

Prepared for  
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## DEFENDING TOBACCO

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Few industries -- perhaps only the ones run by the Mafia -- have been called worse names by more eminent name-callers than the tobacco industry. Few have been so often often by restrictive legislation, constrictive regulation and punitive taxation. Still, probably no other has so skillfully finessed its way out of its dilemmas, turning a series of imminent disasters into near victories -- or, at the very least, quite comfortable and profitable accommodations. ~~The clinching evidence: Despite concerted attacks on smoking and increasing data linking cigarettes with cancer and heart ailments, domestic cigaret consumption rose 3% in 1971.~~

Wall Street Journal  
January 24, 1972

The ~~very next sentence of the~~ Wall Street Journal article, which was written almost ~~exactly one~~ year ago, goes on to say that "the main credit goes to The Tobacco Institute." This might be considered to be journalistic excess, but it does come from an impartial, authoritative source.

The high level of performance achieved in the past, and hopefully in the future, stems to a large extent from the advantage of smallness. Being few in number, The ~~Institute and its~~ corporate members have been able to develop <sup>within the Institute</sup> the kind of close and continuing relationship which permits the growth of flexibility, initiative, leadership, and unity.

Many individual firms on the Fortune 500 list (e.g. Gulf Oil, Ford, U.S. Steel) have larger staffs in Washington to handle their corporate affairs than does the Institute, which serves ~~the~~ <sup>an</sup> entire \$10 billion industry. The Tobacco Institute operates at a far lower cost than comparable industry trade associations. (See Appendix) ~~SS~~

How the Institute functions for the industry is outlined in greater detail below.

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## I. Government Relations

Government relations includes working with all levels and layers of the Federal establishment on a broad range of activities political, executive, regulatory and legislative. It also entails developing coalitions with natural allies such as business, and with others who while not friends are enemies of our enemies.

### A. Political Operations

Participation in the political process at the electoral stage affords the Institute access to other stages, such as the selection of appointees and the assignment of Congressmen to key committees; e.g., Ralph Nader's Congress Project profile of Sen. Marlow Cook notes that he switched from the Agriculture Committee to the Commerce Committee where he ~~has~~ used his seat "to the fullest" to battle head to head with Sen. Moss on cigarette advertising. <sup>Q</sup>

1. Contributions: Institute personnel have provided guidance on political campaign funding in ~~1966, 1968, 1970 and 1972 on the Presidential and Congressional level, and on occasion at the primary stage.~~ <sup>clearly since 1966,</sup> In the last <sup>two</sup> election, this activity was conducted by the newly established Tobacco Peoples' Public Affairs Committee (TOPPAC), ~~to comply with the new law, compliance with the statute.~~

2. Advice and Counsel: Staff has provided candidates with guidance on tobacco issues, contribution of political skills from campaign strategy to speech writing. Work has also been done at major national conventions.

### B. Executive and Regulatory

Being known and trusted as a result of political activity leads to greater opportunity to operate at the executive and regulatory levels.

1. Access to Key Personnel: The Institute has conferred with key officials at the White House, Depts. of HEW, Agriculture, Veterans' Administration, Office of Management and Budget to name a few. Also FTC, FCC, FAA, and other regulatory agencies.

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The President of the Institute for Tobacco Industry Compliance

2. Negotiating with Government: A top-level team worked out with the FTC the "tar" and nicotine listing and the warning notice in advertising. The two efforts blocked more punitive regulations. In addition, staff had many conferences with high government officials regarding gaps in knowledge about smoking and health.

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3. Preventive Action: Presentations to the FTC chairman and the FAA chairman defused (a) the issue of sports sponsorship and coverage on TV and (b) the segregation of smokers on airlines, which the government concedes is not a health issue. More recently close attendance on the NCAB "tar"-nicotine controversy has substantially affected that issue.

### C. Legislative

Some 100 bills are introduced in Congress each session which involve tobacco or other industry interests. Major legislation in which the Institute played a critical role included:

#### 1. Tobacco

a) 1969 Cigarette Labeling and Advertising: All the high cards were held by our opponents. They had only to let the old law die, ~~we had to pass a new law that would include a preemption clause.~~ Institute staff handled a wide variety of duties and succeeded in enlisting support from non-tobacco Congressmen. Industry strategy, said the Wall Street Journal was an example of "the genius of protective compromise," of which "the main beneficiary ... is the industry itself."

and with it our needed preemption of state and federal agency regulation

b) 1972 T&N Hearings: Sen. Moss' threat to limit "tar" and nicotine content was defused after the opposition, ably led by Sen. Cook, revealed its weaknesses and internal contradictions. Institute staff with legal assistance helped him establish that record.

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2. Consumer Affairs: TI staff played a decisive role in helping to defeat provisions that would have extended the power of the FTC or placed tobacco under FDA, or the new Consumer Product Safety Commission, or set up a Consumer Protection Agency.

3. Other Legislative Activities

a) Appropriations and Other Hearings: Institute staff with legal assistance prepares questions for HEW, EPA and other agency appropriations hearings, enabling us to monitor possible adverse governmental actions in advance.

b) Grass Roots <sup>increasingly</sup>. Through a network of contacts, The Institute is positioned to generate constituent pressure.

c) Administration Lobbying: Institute staff has been requested to help generate support on the Hill for bills which the Administration has an interest.

D. Business Alliances

TI staff is becoming more active as a force among other Washington representatives. This has enabled us to prevent a large insurance company from introducing a non-smoking policy; it can prevent another NAB-type conflict. The Institute is also developing lines to labor, minority and environmental groups.

II. State Relations

Despite Federal preemption, each year produces hundreds of tobacco bills in the 50 states. Many are frankly anti-tobacco, all have impact on our industry. To deal with them, The Institute works directly with organized tobacco and other groups.

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A. Contacts with State Groups

TI Staff maintains liaison with all segments of our industry and also state wholesale grocers, transportation, banking, farm and state press, radio and television operations.

B. Contact with State Legislators

For a period of some ten years TI Staff has been making new contacts and keeping viable old personal contacts as well as revising and keeping up-to-date information on each of the respective states. When state legislative problems now arise in any of the 50 respective states, we can move without delay with a rather wide margin of understanding of the political power structure of each of the states and with personal acquaintances and knowledge of individuals and prospective lobbyist in a countermove against proposed anti-tobacco bills.

*Attachment of Field Force*  
*Insert*  
C. To increase the impact of the above activities, TI this year established and began staffing a six-man, full-time field organization, regionally covering the U.S.  
D. National Conference of Weights and Measures

Despite the fact that tobacco is included in revised States Model law and regulation, the several tobacco exemptions remain in force despite efforts to eliminate them. The Institute is a member of the National Industry Committee that meets with Conference and stays in close contact with state officials in this area.

*institute and lab counsel constructive*  
E. D. Testimony and Analysis

Institute staff aid in the analysis of anti-tobacco bills, and in the preparation of substantive testimony and speeches for legislative support.

*staff*  
F. TI and Tobacco Tax Council are members of the Joint Liaison Committee formed in 1974, which holds mandatory monthly meetings for state-by-state review of legislative developments and tactics.  
III. Public Relations

Beginning in 1967 two outside firms were phased out and the Institute became the effective voice of the tobacco industry in the smoking and health controversy. Further development, and the support of all cigarette companies, is needed to enable The Institute to speak with authority. Strides have been made

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in communication with the media, with members and directly with the public.

A. Media Communication

1. News Reporting: The Institute aim is to get our side in the same story the same day and we have ~~for several years~~ achieved it on several occasions. Example: ~~All~~ networks and most newspapers reflected TI comments on the ~~1972 Surgeon General's~~ report the day it was issued. In addition countless letters have been sent to the media to correct misimpressions, as well as personal calls.

annual NEW  
smoking-health

2. News Conferences: Where none were held before 1966, two have been conducted since with excellent coverage: in 1968 to correct faulty FTC "tar"-nicotine analysis, and in 1970 to disclose the American Cancer Society's refusal of scientific review of its "smoking dog" experiment.

3. Briefings: Some 342 Editors, broadcasters <sup>were</sup> and writers in 22 major metropolitan centers ~~have been~~ briefed on the industry's position on smoking and health <sup>and 19</sup> ~~since~~ 1971.

4. Background papers: Five carefully-researched staff written documents have been issued in the past ~~two~~ <sup>four</sup> years to editors and science writers for reference.

5. News analysis: The Institute can "profile" any major publication, by-line writers, or the editorial consensus on any relevant topic.

6. Special media events: The Institute persuaded NET program, "The Advocates," to examine the smoking health controversy, helped prepare the format, brought several witnesses, including TI's president, and result won the televised debate. TI staff also participated in preparing the Executive Committee chairman for an appearance on CBS' "Face the Nation" in unique cooperation with voluntary health associations.

The Advocates

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<sup>in</sup> Richmond, ~~in 1969~~ the staff co-produced a three-hour TV debate including audience phone-ins, with six smoking-health experts.

#### B. Member Communications

Prior to 1967, much of the communication with member companies was through the Committee of Counsel, or by informational memo. Two changes have greatly improved the internal information process.

1. Communications Committee: Established in 1969, it includes representatives of each major company and of TI's legal counsel who meet frequently to advise on The Institute's course in public relations.

2. The Tobacco Institute Newsletter: This channel has been used biweekly since 1970, and now reaches nearly 1,000 management executives in the industry, keeping them uniformly informed on the industry's public opinion environment.

#### C. Direct Public Communication

1. In 1969, the Institute achieved <sup>the first industry-wide agreement on</sup> ~~development of a~~ agreed on detailed and documented statement of the cigarette industry's position in the smoking-health controversy, updated to include current research. "The Cigarette Controversy" pamphlet continues to be the basic guide for other forms of communication. Well over one million copies are in print. Two unusual modes of distribution deserve mention:

a) Public Service Advertising: Material was distributed to 20,000 publications in 1970, promoting the booklet as a counter-move to the American Cancer Society and the Public Health Service requests for free space. Similar material was provided to TV and radio in film clip and spot announcement format.

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b) "Classified" advertisements: The Institute placed small ads in 12 opinion-leader publications ~~who are now~~ offering the booklet ~~to interested readers~~.

2. Motion Pictures: The Institute now has available a 30-minute film on smoking and health, featuring the views of recognized scientific experts. The film has been tested and found to be an effective tool for changing opinions toward the industry. TI has also produced its first film about tobacco itself. Both are in heavy demand through a commercial distributor for community audiences. TI has also just completed a 15-minute film with experts on the New York Society of Security Analysts. In another case, recognizing a community of interest in state legislation and regulation, TI has purchased space for regular smoking-health messages in the Newsletter of the National Licensed Beverage Association.

This will be repeated in 1975.

4. Speeches: This activity which promotes the work of all Institute functions -- government relations, state relations, public relations and scientific affairs -- has grown significantly. ~~Last year~~ <sup>In one year</sup>, the President alone delivered 10 major addresses. Other staff members, including our scientists, have also been very active. And in addition many major Congressional speeches were drafted. Beginning Jan. 1, two persons will join the TI staff with the principal assignment of public appearances.

#### IV. Administration

##### A. Management and Budget

The basic objective of the Administrative section of the Tobacco Institute is to relieve the President in the day to day operations of the Institute, ~~this~~ <sup>and</sup> allowing him to give full attention to policy planning and dealing with major problems and projects.

~~Through the T.I. Secretary-Office Manager,~~ supervision is given to staffing at the clerical level, operation of the Library (treated separately herein), the Mail and Supply



insurance and pension details, meeting arrangements areas, and the logistical requirements to maintain the Institute.

Under policies set out by the Budget Committee, budgetary requirements are developed annually for the Board of Directors and complete financial management is carried out through the Administrative section under the overall guidance of the President.

4. Some recent highlights:

1. Personnel has been doubled since 1966 with the addition of staff competent in state relations, government affairs, medical and scientific fields and public relations. These additions have resulted in more efficient and economical coverage.

2. The move in 1969 to new Institute quarters, coupled with the addition of personnel, has greatly increased the efficiency and scope of activities possible to the Institute staff.

3. The adoption by the Board of Directors in January 1971 of the Guidelines for Authority and Responsibility of the Institute has greatly approved the over-all efficiency by setting out authority and responsibility of the staff and committees of the Institute, placing more authority in the Institute President, and establishing more frequent meetings of the Executive Committee to establish and review Institute policies, programs and objectives. These have eliminated much undue delay occasioned in the past in obtaining approval and authority from the Executive Committee or Board members for Institute action.

B. Legislative Monitoring and Analysis

This section has responsibility for monitoring and analyzing all bills introduced into the Congress with tobacco significance and following their progress. Information is brought to the attention of the appropriate members of the staff for action. During the past two years some 50 consumer bills were introduced; to an

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unprecedented degree in the Senate; they required study by the Administrative staff since such bills in their original form would have had a detrimental impact on the tobacco industry. The successful effort to blunt this type legislation has made it well worth the extraordinary time and effort expended.

#### C. Legislative Liaison

The Administrative and Legislative staff cooperate in liaison is maintained with key Congressional members, their staffs and the staffs of the Committee of interest to the Institute. Likewise close relations are maintained with officials of the U.S. Department of Agriculture, particularly in the tobacco areas. Interestingly a pesticide bill introduced in the House and Senate in November, 1971 carried in its initial printing a provision to place tobacco under the jurisdiction of the Food & Drug Administration. As finally enacted and signed by the President such a provision had been removed.

#### D. Library

In May, 1968 <sup>an assistant librarian</sup> ~~a News Analyst~~ was added to give depth to the library function. News clippings and medical and scientific papers are ~~channeled, circulated and filed, and by the News Analyst.~~ In addition, the duties include familiarity with the library as a whole and research work in supportive aid to the Institute staff and member company personnel. Duties also include location and acquisition of medical and scientific papers and pamphlets as requested by staff and member company personnel.

The Library has grown 300% since 1966, and now contains approximately 140 file drawers and 60 bookshelves of correspondence, information and reference materials. Thus, it now serves as a valuable and efficient reference source for staff as well as member company personnel. There has been particular growth in requests from the latter. There are now more than 25 mailing pieces available for routine

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requests and approximately 80,000 of these were mailed during this past year, an eight-fold increase.

Files from Hill and Knowlton and Tiderock have been merged and coordinated with the central files of the Institute and a file key reference has been developed. All books are carded and catalogued, and a complete check list of the approximately 120 subscriptions has been set up. There has also been great expansion of reference works in the medical and scientific fields, with good reciprocal relationship established with CTR. Books and papers, particularly in the medical field, are acquired and furnished to member company personnel and to the Ad Hoc lawyers, upon request. The computer function formerly located at Covington & Burling is presently located in the library.

#### V. Scientific Affairs

The newest branch of the Institute was established in 1969 to provide an in-house capability to advise the President on the relevant scientific aspects of the smoking-health controversy. It consists of a medical director and a statistical director, both of whom were appointed in June 1970.

##### A. Medical Director

1. Personal Background: Dr. Gilbert D. Huebner, the Medical Director, has an Ivy League background, having obtained his Bachelor's degree with honors, from Harvard University and his M.D. from Cornell University Medical College. He is a Diplomate of the American Board of Surgery and a Fellow of the American College of Surgeons. In military service, he was Chief of Surgery in a general hospital in France and Commanding Officer of a station hospital. He holds the Army Commendation Medal and the Army's Skinner Medal for having graduated first in a class of 156 physicians at The Army Medical Service School in 1956. He was a practicing surgeon in Indiana prior to joining the Institute.

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~~functions~~ Dr. Huebner's function at the Tobacco Institute is to advise on all relevant medical matters and to make recommendations concerning the industry's position and course in the smoking and health controversy. ~~He also has his many tobacco contacts as well as to bring late and bring to fruition a large industry sponsored tobacco research project at the Harvard Medical School. In view of the current antipathy toward smoking in the medical community, it seems highly significant that he was able to find and generate the enthusiasm of such highly competent and open-minded researchers as those in the prestigious Harvard medical community.~~

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3. Activities: He has also been instrumental in the industry's helping to underwrite the Aspen Emphysema Conference during the past two years. Such cooperation has enabled us to better convey our genuine interest in medical research in pulmonary disease and has also given us an opportunity to better express our views and exchange ideas with some of the most respected members of the medical community.

### 3. Statistical Director

1) Personal Background: Dr. Marvin A. Kastenbaum, Director of Statistics, received his doctorate and master degrees at North Carolina State University in 1956 and 1950 respectively after completing an undergraduate degree in mathematics at the City College of New York. He is a member of the major statistical societies around the world, and in addition, is a Fellow of the American Statistical Association, the

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American Association for the Advancement of Science and the Royal Statistical Society. He has been active in the statistical community and has held both elected and appointed positions in these societies. Before coming with the Institute, Dr. Kastenbaum had over forty publications and has increased this number to over fifty since joining the staff.

~~2. Functions:~~ <sup>His</sup> Dr. Kastenbaum's function at the Tobacco Institute is to serve as an advisor on scientific matters, especially as they relate to the statistical treatment of data. He reviews much of the scientific literature, and specifically evaluates those articles which relate to the question of smoking and health. In addition, he is available to members of the industry for consultation on matters relating to epidemiology, biostatistics, and other areas in which he is scientifically competent. He serves on request as an

~~3. Activities:~~ Dr. Kastenbaum has served as an advisor on several occasions to the Scientific Advisory Board of the Council for Tobacco Research.

~~Since April 1971,~~ <sup>He</sup> Dr. Kastenbaum has lectured on numerous occasions before scientific groups on the subject of smoking and health. Copies of two of these lectures appear in the Congressional Record.

~~Dr. Kastenbaum has maintained his~~ <sup>He also maintains</sup> contact with the scientific community by personal visits and consultations with his many colleagues, and by his participation on several advisory committees, including one for the Food & Drug Administration and another for the National Academy of Sciences.

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Appendix #5

**American Iron & Steel Institute**

- ...Annual Budget nearly \$12 million
- ...Employs 60 people in New York City
- Employs 40 people in Washington, D. C.
- ...10 major steel companies contribute 75% of the operating costs

**American Petroleum Institute**

- ...Annual Budget approximately \$14 million
- ...Employs over 100 people-all located in Washington, D. C.

**American Mining Congress**

- ...Annual Budget is more than \$2 million

**Individual Company-Washington office**

- ...in general these operate with a budget ranging from about \$200,000 to more than \$2 million for firms of the magnitude of ITT.

1971 Data - Latest Available

~~January 4, 1972~~

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