

**THE CATO INSTITUTE***August 2004*

Created in 1977, the Cato Institute has grown into one of the nation's largest libertarian think tanks. Generally taking a consistent approach that flatly opposes what it views as arbitrary government intrusion into the private economic sphere, the Cato Institute usually supports policy proposals that favor business interests over those that protect and promote public safety and welfare, making it one of the tobacco industry's most prominent "national allies."<sup>1</sup>

Coordinating with some of the most lucrative tobacco companies to limit government regulation of tobacco products and advertising in the United States since the early 1990s, the Cato Institute continues to work directly and indirectly<sup>2,3</sup> with the tobacco industry to prevent smokefree policies that protect public health.

**Big Tobacco has a vested interest in the Cato Institute. The money trails say it all.**

- The Cato Institute received a \$10,000 "philanthropic contribution" from Philip Morris in 1991.<sup>4</sup>
- Between 1995 and 1998 alone, Philip Morris and RJ Reynolds jointly contributed at least \$425,000<sup>5,6,7,8,9</sup> to the Cato Institute. One Philip Morris document budgets a \$175,000 "policy payment" for the Cato Institute to focus on "Individual Liberties" and "Regulatory Issues".<sup>10</sup>
- The *Wall Street Journal* quoted Cato analyst Jerry Taylor as stating that the Cato Institute received over \$100,000 from tobacco giant Philip Morris and \$50,000 from RJ Reynolds in 1995 alone.<sup>11</sup>
- According to a memo prepared and drafted by the law firm Covington and Burling for Philip Morris, entitled "1995 Tort Reform Program," \$600,000 was allocated for "National Think Tanks/Retained Consultants (e.g. Citizens for a Sound Economy, Cato Institute, Manhattan Institute, Hudson Institute)"<sup>12</sup> to reduce the potential legal liability of corporations, including tobacco companies, for wrongfully harming their customers.
- Media mogul Rupert Murdoch sat on the Board of Directors at Philip Morris and the Cato Institute. Murdoch's News Corporation owns numerous broadcasting and print media corporations, including Fox Broadcasting. News Corporation voted Philip Morris CEO Geoffrey Bible onto its board in 1998.<sup>13</sup>

**What is the byproduct of such funding?**

The Cato Institute challenges credible science<sup>14</sup> that links secondhand smoke exposure to death and disease and organizes opposition to smokefree environments.<sup>15</sup>

- An article in the *San Francisco Chronicle*, based on a report published by Public Citizen, stated that the Cato Institute was one of seven conservative think tanks that received at least \$3.5 million between 1992 to 1995 from the drug and tobacco industries to "curb the Federal Drug Administration (FDA) regulatory powers."<sup>16</sup> Of the \$3.5 million, Cato

reportedly received at least \$152,500 to counter the FDA's regulatory process.<sup>17</sup>  
According to the article:

The think tanks have used the money to produce a “steady stream of reports, fact sheets, op-ed articles and newspapers, radio and television advertisements purporting to document the FDA's deadly overcaution and bullying of manufacturers.”<sup>18</sup>

- A 1995 Philip Morris document cites the Cato Institute as one of its “messengers”<sup>19</sup> for relaying the tobacco company's opposition to the FDA.
- In July 2000, the Cato Institute co-filed a brief with the National Smokers Alliance in the United States Court of Appeals for the Third Circuit alleging that the Master Settlement Agreement violated U.S. antitrust law.<sup>20</sup>

When sources from the Cato Institute appear in your community, please contact ANR at (510) 841-3032 or [anr@no-smoke.org](mailto:anr@no-smoke.org).

## REFERENCES

<sup>1</sup> [n.a.]. “[List of Philip Morris National Allies (48)].” Philip Morris. February 2000. Bates No: 2077285645-5646. Download at <http://legacy.library.ucsf.edu/tid/igq76c00>.

<sup>2</sup> Hyde, T. “[Draft letter re: Coalitions].” RJ Reynolds. November 15, 1990. Bates No: 507700142-0148. Download at <http://legacy.library.ucsf.edu/tid/oca24d00>.

<sup>3</sup> Niskanen, W.A. “Letter re: Cato Institute.” Philip Morris. February 20, 1991. Bates No: 2023585627-5635. Download at <http://legacy.library.ucsf.edu/tid/lsr25e00>.

<sup>4</sup> Pertschuk, M.; Douglas, C. “Philip Morris philanthropic contributions for 1991,” *Health Letter* 9(1): 4, January 1993.

<sup>5</sup> [n.a.], “1998 public policy contributions,” Philip Morris. 1998. Bates No: 2065243965 – 2065243979. Download at <http://legacy.library.ucsf.edu/tid/fwo83c00>.

<sup>6</sup> [n.a.], “1997 policy payments for Slavitt,” Philip Morris. 1997. Bates No: 2078848138 – 2078848147. Download at <http://legacy.library.ucsf.edu/tid/qwi82c00>.

<sup>7</sup> Noah and McGinley. “Tobacco industry's figures on political spending don't reflect gifts to think tanks, other groups,” *Wall Street Journal*, March 25, 1996, p. A16.

<sup>8</sup> Covington & Burling. “Possible revised budget for expanded 1995 tort reform program,” Philip Morris. January 24, 1995. Bates No: 2048769111 – 2048769114. Download at: <http://legacy.library.ucsf.edu/tid/hxt28d00>.

<sup>9</sup> Public Citizen Congress Watch. “A million for your thoughts: the industry-funded campaign against the FDA by conservative think tanks,” Washington, D.C.: Public Citizen, 1996, p.30 & p. 52.

<sup>10</sup> [n.a.]. “[Report re: 970000 Policy Payments for SLAVITT.]” Philip Morris. Bates No: 2078848138-8147. Download at <http://legacy.library.ucsf.edu/tid/qwi82c00>.

<sup>11</sup> Noah and McGinley. “Tobacco industry's figures on political spending don't reflect gifts to think tanks, other groups,” *Wall Street Journal*, March 25, 1996, p. A16.

<sup>12</sup> Covington & Burling. “Possible revised budget for expanded 1995 tort reform program,” Philip Morris. January 24, 1995. Bates No: 2048769111 – 2048769114. Download at: <http://legacy.library.ucsf.edu/tid/hxt28d00>.

<sup>13</sup> Lovell, G., “You are the target: Big Tobacco: lies, scams — now the truth,” *Vancouver: Chrysan Communications*, 2002.

<sup>14</sup> [n.a.]. “Tobacco Strategy.” Philip Morris. March 1994. Bates No: 2022887066-7072. Download at <http://legacy.library.ucsf.edu/tid/dtv34e00>.

<sup>15</sup> Niskanen, W.A. “Letter re: Cato Institute.” Philip Morris. February 20, 1991. Bates No: 2023585627-5635. Download at <http://legacy.library.ucsf.edu/tid/lsr25e00>.

<sup>16</sup> [n.a.]. “Tobacco, drug firms linked to FDA critics: two industries reportedly gave \$3.5 million to conservative think tanks,” *San Francisco Chronicle*, 24 July 1996.

<sup>17</sup> Public Citizen Congress Watch, “A million for your thoughts: the industry-funded campaign against the FDA by conservative think tanks,” *Washington, D.C.: Public Citizen*, 1996.

<sup>18</sup> Op. cid. 1996.

<sup>19</sup> [n.a.]. “[Chart re: tobacco messengers.]” Philip Morris. 1995. Bates No: 2048328079-8080. Download at <http://legacy.library.ucsf.edu/tid/km16e00>.

<sup>20</sup> [n.a.]. “Court brief charges master settlement agreement violates U.S. antitrust law,” *National Smokers Alliance (NSA)*, July 17, 2000.