

Report Not Endorsed By President Johnson

WASHINGTON, D. C.—President Lyndon Johnson pointed out at a recent press conference that he has not endorsed the Surgeon General's Report on Smoking and Health.

He said the report has not yet been accepted as an official government document and added that various agencies of the government are studying the report "carefully" and will "in due time make their recommendations."

Earle Clements Hired By Six Cigarette Firms

WASHINGTON, D.C. — Earle C. Clements, former United States Senator from Kentucky and a close associate of President Lyndon Johnson, has registered with the House of Representatives as a lobbyist for six major cigarette firms: American Tobacco, R. J. Reynolds, Brown and Williamson, Liggett and Myers, P. Lorillard and Philip Morris.

L. T. Weeks on World Trip For U.S. Leaf Promotion

RALEIGH, N.C.—General Manager Lloyd T. Weeks of the Flue-Cured Stabilization Corporation left recently on a trip around the world for conferences with tobacco and government officials.

The trip is designed to promote use of United States flue-cured tobacco and to "clarify misapprehensions on the part of foreign buyers as to the quality and acceptability of Stabilization stocks" held in storage in this country. That was the explanation offered by Carl T. Hicks, of Walstonburg, N.C., president of the corporation.

Among the conferences will be meetings between United States and Southern Rhodesian officials. The corporation's board of directors authorized the trip, which was requested by the Foreign Agricultural Service and the Agricultural Stabilization and Conservation Service.—HAD.

Tobacco Institute Challenges FTC Power

Gallaher International Starts Overseas Sales

LONDON, ENGLAND — Gallaher International has launched its first cigarette in an overseas market. It is Edinburgh king size and is being marketed in Australia.

In February 1962 the formation of Gallaher International was announced to extend Gallaher interests in world markets outside the United Kingdom and Eire.

Edinburgh king size cigarettes have been marketed initially in New South Wales, and will later be extended to the rest of Australia.

Gallaher International recently announced its association with Theodoros Niemeyer N. V. of Holland to enter the European market with Gallaher International brands.

WASHINGTON, D.C.—The tobacco industry should be allowed the opportunity, through self-regulation, to complete the development of voluntary guidelines for cigarette advertising. The Tobacco Institute, Inc., said at a Federal Trade Commission hearing on proposed cigarette advertising rules here Monday.

Moreover, the Institute said the FTC does not have the statutory authority to "legislate" mandatory, substantive rules regulating cigarette advertising and requiring labeling.

"Congress did not grant that power to the Commission," the Institute declared.

The industry began developing voluntary advertising guidelines, the Institute said, following publication of the Report on Smoking and Health by the Surgeon General's Advisory Committee, in response to wide public in-

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Report from Rhodesia . . .

Rhodesian Auction Opens; Record Quantity Forecast

By Frank Clements
"Tobacco's" Editor in Salisbury

New Charcoal Filter Launched in Canada

MONTREAL—Imperial Tobacco Co. of Canada introduced in selected outlets in Toronto and Hamilton, Ont., Mayfair, a cigarette with a charcoal filter.

The brand is the first charcoal filter in Canada. Similar filters have been in use for some time in the United States.

Imperial said the filter is in two parts, a conventional cellulose outer filter and an inner filter impregnated with activated charcoal granules.

On Tuesday, March 10, the 1964 Rhodesian flue-cured tobacco sales season opened on Salisbury's three auction floors. Early that morning anxious farmers streamed into the capital city to see for themselves how the market would stand up this year. By lunch time they were mostly back on the road to their farms—not elated, but at least satisfied with the way the opening day had turned out.

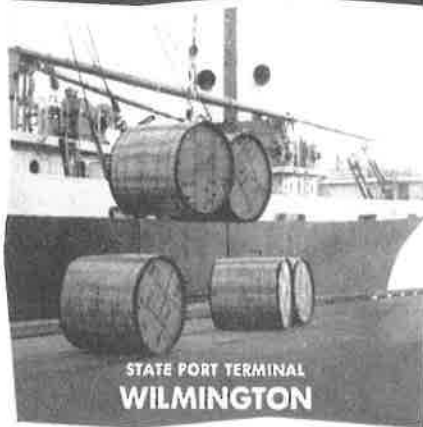
Although the average price for that first day was the lowest for some years at 26.9 pence per pound, many ob-

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On Cigarette Regulation**

WASHINGTON, D.C. — Hearings were under way this week by the Federal Trade Commission on its proposals for regulating advertising and other aspects of the tobacco industry with respect to the health problem.

In some respects, testimony was expected to follow much the same course as that produced at congressional hearings immediately following the Surgeon General's report on tobacco and health in January.

Appearing in behalf of the tobacco industry were Governor Terry Sanford of North Carolina, Governor Ed Breathitt of Kentucky and Governor Albertis Harrison of Virginia. Representatives of cigarette manufacturers and their workers and advertising officials were also to testify.

Supporting FTC's proposed regulations were Senator Maurine Neuberger of Oregon, cancer research organization officials and some church groups.

FTC has made it clear that it thinks the Surgeon General's report should be taken at face value, and feels its role as a protector of the American consumer requires it to spread the appeal

that smoking is a health hazard. The opposition claims the report was inconclusive, and that the commission lacks the authority to impose the restrictions planned, and that the real answer is increased research.

The tobacco industry is expected to present its own plans for more moderate advertising. But there is the chance that some action in Congress may be taken. Senator Neuberger's is about the only voice raised on Capitol Hill so far. She has called for branding of cigarettes as a health hazard.

But tobacco state lawmakers got a scare two weeks ago when an effort was made in the Senate to cut off tobacco price supports and abolish the whole tobacco program. It failed miserably, but 26 Senators voted for the proposal, and that was regarded as a straw in the wind. A full-scale assault on the program may yet develop in Congress unless research can demonstrate the error of the Surgeon General's findings.

Tobacco state congressmen have consistently guarded the support program because of its vital importance to more than 700,000 farmers who produce tobacco year after year.

Rep. Harold D. Cooley of North Carolina, House agricultural chairman, offered a bill to appropriate \$5 million or more for intensive tobacco research, but it failed to get out of committee when it tangled with other legislation. It may yet be given approval, however.

Whether the tobacco report will become snarled in this year's political wars is a speculation here.—HAD.

Imports from Philippines

WASHINGTON, D. C.—The United States imported 1,970,408 pieces of cigars and 349,647 pounds of tobacco from the Philippines during Jan. 1-Feb. 29, according to the Bureau of Customs.—SENATOR.

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Institute Challenges FTC Power

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terest in the Report. These guidelines when completed will be discussed with the FTC and all other interested departments of the federal government.

In the past, "The Commission (FTC) has repeatedly expressed its view that, insofar as practicable, voluntary action to deal with problems affecting the public interest is preferable," the Institute stated. This is a matter of "basic good government."

Moreover, the subject of smoking and health affects "so many wide-ranging social and economic interests . . . that whatever regulation may be deemed to be in the public interest should be developed and provided by the Congress," the Institute declared.

The Institute, which represents all of the major cigarette manufacturers, said "Wise resolution of the problem affects farmers, labor unions, wholesale distributors, and retail merchants. As a source of revenue, tobacco products are central to the economy of many states. The livelihood of millions of Americans is also involved . . . all of the interests concerned ought to be broadly dealt with by the Congress."

The Institute called for "comprehensive Congressional consideration and not mandatory action by the Commission."

It noted that the original plans for the smoking study called for "two consecutive phases." Phase I, the report by the Advisory Committee, was originally intended to cover not only "tobacco but all other factors which may be involved." Phase II was "to encompass full and deliberate examination by all interested parties and by all branches of the Federal Government."

"At his Press Conference on March 7, 1964, President Johnson confirmed his understanding that this Phase II procedure would be followed."

The Institute declared that "never up to this time" has the Commission claimed the legislative power to issue, in advance of normal hearings and procedures, substantive rules that would apply to an entire industry.

"The legislative history of the Federal Trade Commission Act makes it abundantly clear not only that the Commission does not have the power, but also that Congress specifically was asked to grant it and repeatedly refused to do so."

The Institute cited "the recent intro-

duction of bills in Congress to grant in various forms the very power the Commission suggests it has always had." This "is persuasive evidence that the sponsors of these measures do not believe that the Commission ever had been given the power to issue binding substantive Trade Regulation Rules."

If the Commission is permitted to legislate in this manner, the Institute said, "virtually every procedural safeguard in the Federal Trade Commission Act and in the Administrative Procedure Act is destroyed."

By the same reasoning, an administrative agency could, on the basis of its beliefs and without proof, require "explicit warnings on alcoholic beverages as to the health hazards of drinking and on all advertisements for butter and other dairy products because of asserted fears about cholesterol and saturated fats."

The industry is "profoundly aware of its responsibilities in this widely publicized area of tobacco and health," the Institute said. It noted that the industry has given millions of dollars for research by independent scientists, and cited the recent \$10 million contribution by six cigarette manufacturers to the American Medical Association Education and Research Foundation for a research program on smoking.

"The tobacco industry is convinced that massive further research is essential because to date no definitive answers to many basic questions are as yet available," the Institute said.

It declared that the FTC hearing was not the "appropriate forum . . . for technical medical analysis and discussion of the Advisory Committee report" on smoking and health. Nor was it the proper forum for presentation of the views of scientists who believe the "criteria" used by the Advisory Committee "are not adequate and rest upon individual judgments which are not shared by other medical authorities."

The Institute said it supported the FTC's normal practice of issuing *advisory* Trade Practice Rules "on an industry-wide basis to promote voluntary compliance with the law" and said those efforts have been "lawful, desirable, and productive."

However, the Commission's move to impose mandatory Trade Regulation Rules, bypassing the normal procedure, is not in accord with its authority under the Federal Trade Commission Act,

the Institute declared.

"It is not appropriate for the Commission to use a broad-axe approach—or to attempt to impose sweeping substantive restrictions on *all* cigarette advertising and labeling—on the basis of its belief about some violations of law," it stated.

The Trade Regulation Rules proposed by the Commission are based on "beliefs" of the Commission, the Institute declared. They are not the result of "findings based on evidence," as required by the FTC Act.

Moreover, the FTC's proposal to require a "caution" in cigarette advertising and on packages "flies in the face of a fundamental concept that the Commission has developed," the Institute said. That concept requires consideration of "the background information and understanding" of the public.

"Can it reasonably be asserted that the American public lacks knowledge about the subject of smoking and health?" asked the Institute.

"No question has received more public attention. Both in scientific and popular media—this issue has been talked about more often than any other medical question in this century."

"The fact is," the Institute stated, consumers "know that health charges

have been made against cigarette smoking."

"Given the background knowledge that every American smoker already has with respect to the possible health consequence of smoking, there is no basis for requiring such recitals."

The second proposed FTC rule, to regulate advertising, is "ambiguous" and could actually prohibit cigarette advertising, the Institute said.

The Tobacco Institute is comprised of 15 U.S. manufacturers of tobacco products, including all manufacturers of cigarettes for general public sale. Its statement was presented by H. Thomas Austern, of Covington and Burling, Washington, D.C., which firm has been legal counsel to the Tobacco Institute since the Institute was organized in 1958.

Report Great Britain to Increase Cuban Purchases

MIAMI, FLA.—Alfred F. Smith, representative of British Leyland Motors in Havana, has just declared in Havana that Great Britain will increase this year its purchases of sugar and tobacco, in exchange for purchases of British buses effected by Cuba a few weeks ago.—JORGE.

IRS Notes Scare Effects

WASHINGTON, D.C. — The cigarette industry was jolted only slightly in January by the smoking-cancer scare, though it might have been sufficient to produce a sharp change in smoking habits of the public, the Internal Revenue Service said in a report at the week-end.

A slight drop in cigarette shipments was noted in the report, and the cigar and pipe tobacco business moved upward. Sales of tiny cigarette-size cigars showed the greatest impetus.

Data released by IRS was contained in its monthly report on tobacco shipments by manufacturers. Such shipments reflect what the manufacturers feel the smoking public will buy. The statistics were compiled from manufacturers' reports. It was indicated that in January 40.9 billion cigarettes were shipped to stores, and that was 5.7 per cent less than in January a year ago.

Spokesmen for the tobacco industry regarded the decline as

surprisingly low in view of the great publicity given the Surgeon General's January report, issued after a year's study by a panel of experts. It was shown that cigarette taxes were down throughout the country.

While the report covered only a little more than two weeks of January, after announcement of the panel's findings on the 11th, it was taken as an indication of a possible radical change in the public's smoking habits.

Shipments of small cigars were slightly above 56 million in January, and some 350 per cent more than in January, 1963. They were said to be moving faster than they can be produced. Large cigar shipments were said to be 100 million more than the previous January, and pipe tobacco went up around one million pounds to 6.5 million. There was also a slight rise in shipments of chewing tobacco, but snuff remained fairly stable.—HAD.

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