

December 15, 1953

BACKGROUND MATERIAL ON THE CIGARETTE INDUSTRY CLIENT

The following information was given us by the presidents of the leading tobacco companies at the Hotel Plaza this morning.

I. Participants

There is no trade association in the cigarette industry. This is because the tobacco companies are prevented by the dissolution decree of 1911 and the criminal convictions under the Anti-Trust Act in 1939 from carrying on many group activities.

As a matter of fact, before the current health crisis arose, cigarette manufacturers never met together at any time except at dinners honoring some industry leader.

The group was called together by Mr. Paul Hahan, President of the American Tobacco Company. The chief executive officers of all the leading companies - R. J. Reynolds, Philip Morris, Benson & Hedges, U. S. Tobacco Company, Brown & Williamson - have agreed to go along with a public relations program on the health issue.

Liggett & Myers is not participating in the organization because that company feels that the proper procedure is to ignore the whole controversy.

In addition to the cigarette companies, the two important groups of tobacco growers involved are enthusiastically supporting the new program. Together these tobacco growers represent some 600,000 farms and 2,700,000 farmers. Obviously, the tobacco growers are the political strength along with the 1,300,000 retail tobacco outlets. The tobacco growers will be represented by officials of the grower organizations.

II. Organization

Because of the anti-trust background, the companies do not favor the incorporation of a formal association. Instead, they prefer strongly the organization of an informal committee which will be specifically charged with the public relations function and readily identified as such.

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For example, Mr. Hahn reported that one name they had considered was the "Tobacco Industry Committee for Public Information." John Hill suggested that he felt the word "research" should appear along with "information" in the title of the committee.

III. The Industry's Position

The industry is strongly convinced that there is no sound scientific basis for the charges that have been made. They believe that the more sensational accusations in the recent papers were premature and in some cases represent publicity issued in the hopes of attracting funds and support for further research.

They point out that the National Cancer Institute of the U. S. Public Health Administration, which is a government agency and supported by Congressional appropriations, has officially refuted the tie-up between cigarette smoking and cancer.

Nevertheless, they realize that the industry should not engage merely in a defensive campaign, replying to and answering individual research papers or magazine articles.

They feel that they should sponsor a public relations campaign which is positive in nature and is entirely "pro-cigarettes." They are confident they can supply us with comprehensive and authoritative scientific material which completely refutes the health charges.

They are also emphatic in saying that the entire activity is a long-term, continuing program, since they feel that the problem is one of promoting cigarettes and protecting them from these and other attacks that may be expected in the future. Each of the company presidents attending emphasized the fact that they consider the program to be a long-term one.

IV. Responses to Questions

The companies' answers to questions put them by John Hill and the undersigned provide valuable background. They are as follows:

Will the cigarette companies organize themselves into an association publically announced, which will openly sponsor their public relations activities?

The companies replied that they had no desire to set up a smoke screen or "front" type of organization. They are perfectly willing to sponsor any statements that may be issued or any institutional advertising that may be recommended and approved.

Do they accept the principle that public health is paramount to all else, and would they issue a public statement spelling this out?

Everyone present wholeheartedly agreed to this principle and readily consented to widespread dissemination of a sound statement of principles.

Distribution of such a statement it was agreed would probably be the first step in the public relations program that Hill and Knowlton would recommend.

Do the companies consider that their own advertising and competitive practices have been a principal factor in creating a health problem?

The companies voluntarily admitted this to be the case even before the question was asked. They have informally talked over the problem and will try to do something about it. They do, however, point out that this is the one important public relations activity that might very clearly fall within the purview of the anti-trust act. Accordingly, it is doubtful that we will be able to make any formal recommendation with regard to advertising or selling practices and claims.

Will the companies agree to sponsor new research which will provide definite answers to the charges?

A clear-cut answer to this question was deferred for the time being. The companies all say that they are carrying on much more research in their own laboratories and are sponsoring more research at hospitals and universities than is generally recognized. They believe that when we are acquainted with all of the scientific and factual material in the hands of the companies, we will agree that the major problem is to disseminate information on hand rather than to conduct new research.

However, John Hill did not agree to this and emphatically warned the companies that they should probably expect to sponsor additional research.

Do the companies view this problem as being extremely serious and worthy of drastic action?

The answer is obvious since the companies have met together for the first time since 1939, since they have promptly proceeded to retain Hill and Knowlton, and are already considering such expensive techniques as the use of institutional advertising. They recognize the possibility that it might be desirable to use institutional advertising to promote the basic statement.

As another indication of how serious the problem is, the officials stated that salesmen in the industry are frantically alarmed and that the decline in tobacco stocks on the stock exchange market has caused grave concern, especially since tobacco earnings will be much higher next year because of the termination of excess profits taxes.

Are we primarily concerned with cigarettes rather than all tobacco?

There can be no doubt but that the problem is cigarettes and the task is to get out information concerning cigarettes. The attacks have all been against cigarettes. Of course, it is true that the attacks now made on cigarettes will eventually be made against all tobacco if not stopped, and it is also true that anything done in favor of cigarettes will be favorable to all tobacco.

Another reason why the emphasis should be on cigarettes is that there are existing trade associations in the cigar and tobacco field. They are all jealous of their prerogatives and if we stick to cigarettes we will avoid all such complications.

IV. Other Information

The current plans are for Hill and Knowlton to serve as the operating agency of the companies, hiring all the staff and disbursing all funds. The chairman will probably be Mr. Hahn or the head of one of the other companies resident in New York. There will be a strong subcommittee of chief executives, all resident in New York.

Tommy Ross, counsel for American Tobacco Company, has almost completed a "white paper" on the scientific facts involved in the health issue which he will make available to us for use or inclusion in something we will want to distribute to all the press, magazines, etc.

It was arranged for Hill and Knowlton to interview the scientific directors of all the leading companies. Three interviews are being held today, December 15, at 12:30, 2:30 and 4 p.m. respectively. Another will be held on Wednesday.

Following completion of the scientific interviews we will interview Tommy Ross, Ben Sonenberg (counsel for Philip Morris), and Sidney J. Wayne Associates (counsel for Lorillard).

It was also suggested that we might want to interview the advertising people, although the company presidents indicated that the advertising agencies did not have a great deal of material bearing upon the controversy. They thought it most important for us to see the scientific directors and the public relations people mentioned.

The Question of Polls:

The presidents indicated that they had thought about the possibility of a public opinion poll. We agreed that such a poll might prove to be necessary, and also indicated that a poll of certain important groups such as the doctors themselves and teachers might be desirable. Clearly, it is necessary to know: (a) the awareness of the problem, and (b) the extent to which the charges are believed, before extensive action is recommended.

Present at the Meeting:

Paul M. Hahn	President, American Tobacco Company
Joseph F. Cullman, Jr.	Chairman and President, Benson & Hedges
O. Parker McComas	President, Philip Morris & Co., Ltd., Inc.
J. Whitney Peterson	President, U. S. Tobacco Company
- - - -	P. Lorillard Company

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Bert C. Goss

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