax revenue than is currently envisioned), one on the implications of a prohibitive cigarette excise hike on the CPI, government transfer payments and net revenue, one on the misapplication of science in the EPA/ETS debate, and, possibly, one on the Surgeon General's broadside against tobacco advertising combined with a commercial speech/First Amendment perspective.

- **Hoover Institution on War, Revolution and Peace**

Have worked with them on several pieces focused on the Clinton program for universal health care coverage, which, combined with insurance coverage for mental health and reduced prescription costs, bound together with a fuzzy plan to finance the program, would be a recipe for disaster that will result in reduced employment in the international economy, continued unequal access to medical services and additions to the federal deficit.

- **Institute for Research on the Economics of Taxation (IRET)**

Led by Norm Ture, former Undersecretary of the Treasury for Tax and Economic Affairs, and a long time friend of PM, IRET has been perhaps the leading policy group exponent of the evils of selective excise taxation. Via conferences, policy forums, articles, op-eds and the like, IRET has emphasized the point that excises are inefficient and unfair, and has beefed up these efforts since the introduction of the Clinton plan. As a member of the IRET Board I have worked closely with Ture in their writings and placements, and in placing him on a series of panels espousing points of view consistent with our own. IRET is presently working on several policy papers: the mandates contained in the Clinton plan are nothing more than a disguised tax increase; the off-budget accounting of the Clinton plan is not only dishonest, but bypasses any measure of fiscal constraint; and CBO---

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supposedly the independent arm of Congress---may yet buckle under White House pressure to "create" good cost/revenue numbers.

- **Mackinac Center for Public Policy**

Have worked closely with this Michigan-based group in their policy study opposing the President's health care reform proposal, including its funding mechanism. Mackinac has published several pieces against the use of cigarette excises, both in general and to fund health care reform, and has mobilized several state-based policy groups in the effort to flood the media on positioning consistent with our interests. I will also be contacting them this week to elicit their assistance in rebutting the just-released University of Michigan report that attacks industry projections of economic dislocation caused by prohibitive excise tax hikes.

- **Manhattan Institute**

Worked off-the-record with Manhattan and writer Betsy McCaughey as part of the input to the three-part expose in *The New Republic* on what the Clinton plan means to you. The first part detailed specifics of the plan. The second part, to be published imminently, will focus on the impact the Clinton bill will have on cities. She will explore why medical education will decline, why teaching hospitals will be driven out of business, why regional health alliances will shift the cost of caring for the poor off the federal budget onto the backs of urban workers and their employers, and why discontinuing Medicaid and enrolling the disadvantaged in HMO's will fail. Betsy is also working on a comparison of the other proposals, what an "ideal" bill should include, and what kind of reform Congress is likely to give us. As a member of the Publication Committee of *City Journal*, Manhattan's award-winning policy quarterly, I am in discussions concerning possible publication of a detailed analysis of the Clinton plan as it impacts New York and New Yorkers.

- **Media**

Over time we have developed many friendly contacts in the media, particularly in the conservative press. On an ongoing basis we provide information, background and commentary, and work on the development of favorable pieces. We are involved in similar activities with prominent economists, whom we try to place as spokesmen in appropriate fora.

- **National Association of Manufacturers (NAM)**

Similar to the BRT, but even more strongly, NAM (with our support) came out in opposition to the Clinton health care plan. Simultaneously, we have been working with the NAM Taxation Committee to ensure that regardless of what plan eventually materializes, no selective excise taxes of any kind will be used to fund it. We continue to work closely with the key NAM committees and its National Public Affairs Steering Committee (NPASC) to keep up the pressure on these key points.

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- **National Center for Policy Analysis (NCPA)**

We have worked closely with president John Goodman and the rest of the NCPA staff in the development of alternative health care mechanisms absent the use of excise taxes. NCPA has authored the Gramm plan, which is the most free market of all the alternative plans, containing medical IRA's and other personal responsibility features. We are working with John in the development of a series of op-eds, and in his presentations at a variety of fora, e.g., NET.

- **National Empowerment Television (NET)**

Through a major financial grant (200K) we have signed on as an Associate Broadcaster of this 24-hour-a-day cable/satellite network with potential viewership of nearly 25 million people. We are meeting Friday with producers and staff to plan the miniseries on health care...which will focus on debunking the myths of the Clinton plan and the use of excises to fund such a plan, and to investigate more market-driven alternatives. NET will also seek to motivate constituents from influential congressional districts by engaging them in the policy debate through interviews and viewer call-ins. Participants will include policy group allies of PM who share our viewpoint on health care. We are also working with NET in the presentation of our side of the story on other tobacco issues, as evidenced by their interview with Steve Parrish last week re FDA regulation and nicotine, and coverage of the march on Washington. If the health care miniseries goes well, the possibilities of working with NET to present our side of the story are virtually limitless (VNRs, district-by-district canvassing, etc.)...but will require a substantial amount of increased support.

- **National Journalism Center**

This group was developed to train budding journalists in free market political and economic principles. As a direct result of our support we have been able to work with alumni of this program....about 15 years worth of journalists at print and visual media throughout the country....to get across our side of the story....which has resulted in numerous pieces consistent with our point of view. We also co-sponsored in December a policy minibriefing on health care for a broad cross-section of the Center's Alumni Council, and are now working with the Journalism Center in the development a major health care reform policy conference (tentatively scheduled for late April/early May) that will debunk the myths of the Clinton plan, explain the ill-advised proposals to fund any such plan with excise taxes, and promote alternative, market-driven plans. The forum will be chaired by Sen. Gramm (R-TX), and will have considerable participation from legislators, media and friendly policy group personnel.

- **National Policy Forum**

Billed as "the Republican Center for the Exchange of Ideas", this partisan think tank will be exploring policy alternatives from the grassroots perspective. They have formed 14 Policy Councils, and I serve on the one entitled "Reforming Health Care", chaired by Gov. Carroll Campbell (R-SC) and Rep. Nancy Johnson (R-CT).

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- **Pacific Research Institute for Public Policy (PRI)**

As a member of the Board, I have worked closely with PRI in the development of policy pieces and op-eds, particularly for major Western markets, in opposition to the Clinton plan and in support of free market alternatives. As a Canadian, the president of PRI has first-hand experience of the evils of government-run health care, and we have worked closely to get the message against a national health care system, global budgets and premium caps across, including in such forums as NET. Shortly, at our request, PRI is convening a meeting of major think tanks to plan further strategy on this issue, including the use of mass mobilization technology in individual districts to educate and persuade legislators, policymakers, media and the general public on the health care debate....consistent with the interests of PM.

- **Philanthropy Roundtable**

This "trade association" of free market philanthropic foundations is conducting a study on the implications of the Clinton plan for philanthropy, particularly amongst the largest corporations.

- **Pioneer Institute for Public Policy Research**

A close advisor to Massachusetts Governor Weld, Pioneer is working on a piece examining the impact of the Clinton plan on Massachusetts. It is envisioned to be a parallel piece to the Claremont Institute's California analysis.

- **Tax Foundation**

Heavily involved in analyses of the impacts of the Clinton plan on a state-by-state basis. PM is a major supporter of this group, and we have extremely close ties. At our behest the group's executive director has appeared in two VNR's espousing points of view consistent with our own, and we plan to further take advantage of this opportunity as the debate heats up.

- **The Texas Republic**

Working with the editor of this free market monthly, funded by PM, on an analytic piece debunking the Clinton plan in general, highlighting the negatives of what it means for Texas, and pointing out free market alternatives that would be more in consumer's interests. As the editor is also a syndicated columnist with the *Dallas Morning News*, we expect the piece will result in favorable columns across the country.

- **Washington Legal Foundation (WLF)**

A close ally of PM for many years, WLF has been involved in numerous aspects of the tobacco industry debate. They have filed amicus briefs against the EPA; they have written and promoted policy papers supporting our position on the advertising/First Amendment issue; and, most recently, they authored a major paper detailing why the tobacco industry is already one of the most highly regulated industries in America and does not need further regulatory control.

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