

TOBACCO: THE \$10,000,000,000 QUESTION

Remarks by: HORACE R. KORNEGAY,
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Rotary Club of Chicago
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As I travel this land of ours I am growing more and more accustomed to hearing a growing chorus of disenchantment, dissatisfaction and distrust directed at the very foundation of our American way of life. I am not talking about the Hippies and the Yippies. To give them their due, they are open in their determination to bring down society. I am talking about the self-righteous reformers of our social and economic system.

Gentlemen, let us be on guard. While our attention is riveted on the street shenanigans of the Rennie Davises and the Abby Hoffmans, let us not overlook the social and economic crusaders and their destructive work in the state house, the court house, the Congress and the federal regulatory agencies. I speak of the social engineers who would so hamstring industry and business as to virtually destroy the free enterprise system.

You don't have to smoke to see the flames or feel the heat that surrounds the cigarette controversy. It is a burning \$10 billion question that no businessman should ignore. For as you contemplate it, you might well say to yourself: "There but for the grace of a zealous crusader, go I and my business."

Tobacco is a very big industry with few defenders. If the vast numbers of people who owe all or part of their living to tobacco were aware of the threat it faces, the outlook might be rosier. For example:

- About three million members of farm families earn their principal livelihood from the crop. They live in 22 states and earn about \$1.4 billion a year from the leaf.
- More than 100,000 workers are gainfully employed in tobacco manufacturing and collect

an annual payroll of more than half-a-billion dollars.

- There are more than 4,500 wholesale firms that distribute the product to literally hundreds of thousands of retail outlets that depend on cigarette sales for a substantial part of their income.
- There are nearly three-quarters of a billion dollars realized from the export of tobacco and tobacco products.
- The federal, state and local governments receive \$4.6 billion in taxes from the sale of tobacco products.
- In all, there are 329 industries directly or indirectly involved in selling their products to the tobacco industry, ranging from cellophane and advertising to transportation and steel.

Gentlemen, all of that adds up to \$10 billion.

But the cigarette controversy is not important to you because of the money involved. It is important to you because of the principle. Do not misunderstand me, please, as our critics do. I am not suggesting that we balance or equate health against dollars. I am simply suggesting to you that we look at the principle and, then, decide what course is just.

And the principle involved in the cigarette controversy is simply this:

Shall we as a nation scrap the historical principle that anybody—an industry as well as an individual—is innocent until proven guilty?

Shall we impose on the business community a cruel and unusual assumption of guilt and force it to prove its innocence of all charges, however irresponsible?

If this new standard is imposed on business then

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