

D R A F T

October 18, 1980

TO: W. W. WYATT

FROM: A. FELER

SUBJECT: TOBACCO ECONOMIC IMPACT STUDY

During 1978-79, Wharton Applied Research Center (WARC) and Wharton Econometric Forecasting Associates, Inc. (WEFA), on behalf of the Tobacco Institute, determined the contribution of the Tobacco Industry to the national and state economies for the year 1977. During the last 18 months, Wharton has refined and updated this study to include 1979 data. Also, the study was expanded to include the economic contribution to the state and county levels, for a selected number of states. These data being required to understand the economic contribution at the congressional district level.

Brown & Williamson has been involved in this effort of the Tobacco Institute through representatives to their Communications Committee, Project Steering Committee, and Project Working Group. Support to these committees has been provided by staff of Corporate Affairs and Operations Research. Also, Brown & Williamson has provided project support through the involvement of the Finance, Purchasing and Leaf Departments in providing the data and contacts necessary for the execution of the project.

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Currently, the Tobacco Institute is undertaking three additional work steps. The first deals with the detailed documentation of the data bases, analyses, and models utilized to develop the study. The second step deals with the validation of the nine state reports already prepared, and possible extension of the work to the remaining 42 states. Thirdly, the Communications Committee is spearheading the use of the information developed so far.

B&W Tobacco has also agreed to support the early work necessary to initiate economic studies on an international scale. This project is being considered in support of ICOSI's desire to explore the economic impact of the tobacco industry in other countries.

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