Ashes to Ashes: America's Hundred-Year Cigarette War, the Public Health, and the Unabashed Triumph of Philip Morris Study Guide

Ashes to Ashes: America's Hundred-Year Cigarette War, the Public Health, and the Unabashed Triumph of Philip Morris by Richard Kluger

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Plot Summary

Tobacco was 'discovered' by Columbus, along with the New World. Tobacco quickly became popular and spread throughout the world. The eastern seaboard of America was found to be a fertile ground for growing tobacco. Trends changed when chew and loose tobacco were abandoned for the more convenient cigarette. Several entrepreneurs (notably Buck Duke at American Tobacco and Richard Joshua R.J. Reynolds at R.J. R.J. Reynolds) took advantage of the dawning industrial age to market their products to the masses. Buck Duke was so successful at using American Tobacco Company to buyout and vanquish his competitors that he found his mammoth company broken up by anti-trust regulators. The separate companies began competing against each other, and some prominent leaders emerged: RJ R.J. Reynolds, Philip Morris, Lorillard, Brown & Williamson, and American Tobacco Company. These companies battled over market share throughout the 1930s.

New advertising claims were constantly being made to highlight the differences in the brands. Many new brands were introduced in this time period, including: Camel, Lucky Strike, and Old Gold. Cigarette manufacturers tried to keep on top of social trends by marketing to newly 'liberated' women for the first time. New advertising mediums, such as radio and television, were used to promote products.

Over the years, anecdotal evidence had been building that smoking was harmful. Incidences of lung cancer were almost doubling every ten years. In the 1950s, health researchers began studies that definitively linked smoking with lung cancer. The results were solidified further by the early 1960s. The tobacco companies responded by creating their own media institute, the TIRC, to refute and challenge health claims concerning their products. As a result, the public was often given conflicting information, one side from health advocates and one side from tobacco companies. A slew of 'safer' cigarette products were offered, including filters and low tar cigarettes.

The government became increasingly involved when the U.S. Surgeon General issued his 1964 report, which portrayed smoking as a major health issue. Soon, the tobacco industry was forced to add a warning label to its products. Congress was slow to act, due to the political power held by tobacco growing states. Restrictions came slowly; smoking ads were not banned from television and radio until 1971.

In the 1970s, non-smokers' rights groups began to increase in both popularity and power. Smoking restrictions were passed at state levels. The tobacco industry lobbied hard to stop many initiatives. California spawned the GASP anti-smoking movement, which quickly spread across the nation. Studies showed the dangers of second hand smoke. Separate smoking sections were mandated on planes and trains. Some states altogether banned smoking in public places.

Philip Morris emerged during this time period as the most successful tobacco company in the world. It succeeded in increasing market share around the world, even as American markets shrank, and also succeeded in diversifying into the food industry.

Liability lawsuits against tobacco companies, which had been stifled successfully for more than twenty years, began to have success by the 1990s. Individual states began suing over increased health care costs. The stage was set for the tobacco/state 'tobacco settlement,' which would effectively put an end to the litigation, once and for all.

Chapter 1: Adoring the Devil's Breath

Foreword

At the turn of the century, humankind has shown that, for all wonders it has achieved, it still has the curious tendency to create and cling to the 'bad' as well. A case in point is smoking. Americans alone die at the rate of approximately half a million per year from cigarette related illnesses. Recent history reveals, just fifty years ago, half the adult American population smoked. Cigarettes are seen as society's crutch to keep moving in a more stress-filled world. It is relatively cheap and convenient. There is a sensual nature to smoking: touch, feel, taste, smell. For the young, smoking represents defiance. For the mature, the dangers of smoking can be rationalized. Smoking is profitable for farmers and manufacturers. Until recently, it was also popular. Is smoking a free choice or a deception put on by the huge tobacco companies?

Chapter 1: Adoring the Devil's Breath Summary

Within several days of landing in America, Columbus noted the natives' use of tobacco, by chewing or smoking, and discovered the addictiveness of its use in his own men. Columbus supposedly stated, "It was not within their power to refrain from indulging in the habit." Early traders quickly found a market for tobacco when higher class Europeans brought it into popular use. Some authorities tried banning it, which was mostly unsuccessful, and later settled for taxing the imported product.

In Virginia, John Rolfe, who was one of the prominent leaders at Jamestown, was instrumental in founding the American domestic tobacco market. England was all too happy to take in the cheap product with its tax revenue, as opposed to importing it from Spain. Large duties were imposed for all 'non-Virginian' tobacco products. Unfortunately, the Virginian tobacco production was very labor intensive, which led to the increasing use of slave labor. Colonial growers were shut out of the world market and highly taxed. However, the market boomed, and they planted more tobacco and, as a result, used more slaves. Most Virginians expected the revolutionary war to erase their debts from England and supported it primarily for that reason.

Cigars began by being manufactured mainly in Spain, but quickly spread to its colonies and conquests. The French preferred the cigarette, which spread to England after the Crimean War in the mid-1850s. In London, a tobacconist named Philip Morris seized on this trend and introduced an upgraded product that enticed a younger clientele. Still, cigarette rolling was very labor intensive; a single worker could produce, at best, 2,000 units in a twelve-hour day.

Americans had long preferred homegrown, practical products like chewing tobacco. Outdoorsmen kept the products moving west. The custom of spitting the dark juice became very common throughout the 1800s. In the Mexican War, Americans were first introduced to the cigar in large numbers. By the mid-1800s, the United States was the largest user of tobacco in the world, but there was no serious industry to support it. The landscape was mostly rural, Americans were notoriously thrifty - usually growing or trading for whatever tobacco products were available. Brand-name products were extremely rare. Chew was the most widespread commercial product, but with the coming of the Civil War, cigarette use was more practical for the troops and the dirty habit of chewing, due in particular to the spitting, fell more and more into disrepute - especially in urban areas.

A lighter leaf, grown in the Piedmont area of Virginia and North Carolina soon became common, after its milder smoke became appreciated. Nicknamed the 'bright' leaf, it allowed users to more easily inhale. The earlier, darker leaf varieties would irritate the throat more and were not generally inhaled. This kept the smoke mainly in the mouth, where it metabolized much more slowly as opposed to introducing it directly into the lungs. The act of inhaling created a much more powerful and immediate nicotine 'hit' to the user.

A farmer in Durham, North Carolina began marketing smoking tobacco under the Bull Durham trademark. This farmer heavily advertised and started a rewards program for both users and dealers. Soon, the Bull Durham plant was the largest in the world. Still, most cigarettes outside of urban areas were of the 'roll-your-own' variety. A firm named Allen & Ginter introduced collectable cardboard cards in each pack, which became a popular novelty. Ginter had the number one cigarette brand by 1880. The same decade, mass production and mass marketing became widespread; cigarettes were no exception. Allen & Ginter offered a reward for a workable, efficient rolling machine. The Bonsack machine was offered for trial. It weighed over one ton, and had the capacity to produce approximately 200 cigarettes per minute - the equivalent of 40-50 workers - but Allen & Ginter turned down the machine, citing its glitches and constant breakdowns.

Confederate veteran Washington Duke, with his son Buck, had started a small tobacco manufacturing company in Durham after the Civil War. Buck's resourcefulness soon had the company thriving (although in the shadow of Bull Durham). Buck pushed the company to start cigarette manufacturing in 1881. Buck improved on the Allen & Ginter picture cards by incorporating the design into a reinforced cardboard 'pack' which protected the fragile contents within. Buck approached the Bonsacks with an offer to buy their machines in return for their manufacturing support. After several months, most of the bugs were worked out of the machines and the Duke brand had a 25 percent royalty agreement with any future user of Bonsack machines. Buck realized that he could lower his bottom line and greatly increase his profit margin. The company hired a salesman to promote their product across the nation. Buck opened a New York plant in 1884, to try and grab hold of the immigrant market for cheap cigarettes. By putting a large percentage of the profits into advertising, Duke quickly took the lead in the city. They dominated the New York market with profit margins that their competitors could not match. In 1889, the five leading cigarette makers merged into the American Tobacco Company, with Buck Duke as president.

Richard Joshua R.J. Reynolds had gone into the chew business in Winston, North Carolina. R.J. Reynolds made his own sweet flavorings to entice buyers, started his own brand names, and ran an efficient business. R.J. Reynolds' operation had doubled by 1883. The local newspaper started referring to him as "R.J.R.." R.J. Reynolds became a leading industrialist and led Winston in sewer and rail upgrades. R.J. Reynolds also started work on the world's largest chewing tobacco factory in 1889.

Chapter 1: Adoring the Devil's Breath Analysis

One of the first historical ironies of tobacco is that the original varieties of leaf created a harsh smoke that was bitter to inhale, which meant that most smokers would not inhale as a matter of practice. This condition, although still hazardous to the mouth, was far 'healthier' than taking the smoke down to the lungs where the body could absorb it much quicker. When the 'bright' leaf, milder variety was introduced, it caused a change in the way smokers got their 'hit' from the product. It was much more pleasant to inhale, and caused smokers to do this more often. They quickly realized the nicotine rush was much quicker, and the act of inhaling became much more prevalent.

In another irony, the American colonies were not conducive to the slave industry as a whole. Besides moral implications, it was not practical for most mercantilists to keep a slave. The exception to this was in the Virginia area, where a large amount of cheap labor was needed in working the labor-intensive tobacco industry, still in its infancy.

Chapter 2: The Earth with a Fence Around It

Chapter 2: The Earth with a Fence Around It Summary

With the rise of the industrialists and the trusts that followed, the United States Congress started looking at limiting business power in the 1880s and 90s. The Sherman Antitrust Act was the first step in this direction. Large conglomerates had taken over oil, sugar, and refining, to name a few. Some viewed this as a threat. Competition was seen, to some extent, as a force to be controlled.

Buck Duke, as head of American Tobacco Company, lost no time in consolidating his enterprise. The corporation kept a tight leash on its distributors, jobbers, and suppliers. Farmers had to accept American Tobacco Company's prices or risk losing their perishable crop. American Tobacco Company cut prices to force out or absorb smaller competitors. Buck Duke diversified by merging several chewing tobacco, plug, and snuff companies under the "American umbrella." Buck's profits were $5 million a year by 1894.

In the face of declining cigarette revenues in the mid 1890s, Buck began an aggressive campaign to increase his holdings in non-cigarette tobacco products. Buck started huge giveaway programs and cut costs below manufacturing costs to 'slay' his rivals. In 1898, five competitors gave in and were consolidated or sold off. Duke controlled one quarter of the plug and smoking tobacco market, as well as 85% of the cigarette market.

Richard Joshua R.J. Reynolds was not a big fan of Buck Duke's heavy-handed methods. R.J. Reynolds differentiated his product as the 'down home' brand, as opposed to the 'Yankee' brand of plug. R.J. Reynolds had an army of salesmen in the Southeast and had considerably grown his company, but was still small compared to American Tobacco Company. R.J. Reynolds finally saw what was inevitable and let Duke take a two-thirds stake in his company, while he would remain in control of R.J. Reynolds. Two-thirds of the plug tobacco market was now in the hands of Buck Duke. Duke was also buying out other segments of the industry; including packaging, cigar, and flavoring companies. Although investing millions, Duke never attained more than a one-sixth share of the U.S. cigar business. Most cigar work was done by hand and did not allow for automation and economies of scale that had benefited Duke for cigarettes.

On the social front, cigarettes were taking some major hits. The major thrust of the anti-cigarette forces dealt with morality, as opposed to health. Congress increased cigarette taxes 200% in 1898. By 1901, Iowa, Tennessee, and North Dakota had made cigarettes illegal, and more states were looking at the option. Early chemical analysis was illuminating the health issues related to smoking for the first time. Magazines described the risk of inhaling tobacco versus non-inhaling. Duke fought back by sending lawyers and lobbyists to Washington and state capitals to fight the anti-cigarette trend. Duke succeeding in having an excise tax repealed. When Teddy Roosevelt's Food and Drug law went into effect to regulate meat, milk, and flour - tobacco was exempted.

Chapter 2: The Earth with a Fence Around It Analysis

Buck Duke was ahead of his time when it came to running a company, particularly a tobacco company. Duke was responsible for many innovations still in use today, like the cigarette 'pack' and mass production techniques (like the Bonsack machine). Duke also was very savvy and intuitive when it came to seeing how the new consumer-driven nation could be motivated to buy his product. Duke was one of the first to put a major percentage of his profits back into product advertising and hire a national salesman. Duke worked to control all aspects of production and distribution. Duke also started the tobacco industry in the habit of hiring lobbyists to protect its interests in Washington. Duke's techniques in either merging or driving competitors out of business rivaled that of Standard Oil (Standard Oil, under Rockefeller, was another company started from the ground floor that quickly grew to dominate its industry. Like Duke, it was eventually considered a 'monopoly' and broken up by the federal government). Unfortunately, Buck Duke was so successful in taking over competitors that he became the target of the anti-trust fervor that swept the nation at the turn of the century. After seeing American Tobacco Company split up, he withdrew from the industry.

Chapter 3: It Takes the Hair Right Off Your Bean

Chapter 3: It Takes the Hair Right Off Your Bean Summary

Soon after the breakup of American Tobacco Company, Richard R.J. Reynolds was back in control of R.J. R.J. Reynolds Tobacco Company. Now the American ex-subsidiaries were competing against each other on the open market. R.J. Reynolds wanted to enter the cigarette market and chose a tobacco mix that was slightly richer than domestic blends. R.J. Reynolds dubbed the new brand 'Camel' to remind users of the Turkish tobacco used in the mix. It was a huge success, taking a 13 percent market share within the first year. When R.J. Reynolds died in 1918, his company already had a 40 percent share of cigarettes and 20 percent of chewing and smoking tobacco.

Percival Hill succeeded Buck Duke at American Tobacco Company. Hill's son, George, also worked his way through the ranks of the company. George's claim to fame was the success of his brand, Pall Mall. George ran the sales group and implemented many new innovations. George unfurled the new Lucky Strike brand to complete against Camels. The advertising gimmick was that it was 'toasted' tobacco. Although not technically a distinction (all tobacco companies 'toast' their product in the sterilization process), the new brand was a success. It seized 11 percent of the market by the beginning of World War I and reached 16 percent by the mid 1920s. Meanwhile, R.J. R.J. Reynolds had started its "I'd walk a mile for a Camel" advertising campaign in 1921 and had surpassed American Tobacco Company's profits by 1922. Camel had a 40 percent market share by 1925, followed by Lucky Strikes and Chesterfield (Liggett's brand). In the same year, Percival Hill died and was replaced by his son, George.

World War I was largely responsible for the huge increase in cigarette use that occurred during and immediately thereafter. Cigars, pipes, and chew were not practical on the battlefields of Europe - so the Army supplied its troops with cigarettes by the truckload. It was seen as a 'sustainer of morale.' Soldiers tended to smoke much more per day than civilians; many were hooked during the war. By 1922, cigarettes had surpassed plugs as the United State's most popular tobacco product. The woman's suffrage movement also acted to tear down many taboos against women smoking, especially in public. So-called 'flapper girls' promoted the product to women.

While there were still many anti-cigarette movements in this time period, many still attacked smoking from the moral angle instead of a health angle. There was much ignorance about the ills caused by smoking. Thomas Edison surmised that the health issues came from the burning wrapper, not the tobacco. Henry Ford linked cigarette use to criminal behavior. Ford banned his employees from smoking and several other large companies followed suit. Several books had mentioned the dangers of inhaling carbon monoxide into the lungs, but they had no scientific data to back up this claim. There were fears of tobacco following alcohol into prohibition. When a major anti-smoking advocate, Lucy Gaston, died, ironically from throat cancer, the prohibition movement lost steam. Cigarettes were showcased as a better alternative to alcohol (which destroyed families and caused aggressive behavior). While Congress did not ban smoking, it did raise the cigarette tax to six cents per pack, and states started taxing cigarettes for the first time.

By the late 1920s, medical examiners noticed increases in lung cancer in the general population that could not be explained. It seemed to be increasing faster in urban areas than in rural ones. Some attributed this difference to better diagnostic tools. While the scientific community struggled to make sense of the phenomenon, cigarette companies began touting 'mildness' as a catch phrase. R.J. R.J. Reynolds Tobacco Company was spending ten million dollars per year on advertising, most explaining what a 'good' smoke it was. R.J. R.J. Reynolds opened its new headquarters in 1929. Chesterfield kept making inroads with its 'They satisfy' campaign, featuring women. By the end of the 1920s, Chesterfield was catching up with Camel in sales. The Old Gold brand was introduced by Lorillard in 1926 to stop declining sales. It pushed the 'mild' envelope with the claim, "not a cough in the carload." This was a direct reference to the now common occurrence of 'smokers cough.' Through extensive promotion, this brand gained 7 percent of the market by 1930.

The small Philip Morris (under the United Cigar Stores) company started exclusively marketing to women in 1925 with its new Marlboro brand. It was not a great seller, but it did position Philip Morris in better financial position to ride out the upcoming great depression.

Back at American Tobacco Company, George Hill was angry about his brand, Lucky Strike, trailing both Chesterfield and Camel. Hill ruthlessly drove his employees to increase sales. Hill worked closely with advertising expert Albert Lasker to market Lucky Strikes. They pursued new celebrity endorsements and sent free samples to doctors in return for their endorsements. They also characterized their product as an appetite suppressant with the slogan, "When temped to over-indulge, reach for a Lucky instead." By 1929, Lucky Strikes had passed Chesterfield and were close to overtaking Camel. Hill also hired publicists to refute the theory that ladies did not smoke. Hill and Lasker were later called before Congress to refute their weight loss claims (and cunningly redid their ads with the same intent, but a small disclaimer). Lucky Strikes finally surpassed Camel sales in 1930.

Chapter 3: It Takes the Hair Right Off Your Bean Analysis

A large stigma that the tobacco companies fought against was the taboo against women smoking in public. By making it more socially acceptable, in steps starting in urban areas, the companies created a much larger group of consumers. Advertisers quickly took advantage of the huge women's market in the United States. Basically, the available pool of smokers doubled. George Hill at American Tobacco Company was very adept at tapping into this phenomenon. Hill marketed ads specifically toward women. Lucky Strikes broke the mold of the older, 'dignified,' advertising campaigns used by its competitors and used a more desperate, highly graphical means to hype its product. They were extremely successful in marketing the idea that their product was an appetite suppressant. This was seen as a benefit in an ever-increasing weight conscious age. Congress, stopping them from overtly making the weight loss claim, merely forced the advertisers to 'think outside of the box' and find subtler means to make the point. In many ways, American Tobacco Company opened the door to many modern advertising techniques, including scare tactics, used today.

Chapter 4: The Golden Age of Malarkey

Chapter 4: The Golden Age of Malarkey Summary

R.J. Reynolds's successors at R.J. R.J. Reynolds Tobacco Company ran the company with detailed, but not necessarily inspirational, leadership. While American Tobacco Company's Lucky Strikes moved closer to overtaking its Camel brand, R.J. R.J. Reynolds tried many ad campaigns, most which were soon emulated by its competitors. In 1931, with low leaf supply costs and large profit margins, R.J. R.J. Reynolds, under the management of Clay Williams, ordered a price increase from fourteen to fifteen cents per pack. Given the state of the economy in the depression, it created very bad publicity for the company.

Amazingly, its two main competitors, American and Lorillard, also raised their prices to match. This allowed many smaller bargain brands to gain a large market share with ten-cent packs. The Roosevelt Administration looked into claims of price fixing. Premium brands were soon discounted and the major cigarette makers agreed to government demands for a set tobacco price control of seventeen cents per pound, up from ten cents the year before. This quickly took the profits out from many of the ten-cent brands.

Realizing they had to distinguish themselves without price changes, the major brands instituted huge advertising campaigns. Camel denounced Lucky Strike's 'toasted' claim under adman William Esty. Esty started daring, attention-getting ads based on exciting occupations. Esty also searched for any scientific research that would help him craft a campaign. Esty seized on a science magazine article, linking cigarette usage with increased blood sugar, and used it as 'proof' that Camel use increased the users' energy. Camel again took the lead in sales in the mid 1930s. Esty started using athletic endorsements, with personal claims that smoking Camels helped keep them in shape.

At American Tobacco Company, George Hill fought back with more modern means of advertising. Hill's new marketing executive, Sylvester (Pat) Weaver, encouraged using radio and magazine ads instead of the 'older' means, like billboards and newspapers. The Lucky Strike 'Hit Parade' played popular songs each week on the radio. There were also statement made that were unproven claims that a majority of tobacco suppliers preferred Lucky Strikes. The company followed up, reinvigorating its Pall Mall brand by making it longer and slimmer than standard cigarettes.

When the great depression waned, cheap (ten-cent) cigarettes did also. The big three cigarette companies had made it through, with varying degrees of success. Lorillard's Old Gold had faded, which allowed another small company, Brown & Williamson, to gain market share with its Raleigh brand, which reintroduced coupons to the marketing scene. B&W also introduced several specialty brands, instead of one main brand like its competitors, and worked to differentiate itself from the big brands. B&W's menthol brands, Cool and Viceroy, were soon introduced. They were not extremely popular, but soon put B&W in the number four sales position. Reuben Ellis at Philip Morris was pursuing a fifteen-cent pack to help shore up their premium (twenty-cent) and bargain (ten-cent) brands. They replaced the acidic glycerin used in cigarette making with Diethylene glycol. This improved taste (later refuted in a "Consumer Reports" study) was cited in the new Philip Morris brand. A highly successful pageboy character named Johnny was also used to pitch the new product on NBC radio. Philip Morris salesmen were driven to push retailers with high-pressure tactics. By 1938, Philip Morris surpassed sales of Old Gold (it had 8 percent of the total market).

Most periodicals in the 1930s were moderate toward attacking cigarettes, mostly due to their overwhelming popularity. While a 1936 "Scientific American" article noted that, "Most smokers-probably all smokers-are doubtless harmed to some extent, usually not great, by smoking," the risk was deemed relatively small ("Consumer Reports" main smoking articles dealt with comparing flavor claims). However, medically, the risk was growing. In 1940, over seven thousand cases of lung cancer were reported (compared to less than four hundred in 1914). Cancer was mostly baffling to doctors at the time; chemotherapy was not yet in use. The first cancer research center was not created until 1937. A link was becoming known by doctors who treated smokers on a regular basis. Some doctors (knowing of the increased heal time) would refuse patients for surgery unless they stopped smoking. Several technical reports had started linking smoking to cancer, even while cigarette usage doubled from 1930 to 1940.

Chapter 4: The Golden Age of Malarkey Analysis

The thirties truly opened up the floodgates on modern style advertising and became the 'battle of the brands.' Brands were similar and had to differentiate themselves by any means necessary. Radio ads and sponsorships became prevalent by associating a cigarette brand with a popular show or celebrity. Specialty brands became common for the first time. Discount brands also became prevalent for a brief period during the cost conscious depression, but they lost favor at the end of the decade and would not reemerge as a major factor until the 1980s.

In the modern age, the concept of athletes endorsing cigarettes seems ludicrous, but it was common from the 1930s up to the 1960s. In fact, it merely went 'underground' with the phenomena of sports sponsorships emerging again in the 1970s. Baseball players and track stars would be featured in advertisements, puffing on their cigarettes, while explaining why their brand's smooth taste helped their athletic abilities. Some explained in detail how the act of smoking helped them to perform better.

Chapter 5: "Shall We Just Have a Cigarette on It?"

Chapter 5: "Shall We Just Have a Cigarette on It?" Summary

A "Reader's Digest" article damning smoking as unhealthy came out in December, 1941, but was quickly lost in the shuffle of wartime preparedness. Just like in World War I, World War II increased smoking production by approx 50 percent over prewar levels. The average soldier smoked some 30 cigarettes per day. Roosevelt confirmed that tobacco was to be considered "essential wartime material." Simply put, cigarettes were patriotic. Millions of non-smokers took up the habit, which stayed with them when they returned home at the end of the war. For years after the war, American cigarettes were considered currency overseas. Hollywood portrayed cigarette use as commonplace in many classic pictures.

In 1945, the small firm Benson & Hedges, under the control of Joe Cullman, Jr. saw a huge interest in its custom Parliament brand. The thirty-cent, hand-packed premium cigarettes took off after being advertised in high-class magazines like "The New Yorker." Joe Jr.'s son, Joseph Cullman III (Joe Third), soon took over, and B&H sales surged (even though small compared to the overall market).

George Hill's last days at American Tobacco Company were his most successful at creating market share for his products. Hill successfully revised the Pall Mall cigarette with its king size, implying that it gave users more bang for their buck. Hill also dubiously claimed that the longer length made the smoke milder. Lucky Strikes maintained their share and changed from the old red and green to the familiar red disk with the white background, supposedly due to wartime shortages of green dye. Hill spun the change as, "Lucky Strike green has gone to war..." American Tobacco Company was riding high when Hill died in 1946.

Meanwhile, R.J. R.J. Reynolds Tobacco Company continued to see its fortunes slip, while Camels fell into third place behind Lucky Strike and Chesterfield. Average management and an inbred mentality created an atmosphere with no new ideas. The building in North Carolina was not air-conditioned and telephones were rare. Wages were low and the company remained non-union, despite organization efforts. Clay Williams, the chairman, decided R.J. R.J. Reynolds needed its own king-sized brand to compete with Pall Mall. The bland Cavalier was a colossal failure. Williams died before, and was replaced by James Gray, who was even more conservative, before the product was pulled. R.J. R.J. Reynolds was instrumental in upgrading its sales force to be considered professional employees. One salesman created a pyramidal display that caught on so well with retailers it launched Camel back into first place in sales by 1950.

Philip Morris, under the supervision of Otway Chalkley, took a risk during the war when faced with leaf supply shortages. Philip Morris purchased a separate manufacturing company, Axton-Fisher, along with its lesser brands, to keep its market share growing. The new president, Alfred Lyon, then proceeded to almost bankrupt the company by continuing to ship unwrapped packs at wartime levels, against his counsel's advice. Sure enough, the sudden abundance of cigarettes at the end of the war created stores full of stale Philip Morris cigarettes. The company attempted to rewrap stale, returned packs and its reputation was tarnished. Then its stock price plunged when word of its losses became public. Lyon made no excuses and helped the company recoup some losses by selling many of the stale units in war-torn Europe. Oliver Parker McComas was brought on to further bring the struggling company under control. McComas went on to nurse Philip Morris back to increased market share in 1950.

An unsuccessful antitrust lawsuit in 1941 failed to convict the major cigarette companies of collusion to fix tobacco prices. The only real damage was done by the lone critic of the industry, "Readers Digest." Major brands were taste tested and found to be nearly identical, so that the smoker, "need no longer worry as to which cigarette can most effectively nail down his coffin..." In 1950, The Federal Trade Commission (in a belated decision dated 1942) stated that Camel had used deceptive advertising by inviting smokers to smoke to excess. It also questioned the claims that smoking created energy. American Tobacco Company's claim of toasted tobacco and professionals preferring it were found to be without merit as well. Also, Lorillard's "less nicotine" claim was thrown out, since the measured difference between it and the highest nicotine brand was insignificant. The Philip Morris non-glycerin issue was also shown to be meaningless. Still, the rulings were inconsequential; most of the advertising campaigns were not being used by the companies anymore.

As health data compounded in the 1940s, nearly 50 percent of Americans were smoking. Cancer deaths had doubled in the last fifty years, but this had been largely offset by the overall increase in longevity of twenty years. However, lung cancer had diverged from the rest of the cancers and was increasing at five times the rate of other cancers. In 1950, the "Journal of the American Medical Association" (JAMA) had several separate studies sent in that corroborated the link between lung cancer to smoking, particularly at heavy levels.

Chapter 5: "Shall We Just Have a Cigarette on It?" Analysis

Just like in the Civil War and World War I, World War II was instrumental in introducing many Americans to smoking. Millions of troops were taken from home and placed in an extremely stressful and dangerous environment overseas. Cigarettes were favored as the "official" vice of the military (alcohol tended to cause violence). In fact, cigarettes were cheap, convenient, and popular. Many young soldiers took up the habit, which would stay with them for years afterward. The cigarette manufacturers were only too happy to assist the military with increasing supply. The war would assist the tobacco industry much more than any advertising campaign could have. Their consumers were basically trapped, with peer pressure to smoke very strong.

Chapter 6: The Filter Tip and Other Placebos

Chapter 6: The Filter Tip and Other Placebos Summary

In 1952, a data gathering study began, conducted by the American Cancer Society, with approximately 22,000 volunteers in eleven states. ACS interviewers would each find ten men in their vicinity between the ages of fifty and sixty-nine (prime years to contract cancer). Enlistees could be smokers; they just had to be healthy at the start of the study. This would create a potential database of 222,000 people. At the end of the first year, over 99 percent of respondents were located for the follow up. A similar study was undertaken in Britain, with 40,000 doctors taking part.

While health concerns rose, some smaller cigarette companies starting devising ways to use the public apprehension to their advantage. Lorillard started experimenting with filters in 1951. Some engineering was required to find a medium to stand up to the heat but still perform as required. The micronite filter was unveiled in 1952 on the Kent brand. The safety advantage was touted. Unfortunately, the filter worked so well that the smoke was nearly flavorless and few of the units were sold. The same year, "Reader's Digest" ran an anti-smoking article titled, "Cancer by the Carton."

Viceroy had been using a crude, cellulose filter since 1936 and now hyped this fact and introduced a double-filtered model. American Tobacco Company's Pall Mall also gained ground because they claimed the longer cigarette "filtered itself." Benson & Hedges pitched its Parliament brand as though it "filter[ed] 100 percent of the smoke." When tested by "Consumer Reports" in 1953, most of the claims were shown to be false, but Kent was proven to filter twice as much tar and nicotine as Viceroy and Parliament.

After the death of conservative James Gray at RJR, Edward Darr decided to make a decisive move toward a filtered product after seeing its popularity in Europe. Darr also started using reconstituted tobacco, which saved approximately 30 percent of leaf waste, plus lowered the tar and nicotine. The new product was named Winston. It quickly raced to the number two position in the filtered market, just behind Viceroy, in 1954.

Paul Hahn at American Tobacco Company saw filters as more of a gimmick than anything else (by the end of 1953, they only had 3 percent of the overall market). Hahn's own filtered king brand cigarette was easily outsold by the unfiltered version. Hahn chose to wait and see what happened, while filters jumped to 10 percent of the market share by the end of 1954. Hahn choosing to wait proved a major mistake.

Dr. Ernst Wydner released a study in 1953 showing the effects of tar on mice. A tar substance derived from Lucky Strike (being sucked through a filter by a machine to replicate human smoking) was painted on the mice's backs daily. Cancerous tumors developed on 58 percent of the specimens. Also, only 10 percent of painted mice survived the duration of the twenty-month test, contrasted to 58 percent unpainted.

The major cigarette companies (with the exception of Liggett & Myers) retained a public relations firm in 1954 in order to keep a united front when it came to the ongoing medical information coming to light. They were told to keep a low profile and not belittle the medical research. Reassuring statements were run in more than four hundred newspapers under the banner of the Tobacco Industry Research Committee (TIRC). Liggett tried to run its own mice-painting test. The purpose of the TIRC was to refute the health charges being made against tobacco in the media. It stated that no cause and effect relationship between smoking and lung cancer had been definitively proven.

Only two years into the ACS health study, alarming data was already pouring in. Of the nearly 190,000 subjects, 4,854 had already died. The death rate was 75 percent higher for heavy smokers versus nonsmokers and 52 percent for light smokers. This study threw out the notion that air pollution could be a major factor. In the British study, of the 35 doctors who had died from lung cancer - all of them had smoked. The findings were blasted by the TIRC as "biased, unscientific, and filled with shortcomings." The Public Health Cancer Association stated that there was enough evidence "to justify advising the public to stop smoking cigarettes."

Philip Morris, facing stagnating sales in the early fifties, looked to a new public relations man named George Weissman. Weissman recommended creating a genuine marketing department and putting emphasis on a filtered cigarette. Weissman then conducted a large consumer study to discover the issues with filters. When approached by Joe Cullman (Joe Third) about possibly merging with Benson & Hedges (with its Parliament filtered brand), President McComas made it happen. Joe "Junior" and Joe "Third" became members of the Philip Morris board of directors. Joe Cullman (Joe Third) became the senior marketing agent at Philip Morris. The decision was made to create a more 'manly' image for Marlboro, which had been targeted to women up to this point. The product was to use the new flip top box and a sharp, red and white logo. The symbol of the cowboy was chosen (over the second place taxi driver) and the leaf blend and filter combinations were evaluated.

Chapter 6: The Filter Tip and Other Placebos Analysis

Since health issues with cigarettes began to become harder to ignore in the 1950s, the major tobacco companies decided to pool their resources by setting up the TIRC. At first, it was a fairly benign organization. The popular sentiment was to keep quiet about health concerns that had not yet affected sales. Filters came into vogue to appease the public health concerns, while not assigning blame (if they were safer with filters, then they were more dangerous before?).

Engineering a product to actually trap tar, while also allowing the smoke to retain its flavor proved to be a difficult job. Unfortunately, the most efficient filter of all, the micronite by Lorillard worked so well (it was proven to drastically reduce tar) that flavor suffered. Lorillard's management direction to pursue safety-oriented products went against the main tobacco companies and would have them at odds with each other within the next several years.

Chapter 7: The Anguish of the Russian Count

Chapter 7: The Anguish of the Russian Count Summary

By the end of the 1950s, cigarette trends had moved towards the safer cigarette. More than half of all sales were filtered, and huge inroads were being made by menthol and king types. Technological advances to reduce health risks also made profit margins greater. Filter material took up the space of more expensive tobacco, stronger leaf to make up for the filtering effect was cheaper than mild leaf, and porous paper allowed a cleaner burn while also making the cigarette burn quicker. Filters were not being analyzed for their effectiveness; the ones that filtered least (and provided the best flavor) seemed to be selling the best (like Winston, which quickly took the number one filtered spot). Marlboro also took off, with its 'manly' advertising campaign - its filtered product was at the number four position by the end of 1957. Lorillard's Kent was flailing badly with its asbestos micronite filter. Its lack of taste, even though it was efficient, was not selling the product. A revamped "new micronite" (without the asbestos) was hyped by "Reader's Digest" as being highly effective and sales took off again. R.J. Reynolds soon followed up its Winston successes with the equally successful Salem menthol brand.

American Tobacco Company tried to catch up by belatedly offering the filtered Hit Parade brand, but Hit Parade was not a success. The filter-less Pall Malls continued to have huge popularity (overtaking Camel in 1960), but, regardless, American Tobacco Company started to decline.

The FTC had ordered cigarette makers to stop their claims of health advantages, but did allow descriptions of the varying filter tips to be made. This resulted in companies using higher tar, heavier leaf tobacco to compensate more for the filter - basically canceling the point for the filter in the first place. Both "Consumer Reports" and "Reader's Digest" broke stories, stating heavier filtered tar and nicotine amounts were approximate to the earlier pre-filtered levels. The filters were basically a health scam. Tar and nicotine yields were now being investigated by the FTC. It pressed for a uniform standard to measure the cigarette byproducts. The industry was worried and lowered the tar and nicotine content in the filtered brands by 40 percent in the last half of the 1950s.

Although overall smoking had declined in 1953 and 1954, the filter phenomenon seemed to allay fears, and use increased yet again. Cigarettes had not been definitively linked to lung cancer, although cases of that disease doubled again during the 1950s. Two thirds of adult men (one half of eighteen year olds) and one third of adult women were smoking.

The American Cancer Society funded a pathology study on smokers' lungs in the late 1950s. This corroborated evidence that one in ten smokers would get lung cancer. Statistics showed a definite link between smoking and cancer. The ongoing British doctor study showed a lung cancer mortality rate twenty times higher for smokers compared to non-smokers. They also found that rates significantly dropped when people quit smoking. The ACS volunteer study found that out of over four hundred lung cancer deaths, only fifteen had never smoked. A life insurance study corroborated this evidence. Lab work was successful in isolating seventeen carcinogens in cigarettes. Another study ruled out air pollution as a contributing factor by taking its sample in polluted southern California. Psychologists also did studies on why people smoked. As a whole, smokers were found to be more neurotic and adventurous than most. It was also found that most adults picked up the habit while still in secondary school. The U.S. Surgeon General, while not going as far as calling for warning labels, called smoking a "principal etiological factor" in lung cancer. However, the AMA put out an editorial in 1960 insisting there were "not enough facts" to take an authoritative position on the subject. There were claims that the AMA was playing politics over Medicare and tobacco states. The ACS started another huge study, to include over one million people.

In the late 1950s, the cigarette industry (through TIRC) began a concerted effort to dispute, ignore, or belittle medical claims against it. To the public, the industry gave the impression that they were working hard to solve the health issues. The TIRC set up study grants, supposedly for independent research, but many researchers who concluded negatively against the industry found their grants cutoff after their findings were made public. Doctors were placed on the TIRC's Scientific Advisory Board to give their efforts legitimacy. Besides the negative comments from the TIRC toward the medical community, the Tobacco Institute was formed as the positive voice of the industry. It reassured its smoker base, while still attacking critics.

Philip Morris began an effort in the 1950s to start marketing its products overseas. When Joseph Cullman became president in 1957, he tried to revive the faltering Marlboro brand by lowering the nicotine content and sharpening up the pack. As Parliament sales rebounded, Philip Morris diversified into the razor business. With the help of corporate director Weissman, Joe Cullman put more emphasis on overseas products.

Chapter 7: The Anguish of the Russian Count Analysis

In the late 1950s, the TIRC changed from its keep a low profile stance to one that became much more aggressive in attacking anti-smoking health claims. This concerted effort was completely self serving; studies would be picked over to find grains of out-of-context material that could be used to refute health claims. This was the moment when all of the major tobacco companies (with the possible exception of Lorillard) chose to put profits over morals in dealing with the growing body of evidence linking them to lung cancer. This effort to suppress and deny would be documented for years to come and was eventually used to show there was intent to deceive. A very small minority within the industry wanted to "come clean" about health concerns with the public, but they were mostly ignored.

The filter craze of the 1950s was also taken advantage of by many tobacco companies. By design, the filter removed taste. This allowed manufacturers to use cheaper, harsher tobacco that would be mellowed by the filter. Some companies also used purely cosmetic filters (like Winston), which led the public to believe they were being protected, when actually they were merely window dressing. Seeing a white filter turn brown would make a smoker feel better about the habit.

Chapter 8: Grand Inquisitors

Chapter 8: Grand Inquisitors Summary

The American Cancer Society, along with the American Heart Association and two other medical organizations, lobbied President Kennedy to open a national commission on smoking in 1961. The Surgeon General promised to handle it, but the FTC said it wanted backing from the Surgeon General before proceeding. In Britain, the Royal College of Physicians stated that smoking was a major factor in causing lung cancer. In 1962, the "New England Journal of Medicine" published a report showing that smokers had heart disease five times that of non-smokers. The theory of how smoking overworked the heart was published in "Scientific American." Major evidence also showed how quitting would greatly reduce the subject's chance of getting cancer or heart disease in the future.

The TIRC responded with heightened attacks. Their own sponsored results, if negative to the tobacco industry, were still being stifled. Most public statements were approved by lawyers. Liability was already thought of as a possibility. Some in the industry were in favor of warning labels - seen as lowering future liability. While public statements were made that the industry believed there was no connection between its product and disease, an internal chemist, Helmut Wakeham, pushed to develop a "medically acceptable" cigarette. While industry studies found forty-two carcinogens in their product, company representatives still spoke of the "health scare" as though it was blown out of proportion. Philip Morris' contributions to the Sloan-Kettering Institute gave it pull over the cancer fighters' position. One of the most outspoken, anti-smoking researchers at Sloan-Kettering, Ernst Wydner, was thus effectively muzzled.

Liggett & Myers had separated itself from the cigarette industry pack and was working to design effective filters for its product. It had hoped its new Lark cigarette would be commended in the new Surgeon General's report. This did not happen and the brand faltered, although it did become popular in Japan.

Brown & Williamson's senior vice president tried to convince his company to accept its responsibility and candidly report all it had discovered about the dangers of its own product, as well as working closely with ACS to "fix" tobacco smoke. His plan went nowhere, because company officials continued to hide evidence that they knew about the smoking/health links.

The Surgeon General's Advisory Committee on Smoking and Health (SGAC) was commissioned in 1962 and included a very diverse group of doctors, chemists, and even a statistician. Most of the members smoked. The committee worked for thirteen months in relative secrecy. They allowed the cigarette industry, through its chief scientific representative, Clarence Little, to make counter arguments to medical claims against it. Then the massive (over a million member) CPS-1 study came in showing the same 10 to 1 odds as the other studies. It stated that smoking was a causal factor towards developing lung cancer. No statement was made concerning heart issues. The report was issued to the public on January 11, 1964. The only loophole was that filters had not been evaluated against non filters. This gave the industry a small out, and they pointed this fact out to the media.

Chapter 8: Grand Inquisitors Analysis

A common misconception about smoking, particularly in light of early health findings was that the damage had already been done. Many smokers used this reason to continue their habit after scientific findings showed the habit was harmful. Denial was a major issue with a smokers' lifestyle (A 1962 Gallup survey found that only 38 percent of respondents believed that smoking caused lung cancer). Thus, the "quitting" movement did not pick up steam until the mid 1960s, when definitive evidence showed that lung cancer risks decreased every year after quitting, regardless of how many years the smoker had previously smoked. This helped allay the former fatalist attitude many smokers, especially men, displayed when confronted about their habit. By the 1970s, a major percentage of smokers were actively trying to quit.

Chapter 9: Marlboro Mirage

Chapter 9: Marlboro Mirage Summary

In light of the Surgeon General's report recommending unspecified, "appropriate remedial action" in response to smoking, the exact action to take was far from clear. So many people had a self-interest in the smoking industry that it was considered very difficult to change entrenched patterns that had existed for a generation. The errors of prohibition were clearly seen, but the government was seen as a possible tool to educate people about smoking.

In politics, the four "smoking bloc" states controlled a disproportionate power in Congress. Lyndon Johnson, a smoker himself until his heart attack in 1955, would not speak harshly against cigarettes. Regulation agencies like the FTC had been fairly inept at going up against even medium sized businesses in past decades. Even so, an FTC commissioner was successful in drafting a regulatory rule calling for mandatory cigarette warning labels after the powerful Surgeon General's report. In addition, brands were banned from promoting health claims of any kind. The FTC was pressured from the White House to hold off its announcement of the new rules, but it stood its ground and went public anyway.

The industry resented being asked to disparage their own product and immediately took action. They hired better, well-placed lobbyists and spokesmen. They also decided not to recognize the power of the FTC hearings and promoted the importance tobacco had played in shaping the American economy. They pushed the warning label issue by mockingly asking for warning labels on cars. The FTC countered by pointing out the mass of automobile regulations that the cigarette industry was not bound by. The labels were to appear on packs starting in 1965. The White House and Congress put pressure on the FTC to delay implementation for another year.

Head of Research and Development at Philip Morris, Helmut Wakeham, was faced with the decision of how to respond to the latest happenings. Wakeham recommended accepting the Surgeon General's report at face value and working to lower smoking risks, as opposed to just arguing against their claims. However, upper management felt that pursuing a "safer" cigarette would be admitting guilt and open up the industry to lawsuits. Wakeham was disparaged by many in the company and his recommendations were ignored.

In response to FTC oversight concerning its advertising, the tobacco industry created an advertising czar in 1965 to supposedly police itself. It used a set of rules called the Cigarette Advertising Code (CAC). The CAC explicitly forbade companies from marketing to minors and gave the czar authority to assess fines up to $100,000. This headed off an effort by the National Association of Broadcasters to implement their own advertising code.

Liability suits had begun, and the industry geared up to aggressively defend itself. It was felt that just one loss would open the floodgates to litigation. One lawsuit went on for more than a decade, with the decision reversed twice before the plaintiff finally gave up.

Tort reform and extents of liability were reviewed by many scholars in the 1960s, with varying interpretations. Many questions were left unresolved. Still, some thought the warning labels would absolve the industry from all future liability. By mid-1965, tobacco lobbyist Earle Clements was ready to write a proposed tobacco industry version of the warning label.

Congress was still unwilling to take on the cigarette industry. Even conservative presidential nominee Barry Goldwater said that warning labels "would interfere with freedom." Johnson's administration was heavily involved in civil rights legislation and needed all of the southern tobacco states help it could get. The only consistent and strong voices against the tobacco industry were from Surgeon General Terry and the American Cancer Society. The powerful American Medical Association did not support warning labels. They also needed southern support for anti-Medicare legislation and had recently accepted a $10 million dollar grant from the tobacco industry to investigate smoking.

The House bill included the warning asked for by the tobacco industry, with the mildest language possible: "Caution. Cigarette Smoking May Be Hazardous to Your Health." It would require the warning to be present on cigarette packages, but not in advertising. After some debate, the Senate accepted the House wording. A final addition stated that no other statements other than the agreed on warning could be added. That was seen as protection for the tobacco industry so individual states could not modify the warning later. The final law was seen as a blatant attempt to protect the industry from government regulation.

Marlboro had intensified its cowboy advertising campaign in the face of declining sales. Its worldwide distribution was spreading, but not yet bringing in needed profits. Setting the cowboy ad to the "Magnificent Seven" movie score proved to be popular. The product grew approximately 10 percent per year over the next several years. The cowboy campaign would last more than 30 years in total. "Marlboro Country" became an American icon.

Chapter 9: Marlboro Mirage Analysis

The tobacco industry had a path to choose in the early sixties, in light of the Surgeon General's report. The path between being up front about their product's risks and concealing or muddling the issue was wide open. Philip Morris' Manager of R&D, thinking like the true scientist he was, favored opening up the books and working with the medical/scientific community to develop a safer cigarette. Somewhat naively, he believed that the truth would work out the situation. This was not likely in an atmosphere where the specter of litigation was already starting to rear its head to the increasingly vulnerable tobacco industry. The idea of admitting that cigarettes were unsafe was not acceptable to the majority.

Considering the "tough and manly" image of Marlboro cigarettes, it is probably strange to find that the brand was originally marketed to women. It was not until the 1950s that the feminine image was reversed to attract males. The about face caused the brand to initially falter (one would assume this, since the public would remember the previous image). Once the new cowboy theme was ingrained, the brand did take off.

Chapter 10: Three-Ton Dog on the Prowl

Chapter 10: Three-Ton Dog on the Prowl Summary

The so called "tar czar" (charged with enforcing cigarette advertising), Robert Meyner, was selected in 1964. Meyner reported to the FTC that his staff had thrown out nearly 10% of proposed ads due to their content (too sporty, targeted to young people, etc...). Meyner chastised Lorillard for trying to show tar labels for its filtered brand, True. Lorillard argued that it could not promote the safety of their product without mentioning lower tar. They eventually broke with the Cigarette Advertising Code and published their "lower yield" claims anyway.

With cigarette sales continuing to rise, despite the warning labels, The Federal Communications Commission looked at applying its fairness doctrine to television advertising. It was determined that for every four cigarette ads run, a public service announcement detailing the dangers of smoking had to be run in prime time. The FCC ruling held up in court and went into effect. The American Cancer Society took the lead in producing the new anti-smoking ads. One highly successful ad included a testimonial from an actor dying from cancer. When NBC was found not complying with the specified ad ratio, it was threatened with the loss of its broadcast license, and promptly complied.

American Tobacco Company went through some tough times in the 1960s. It was mostly unsuccessful in switching over to filtered brands. It did start diversifying into the food businesses, without much success. Philip Morris was trying to add to its only successful brand, Marlboro. It tried a new 100s brand through Benson & Hedges, with a longer, more elegant look. The new brand was successful under a funny advertising campaign. Philip Morris also introduced a new brand directed primarily at women. Virginia Slims used cutting-edge, hip ads to appeal to the liberated woman. The Slims launch was highly successful, and coined the phrase, "You've come a long way, baby." The company was now number three in the industry, and was named a "most attractive investment" by E.F. Hutton (a brokerage house). This growth period was overseen by Chief Executive Joseph Cullman. Cullman knew the tobacco business and was respected for it. Cullman was also confident enough to hire subordinates who were smarter than he was. Cullman moved to CEO in 1967 and named George Weissman as president. Cullman also revitalized his sales force. By 1969, the company was dominating the industry.

The cigarette labeling law was temporary, set to expire in mid-1969. Clarence Little, scientific director of the newly named Council for Tobacco Research (formerly the TIRC), continued to maintain the non link between tobacco use and cancer. Earle Clements at the Tobacco Institute maintained that the tobacco industry was actively pursuing a better cigarette. Small, obscure grants were being buried when necessary. The industry put out a thinly veiled propaganda sheet to doctors, called "Tobacco & Health Research." The public-relations arm planted a story in "True" magazine that scoffed at the smoking-cancer link, and then promoted the article. The "National

Enquirer" was also used to promote the industry line, but American attitudes were changing.

A 1968 poll showed that 68 percent believed that smoking caused cancer (compared to 44 percent only ten years before). Non-smoking programs sprang up; four million people were trying to quit every year. New statistics were promoted by the FTC, as well as promoting stronger anti-smoking language. The Surgeon General cited smoking as "the main cause of cancer" in 1968. The FTC proposed eliminating TV and radio cigarette ads the same year. The possible loss of such a huge medium worried the tobacco industry officials. A Philip Morris representative noted, "Television was where the big money was, where the creativity went, and it was putting our brands over." Rogue Lorillard continued to stand alone in wanting to work with anti-smoking forces to develop a safer product. It foresaw the end of TV advertising as inevitable.

With the death of Bowman Grey at R.J. Reynolds, Joseph Cullman was pressed into service as the top industry spokesman. Cullman testified at congressional hearings over the future of the warning label. The hearings resulted in a six year extension of a slightly harsher label. The new verbiage in the law was somewhat ambiguous as to whether smokers could sue under state law. During the hearing, the broadcaster's association announced that tobacco ads would be phased off of radio and TV over four years. Cullman realized it was unavoidable and made the decision that the industry should voluntarily and immediately take its ads off the air to head off congress. The last cigarette ad on TV was January 1, 1971.

Philip Morris also worked to further expand its worldwide operations. It faced many hurdles in the form of foreign government subsidies to its competitors, high tariffs, and varying tobacco tastes - to which they had to cater. Weissman found that the most economical way to cut through overseas difficulties was to license foreign manufacturers. Attempts were made to market in Germany, Italy, Australia, Venezuela, and Nigeria. It was hard going; smuggling cut into company profits. Philip Morris did make a promising acquisition in Switzerland, where they purchased a small manufacturing company named FTR. Philip Morris was shut out of the British market after a successful takeover by American Tobacco Company of a British company.

Chapter 10: Three-Ton Dog on the Prowl Analysis

The 1960s marked the turn of American attitudes toward smoking. Many still smoked (smoking was still fairly popular), but a majority of people believed, by decade's end, that smoking caused cancer. It would be another ten years before strong anti-smoking groups emerged, but the writing was on the wall. New health trends flew in the face of the dirty habit of smoking. Many people began to treat smokers with scorn for the first time. It was becoming uncool and annoying to many.

The tobacco industry tar czar was mostly a public relations charade to show how the industry could police itself. Robert Meyner could select advertising examples (which would have been illegal anyway under proposed FCC rules) and show the media how effective his office was in complying with the law. When scrutinized, it was shown that many of his selections were arbitrary. Out of a selection of very similar ads, one would be stopped, while the others were passed through with no objections.

Chapter 11: Stroking the Sow's Ear

Chapter 11: Stroking the Sow's Ear Summary

The American Cancer Society sponsored smoking research on beagles that started in 1967. The dogs had holes cut in their tracheas for smoke to be introduced through a fitted tube. After initial resistance, the animals showed some of the same habit forming traits as humans. One indictor was that they wagged their tails when the smoke dose started. After three years, 72 percent of the beagles who smoked unfiltered cigarettes had microscopic tumors - -compared to 33 percent for the filtered (while none of the non-smoking dogs had tumors). The results were announced to large fanfare in early 1970. The Tobacco Institute via Joseph Cullman started poking holes in the research. The conservative publication JAMA was hesitant about publishing the results.

When Clarence Little was replaced as scientific director of CTR, RJR general council Henry Ramm urged a more aggressive approach to the previous holding the line. A four year study on the effects of smoke on rabbit lungs was abruptly shut down and the researchers' notebooks confiscated. CTR still funded AMA studies that were pointless. Lorillard's R&D head categorized the studies as lip service to the supposed search for "the whole truth."

New Nixon Surgeon General Jesse Steinfeld showcased new findings against tobacco. Besides citing and lending credence to the infamous beagle study, he noted new data showing smoking side affects, such as low birth weight and premature delivery of babies born to women who smoked during pregnancy. In response, the TI responded that "The question of health and smoking is still a question." Steinfeld's 1972 report also spoke of second hand smoke for the first time. Steinfeld considered it an environmental issue and refused to be dined by TI lobbyists. Outspoken Steinfeld was not reappointed by Nixon for his second term, after being too critical on television violence. The Surgeon General position was not filled for four more years.

The HEW Clearinghouse on Smoking and Health was a small information and collection center used to document smoking issues. It operated on a shoestring budget for alerting the public to the dangers of smoking. Its director, Daniel Horn, was one of the first to note that women found it harder to quit, due to the fear gaining weight. When the Surgeon General position went unfilled, the agency's budget was cut, and Horn left the group.

The non-smokers' rights movement gathered steam in the early 1970s. This resulted in airlines, buses, and trains having separate smoking areas by the mid 1970s. Arizona became the first state to ban smoking in many public areas altogether (such as elevators, museums, and libraries). Minnesota passed its Clean Indoor Air Act in 1975, making it illegal to smoke in most restaurants and workplaces. The tobacco industry began to more heavily lobby individual states.

In the sixties and seventies, many Federal "clean air" or "hazardous substances" acts had simply ignored tobacco or claimed it was outside of their scope. A senator tried to use the 1960 Federal Hazardous Substances Act to ban products with excessive tar yields. The senator's proposal lost, by a 32-2 margin. A federal court judge overturned this by stating that the consumer product commission did have regulatory power over tobacco. The cigarette companies lobbied congress and had the original hazardous substances act amended to exclude tobacco products, making the judge's ruling meaningless. However, negotiations between the FTC and cigarette industry did result in tar and nicotine levels being listed on all cigarette advertising. For the first time, the threat of the FDA regulating tobacco was raised.

Cigarette use became more prevalent in the early 1970s, even with the loss of TV advertising. Also, with the lower tar craze, the companies could use lower quality product, so profits rose considerably. R.J. Reynolds had a very strong position. It had 32 percent of the market in 1971, compared to up-and-coming Philip Morris, with 18 percent. American Tobacco Company had dropped to third place. But RJR's quality was suffering as its Winston brand faltered in the face of Philip Morris' Marlboro. Its plants had not been well maintained over the years and it was showing in the quality of the product. RJR was also slow to enter the low-tar market. Tar yields dropped 40 percent between 1967 and 1981. RJR did have success with its low-tar Vantage brand, but it was soon eclipsed by Philip Morris' Merit cigarettes. RJR also flew in the face of the low tar trend with its higher tar More brand, which was never popular. The industry view was that R.J. Reynolds was isolated, and paid for it. Its talent pool was in need of replenishment. RJR was using its extra cash to diversify. Its attempt at investing in a sea cargo fleet went badly.

Chapter 11: Stroking the Sow's Ear Analysis

Chapter 11: Stroking the Sow's Ear Summary Analysis

Although public opinion was swinging against tobacco in the 1970s, the industry still had great influence in Washington. In general, the tobacco industry worked from the top down, while anti-smoking forces worked from the ground up, so it took some time for the tobacco industry to mobilize more lobbyists to fight non-smokers' rights groups at the state level - because of the sheer logistics involved. Eventually, they were successful in fighting back several state campaigns, although it was at a great expense. When the activist groups started local city legislative efforts, the industry found it could not send lobbyists to every city in the nation. It did, however, quickly discover that it could affect state legislation to supercede local laws. In this way, the tobacco industry countered many grass roots efforts from above.

Chapter 12: Let There Be Light

Chapter 12: Let There Be Light Summary

With the loss of television ads, Philip Morris was having much more success in translating its Marlboro cowboy image to print media than RJR's Winston brand. Marlboros were heavily promoted. The success of the 1973 horserace, the Marlboro Cup, opened a new era for sponsoring spectator sporting events. The Virginia Slims tennis tour also became popular. Philip Morris also worked to increase its marketing and sales efforts in the field. It invested heavily in ultra-modern, efficient facilities that replaced the old, factory cigarette mills of the past. The company's man-hour output rate doubled.

Marketers wanted to release a low tar Marlboro, but did not want the name "mild" to detract from the rugged image of the product. The synonym "light" was proposed as an alternative. Marlboro Lights did start off slowly, in part due to lack of recognition, but eventually grew to 15 percent of Marlboro sales. Philip Morris learned from its competitors. It researched the field of flavor-enhancing additives to launch its Merit brand in 1975. The research paid off - the brand had the flavor of a higher tar cigarette. It was advertised with headlines such as, "MERIT with Enriched Flavor proves taste no longer depends on amount of tar." The brand was successful, soon accounting for 20 percent of sales. Philip Morris was also making large inroads in Europe, with new manufacturing centers in Holland and Germany. Marlboro sports sponsorships helped break the previously nationalistic buying patterns of most Europeans, particularly the French. Marlboros became very popular in Europe over the next few years. At the same time, Philip Morris' non-tobacco ventures were proving to be not as profitable. Its safety razor division was finally sold off in 1977, after almost twenty years of hardship.

Cullman was instrumental in buying the struggling Miller Brewing Company. Quality controls were added, top management replaced, and the advertising campaign altered drastically. The new "Miller Time" ads were popular, the "Tastes great - less filling" Miller Light ads even more so. By 1979, Miller had edged past two competitors to hold the number two sales position (just behind Anheuser-Busch). Joe Cullman was a popular businessman in the 1970s; he was named "U.S. Executive of the year" by "Financial World" in 1977. Cullman was quirky, but knew how to manage.

Chapter 12: Let There Be Light Analysis

Philip Morris performed well in the 1970s, mostly due to the managerial style of Joseph Cullman, the company chairman. Cullman did not micromanage his subordinates; he hired talented people and let them do their jobs. Cullman looked at his competitors and took their examples to heart: both victories and defeats. Cullman's company was the quickest to move past the television ban and expand advertising to magazines and other media. Philip Morris took advantage of the lite cigarette trends in the 1970s by both introducing and expanding products. Cullman's right hand man, George Weissman, was also instrumental in finding opportunities in the European and other world markets. Weissman also went into the struggling Miller Brewing Company and managed to turn it into a profitable enterprise in just a few years. The Cullman/Weissman team stayed intact as Weissman seamlessly stepped into Cullman's shoes upon his retirement.

Chapter 13: Breeding a One-Fanged Rattler

Chapter 13: Breeding a One-Fanged Rattler Summary

Studies in the early 1970s showed that smokers could be broken into types. It was also shown that many smokers became dependant incredibly soon and found it very hard to quit. Helmut Wakeham at Philip Morris looked to genetics (as opposed to addiction) to show that some people were just predisposed to smoking. Studies involving nicotine's affect on the brain showed increased activity after a smoke. It was also noted in a 1972 study that tar and nicotine quotas were ineffective, because people simply smoked more to compensate. A Philip Morris psychologist declared that cigarettes were merely an efficient nicotine dispensing tool. Industry claims that smoking was a weight suppressant were shown to be misleading. On average, smokers did weigh seven pounds less than non-smokers, but this was due to nicotine's effect of raising metabolism. Claims of heightened mental awareness were also shown to be diminutive. The momentary alertness caused by the physical act of smoking would be almost immediately followed by a loss of that alertness until the next cigarette.

Ernst Wydner had left Sloan-Kettering to form his own organization. The American Health Foundation (AHF) quickly became a prestigious health research institute. Wydener saw the hopelessness of trying to force people to quit and make smoking illegal. Wydner turned to what he saw as the practical notion of developing a safer cigarette. This endeared him to the tobacco industry, but not some of his fellow researchers - who thought the idea of a less toxic cigarette ridiculous. To others, it was seen as a middle ground, to seriously assist with the public health, while not provoking the wrath of the powerful tobacco companies. Wydner became a key member of the "Less Hazardous Cigarette Working Group," soon renamed the "Tobacco Working Group," and finally "The Smoking and Health Program." This created a strange relationship between cancer fighters and tobacco advocates. Tobacco representatives were wary, suspecting a trap by the health community. There was never a full disclosure of what was known between the two sides. A spokesman at the NCI made waves when he mentioned a cigarette that was of "acceptably" low risk.

The Carter Administration appointed Joe Califano to head HEW. Califano worked closely with the new Surgeon General, Julius Richmond, to start a new anti-smoking campaign. The Surgeon General's recommendations to end tobacco subsidies fell on deaf ears, but Califano was aggressive, speaking of cigarette use as "public health enemy number one." Califano advocated an increase in federal cigarette taxes, no smoking in federal buildings, and the reinstatement of anti-smoking television ads. Southern legislators derided Califano. The tobacco industry also slandered him. A notable White House assistant made statements to mildly refute HEW. President Carter reassured tobacco farmers that their subsidies would remain intact.

Not phased, Califano reinvigorated the old U.S. Clearinghouse on Smoking and Health and renamed it the Office on Smoking and Health (OSH). Califano wished to alter the glamorous image of cigarettes, especially with young people. The new OSH director, John Pinney, saw the misguided, less hazardous cigarette, program as a sham, and more so, he saw it as something that the tobacco industry should have been doing in the first place. Pinney pushed for a 1979 report that would comprehensively sweep aside all doubts that smoking was a health hazard. The report delved deeply into the issue and was widely regarded for years to come. The Federal Trade Commission, now under Michael Pertschuk, actively pursued the tobacco industry, which fought back with delaying tactics. The FTC also examined the visual content of tobacco advertising for the first time. It pointed out that several magazines with heavy smoking ad revenue had no articles critical of the effects of smoking. In 1979, a district court gave the commission access to the tobacco companies' market research papers. Brown & Williamson dumped 750,000 pages of documents on the commission, hoping to overburden it. When analyzed, these documents showed a campaign to rationalize smoking in users' minds.

Chapter 13: Breeding a One-Fanged Rattler Analysis

The development of a safer cigarette was seen as a deception, a "one-fanged rattler" by many in the health community. This created a rift in the health community. Some wanted to truly work with tobacco companies, while others saw them as the enemy. The imagery was that you do not want a rattlesnake living in your house, whether it has one fang or two. Getting bit with half the venom is still a bad situation.

The low tar health claims were also being analyzed for the first time. While safer, the user would generally just smoke more cigarettes to make up for the loss of nicotine - making the lower yield irrelevant. They would also suck harder to get the nicotine boost - again defeating the point for using the filter in the first place. For this fact alone, using tar quantities to compare products was very deceptive.

Chapter 14: The Heights of Arrogance

Chapter 14: The Heights of Arrogance Summary

In 1978, the AMA released a long awaited report on tobacco, which was considered a whitewash by many in the health community. The OSH was pressured by the administration not to criticize the report. Then, JAMA published a NCI report stating that a cigarette with a "tolerable risk" level was close to completion. NCI backed away from the statement, but the tobacco industry had already seized the report. Califano was furious about the damage done by the claims of a "tolerable risk" cigarette. It showcased the confusion within the government.

Tobacco marketing had evolved from low tar to ultra-low tar. A particularly promising palladium filtered cigarette had been developed by scientists at the Liggett Group, which seemed to reduce incidences of tumors by 100%, But this was seen as a risk to the rest of the industry, and health advocates were unwilling to advocate the product. Also, Liggett had heavily diversified, to the point where tobacco was only 20 percent of its sales. Management chose not to risk other business in the launch of this product, named Epic. A press conference to announce the product and an aggressive publicity campaign was cancelled at the last moment.

While Califano hyped the 1979 Surgeon General's Report, the Tobacco Institute issued its own rebuttal of the document. It described the report as "emotional rhetoric." The report delved into many things learned since the 1964 report, such as links to emphysema, premature births, and lung cancer in women. Even so, Califano had become a political liability to the Carter administration. Califano was pressured to resign before the 1980 election and belatedly did so.

The power of the tobacco industry peaked in the late 1970s. With the removal of Califano, no one in the administration or Congress was actively speaking out against tobacco. The Tobacco Institute's lobbying efforts on capital hill were considered some of the most effective in the business. They also hired many speakers to travel the country, both explaining and downplaying the effects of tobacco. They would speak to small groups and the media, when given the chance. The Tobacco Institute tried to head off the upcoming Surgeon General's report with a slew of advertisements headlined "Freedom of Choice." They picked on the "big brother" aspect of tobacco regulation and controlling people's lives. It dismissed non-smokers as being "O.K." with smokers, which for the most part was not true. Most non-smokers, it was discovered when they were polled, found it annoying to be near smokers.

A British film crew duped Philip Morris into making a documentary pointing out their innovative and conscientious way of making cigarettes. When real life smoking cowboys with lung cancer were interviewed as part of the "Marlboro" segment, Philip Morris lawyers slapped an injunction on the newly named "Death in the West" program. The U.S. television program, "60 Minutes," revived a copy, but refused to air it. The British copies were confiscated by Philip Morris. Years later, a leaked copy was finally shown on Public Television and a local California station. California was also the location of a large smokers' rights movement named GASP (Group Against Smoking Pollution), which launched several local and statewide initiatives. The initiatives were mostly unsuccessful, but still forced the tobacco industry to spend millions to defend against them.

When Joseph Cullman prepared to retire in 1978, he decided to push for Philip Morris to diversify beyond the highly successful Miller Brewing to buy the distant number three soda maker, Seven-Up. Several in top management disagreed with the decision, but Cullman prevailed. George Weissman soon moved into the top spot at Philip Morris. As chairman, he worked hard to improve public relations by contributing to many minority and art-related causes.

Chapter 14: The Heights of Arrogance Analysis

The American Medical Association took years to actively come out against tobacco as a hazardous substance. Early on, it was used successfully by the tobacco industry to downplay health risks ("look, even the AMA doubts the authenticity of this study!"). Its health magazine (JAMA) also took some pro-tobacco stances or stood silent over many issues where it should have taken a stand. There were many reasons for the AMA's duplicity. The most basic was that many doctors smoked. They did not want to be seen as hypocritical, even though, as health professionals, they should have known better. Another reason was that they did not want to alienate many of their patients who smoked. The AMA was a very large, powerful group - and politics were definitely involved in some of their dealings with Congress in the 1950s and 1960s, when they stayed silent on many tobacco issues. It would actually be several more years before a younger generation would take the reigns of the organization and swing it over to the anti-tobacco side for good.

Chapter 15: The Calling of Philip Morris

Chapter 15: The Calling of Philip Morris Summary

The FTC anti smoking campaign was severely curtailed under the new Reagan administration, which did not want to be perceived as anti-business in any way. Several FTC activists quit the organization. Dr. C. Everett Koop became the new Surgeon General.

A physicist named James Repace became one of the first scientists to document the levels of second hand smoke and correlate them to incidences of lung cancer. Repace proved that ETS (environmental tobacco smoke) levels were 10-100 times higher in smoking sections compared to locations where smoking did not occur. Repace also correlated the data to conclude that this was equivalent to approximately two ultra-low-tar doses and contributed to the deaths of 5,000 non-smokers annually. Repace's report was ruthlessly attacked by the Tobacco Institute. Repace was also set up by a tobacco-friendly congressman for a harsh investigation. A 1981 Japanese study followed up by finding that non-smoking wives of smoking husbands were 40-90 percent more likely to contract lung cancer than those with non-smoking husbands. More second hand studies followed. Dr. Koop came out strongly against tobacco health hazards. After years of bickering and hesitation, the "big three" anti-cancer organizations (AHA, ALA, ACS) formed a coalition to take on the entrenched tobacco interests in Washington. Coalition director, Matt Myers, began by working to increase the federal tobacco tax, which had not been raised in thirty years. The tobacco industry cunningly used the tax, which doubled from eight to sixteen cents, to increase its prices significantly more than the amount of the actual increase - giving them more profit.

R.J. Reynolds officials worked hard to stay just ahead of Philip Morris in market share during the early 1980s. When advertising faltered, it started a practice known as trade-loading to artificially increase its short term sales numbers. This proved ineffective and Philip Morris took over as number one in 1983. RJR was still making good profits though, particularly when it took over a 40 percent share of the new generic (discount) cigarette market from Liggett. In the diversification effort, RJR purchased Del Monte in 1979 and Heublein liquor in 1982 (which controlled the rights to Smirnoff and Kentucky Fried Chicken). Both Philip Morris and RJR fought over the buy-in rights to Rothmans International - a cigarette maker with strong ties in Africa and Europe. Philip Morris prevailed and RJR management was distraught.

At Philip Morris, Seven-Up was never able to take market share against the giants Coke and Pepsi; it was eventually dumped by the company. Lackluster performance at Miller also began to drag on company profits. New management at Philip Morris hurt morale in the sales force as well. Upper management also refused to aggressively enter the poor quality generics market. Then, a series of departures and firings left the company with no experienced management team to run the domestic side of the business. International team executives began to bicker with their domestic counterparts, but the international team proved to be much more innovative, having to deal with foreign subsidies and a bewildering array of taxes. They made inroads into the Soviet Union and the Far East. The new president of Philip Morris International, Hamish Maxwell, succeeded in consolidating many of the operations throughout the world.

Weissman retired as CEO of Philip Morris in 1983. Weissman favored John Murphy for the position, because he had done much of the legwork at Miller Brewing. However, the board chose Hamish Maxwell as CEO instead.

Chapter 15: The Calling of Philip Morris Analysis

Higher taxes and a good economy in the 1980s gave tobacco companies cover to increase profits. They used tax hikes, which were made very public, to their advantage. For example, an 8-cent increase in the federal tax could lead to a 13-cent increase in the product. By masking their internal price increases with the mandatory tax, they were able to effectively hide their ever-increasing profit margins. They effectively switched all of the blame to the government.

The Reagan/Bush Administrations were not necessarily pro-tobacco as much as they were usually portrayed, just very much anti big government. As such, they were very hands off when it came to business - any business. Activism was not encouraged under this climate. Of course, this climate was very favorable to the tobacco industry. It was given a reprieve from the onslaught of the FTC for twelve years. It also very cunningly used the unpopular trade deficit to force their way into many foreign markets.

Chapter 16: Of Dragonslayers and Pond Scum

Chapter 16: Of Dragonslayers and Pond Scum Summary

The Reagan era ushered in a time of government non-interference with business. The FTC was reworked in a less activist image. The new chairman stated, "If people want to smoke, that's their business." A revised cigarette-warning bill was stalled. The Surgeon General was the lone anti-smoking voice to forcefully speak out against the health issues with tobacco. He was a virulent health advocate and he decried tobacco's "sleazy" tactics as denial of the health links. By the time of his first report in 1982, it could be conclusively shown that of the 21 percent of U.S. deaths due to cancer, 30 percent of those were linked to smoking - over 100,000 deaths a year. The air pollution link to lung cancer was also mostly debunked. Koop infuriated the tobacco industry by speaking of a "smoke-free society by 2000 A.D."

A Californian congressman, named Henry Waxman, began championing the anti-smoking cause. Waxman fought and won appointment to head the powerful House Subcommittee on Health and Environment, which had jurisdiction over air and water standards. Waxman's congressional hearings in 1983 gave anti-smokers a platform. Maxwell taunted and derided the tobacco manufacturers in testimony where they denied health charges. Maxwell's tobacco control bill was to provide for new warning labels and listings of carbon monoxide levels on advertising. The tobacco lobbyists succeeded in tying up the bill in the house. It eventually passed in a milder compromise form. Lists of cigarette additives were made public for the first time. Philip Morris considered Waxman "a very dangerous adversary."

At the same time, tobacco federal subsidies were examined for the first time since the great depression. U.S. price supports, which had worked well when cigarette demand was growing, were pricing American tobacco almost twice as much as foreign competitors. Of course, using taxpayer money to subsidize a proven deadly product was also a big issue. In a congressional compromise, the tobacco support program was capped at 15 million dollars per year. Small American farmers started going under, because the big tobacco companies went overseas for cheaper, foreign tobacco. The manufacturers agreed to buy back the huge stocks of American grown tobacco that had gone unsold.

Tolerance for public smoking was also rapidly diminishing. It was seen more and more as antisocial, where it had been completely acceptable a mere ten years before. The Californian GASP group was still fighting in the name of non-smokers' rights and was renamed Californians for Non-smokers' Rights (CNR). Employers were looking at new data showing that smokers took 50 percent more sick days off than non-smokers. The first legislation addressing smoking in the workplace was passed in San Francisco in

1983. The non-smokers' rights movement saw that tobacco companies could be beaten. Many other Californian cities followed suit. When the Surgeon General's report in 1986 backed up claims of environmental tobacco smoke damage, CNR used this information to expand their anti-smoking campaign to a national level. By that time, 35 states already had some type of legislation limiting smoking in public areas.

A GASP offshoot in Massachusetts was also taking on the tobacco industry. Boston and Amherst passed smoking ordinances and the Marlboro billboard at Fenway Park was removed, although cigarette placement in popular movies was becoming more common and effective. A statewide statute followed. Another anti-smoking effort from Boston dealt with forming liability suits to start draining the cigarette industry of cash. The Tobacco Products Liability Project (TPLP) was founded by Richard Daynard, who had also presided over the Massachusetts GASP chapter. Daynard envisioned using the judicial branch as the means of attack, much like the successful asbestos lawsuits sweeping the nation. Daynard felt that a single successful suit would "open the floodgates" against the tobacco industry. Daynard's plan to offset the warning label defense was to show that the addictive nature of cigarettes was denied by cigarette manufacturers (even though they knew about them). Daynard also wanted to show that cigarette companies had purposely worked to discount health warnings over the past 20 years. More than 150 lawsuits had been filed by the late 1980s, costing millions for the tobacco industry to defend against.

As cigarette use dwindled, the smokeless tobacco (chew) field made a resurgence, especially in rural America. United States Tobacco (UST) led the field in manufacturing. Mouth cancer data was rare, and there were few corroborating studies to show a link. The director of dental health in Massachusetts helped to push for a state bill that required warning labels on smokeless tobacco. Waxman became involved in a federal bill requiring labeling and a ban on broadcast advertising. Waxman also pushed for explicit language, stating that the warning labels would not protect the manufacturers from future liability (because the cigarette warning labels were being used for defense). The bill was signed in 1986, and Surgeon General Koop added smokeless tobacco to his overall health campaign.

A doctor named Alan Blum founded Doctors Ought to Care, an organization that raised funds to put up satirical anti-smoking billboards with titles such as "You've coughed up long enough, baby. Emphysema Slims." Blum also bashed sports figures for not distancing themselves from tobacco. Blum saw peer pressure as a huge factor in underage smoking. Blum's crowning achievement was when he edited the "New York State Journal of Medicine" to cover "The World Cigarette Pandemic" in stunning detail.

The AMA was now being attacked for its refusal to line up with the anti-smoking forces against big tobacco. Younger members on its board pushed for a more active position. Another activist, Joe Tye, worked to counter cigarette propaganda. Tye felt the tobacco companies had acted to create doubt in the public mind as to whether their products were truly harmful. Tye felt this calculated deception made the tobacco industry guilty of fraud.

The Tobacco Institute continued to counter anti-cigarette messages with their own booklets to challenge health claims. It took parts of government studies that fit its agenda, while ignoring other negative parts. An RJR ad tried to gain sympathy from nonsmokers with messages such as, "We're confused...We're not criminals..." A Philip Morris scientist conducted a study showing nicotine's addictive properties on rats. The study was pulled by Philip Morris executives before it could become public. Another study on fire-retardant cigarettes was also suppressed. A severely deceptive study of lab mice was also released by the CTR, showing low incidence of cancers.

Chapter 16: Of Dragonslayers and Pond Scum Analysis

The tobacco industry cunningly got around the no broadcast media advertising clause for more than twenty years after the revised 1970 labeling law was passed. It did this by placing billboards at sporting events in highly visibility areas, like behind the catcher in professional baseball. When the game was televised in prime time, the image of the Marlboro Man or the Winston logo could literally be seen hundreds of times in one program. This covert form of advertising was highly effective - especially when used in conjunction with tobacco sponsored sporting events. It also realized the strong publicity of Hollywood movies and used product placement very successfully. Besides showing characters smoking, billboards conveniently turned up in chase scenes and window shots.

Chapter 17: Chow Lines

Chapter 17: Chow Lines Summary

Hamish Maxwell ran Philip Morris efficiently; as a thirty year veteran, he was intimate will all aspects of the company. Maxwell was also a strategist - as opposed to his predecessors. With Philip Morris at the top of the heap, Maxwell worked to use its huge cash reserves to diversify from tobacco. Maxwell saw that future eroding. When taxes increased, his marketers raised prices accordingly. This scapegoat allowed Philip Morris to raise prices at double the inflation rate. Maxwell was also not a micromanager; he managed his managers. Philip Morris continued to be successful with its premium brands throughout most of the 1980s, while its competitors, including RJR, turned more to generics with low profit margins. Philip Morris finally began aggressively marketing generics when the economy slowed in the late 1980s. It also fought to increase its store presence. Its masters program, paying wholesalers a cash bonus, was highly successful in moving product. By the end of the decade, Philip Morris led RJR in sales 42 to 29 percent. Looking to diversity, the company built up its takeover chest.

In the meantime, RJR, under Chairman Tylee Wilson, was looking into its own diversification efforts. It reached a takeover deal with food industry giant, Nabisco. At just under 5 billion dollars, it was the largest non-oil takeover package to date. RJR Nabisco was the second largest company in the world that dealt in consumer products. The CEO at Nabisco, Ross Johnson, stayed on as president, with Wilson as CEO. Much bickering ensued between the merged executive staff. Johnson sold off many of RJR's offshoot ventures, including KFC and Heublein. Johnson kept subordinate ex-RJR members in line with fat raises. Johnson was seen as eccentric, and the company's stock price suffered as a result.

Philip Morris made a successful buyout offer for General Foods in 1986. Hamish Maxwell found that the company was filled with inefficiencies and promoted many younger managers in the company, while firing many in upper management. Ross Johnson at RJR proposed to Maxwell that they pool their resources in their respective food divisions. Maxwell refused.

RJR continued work on a smokeless cigarette. The main marketing dilemma was that R.J. Reynolds could not market it as a safer product, since that would infer that their other brands were not safe. Its attempts to get endorsements from the government and the ACS met with failure. The Premier brand was introduced to the public in 1988, but the cigarette was difficult to inhale and produced a bad smell and taste when not lit properly. The product was a marketing catastrophe. Ross Johnson followed up by attempting a leveraged buyout of RJR to take it out of the public sector. Johnson's naivety and greed led to a massive struggle over the company that ended with Ross losing his job, with 53 million in compensation, and the company was riddled by debt. RJR struggled to pay down its debt, while it lost market share.

On the other hand, Hamish Maxwell kept building the Philip Morris reputation and market strength. Maxwell put his sights on Kraft, the food processing company. Maxwell saw its operations as much more efficient than General Food's, but Kraft's management had been preparing for a takeover, and, when Maxwell called, they were ready. Philip Morris' offer was high, 90 dollars per share. Kraft responded with a leveraged recap at 110 dollars to counter the offer. Wall Street experts doubted the 110 offer was feasible and the Kraft stock price dropped. The two CEOs met, and a deal was reached. Maxwell put Michael Miles in charge of Kraft operations. Company stock soon doubled in price. Maxwell bought out several European food companies in the next few years.

In 1990, Philip Morris finally acknowledged that smoking was a risk factor for lung cancer. It continued to cunningly market its product, using donations, sporting events, and other promotions to improve its public image. The morality of accepting Philip Morris money became a question of much debate. Philip Morris was criticized for heavy donations to black organizations, because blacks died at a higher rate from smoking than whites.

Some companies refused to hire smokers, due to health costs. Philip Morris took advantage of over reactive cases by highlighting them in its new magazine. First Amendment issues about banning all smoking advertising were debated. The Supreme Court found that advertising could not be banned, as long as it was not deceptive. Some civil libertarians joined with tobacco on the free speech side of the argument. A bill to ban cigarette advertising died in Congress. Philip Morris also got much attention for its Bill of Rights campaign, where it sponsored a road show and distributed 4 million copies of the document with the Philip Morris logo.

Chapter 17: Chow Lines Analysis

In the 1980s, it seemed that Philip Morris did everything right, while RJR did everything wrong. Hamish Maxwell took the Cullman/Weissman legacy and ran with it. With his European work experience, he made huge marketing gains in foreign markets. Maxwell understood the difficulties working with the varying tastes and cultures overseas. Buying Kraft solidified the company position, and it was a favorite of the stock market throughout Maxwell's reign. Like Cullman, he knew how to manage and used his people wisely. The RJR experience with a food merger was a far different story. The cultures between RJR and Nabisco never merged like they did at Philip Morris. The ex-Nabisco CEO eventually tried to orchestrate a leveraged takeover, which failed and left the company riddled with debt.

Chapter 18: Melancholy Rose

Chapter 18: Melancholy Rose Summary

At the end of the 1980s, although sales were dropping, no tobacco manufacturer had been successfully sued in court...yet. Tort law stated that all potentially dangerous products could be scrutinized by comparing risk to benefit. The congressionally mandated warning labels did give some protection against litigation, but since then - had tobacco companies misled the public by suppressing or attacking negative health information? Some thought this action would make them fair game for legal damages.

A lawyer named Marc Edell, who had expertise in asbestos litigation, saw an opportunity to go after the tobacco industry, given recent New Jersey strict liability litigation. His client was a woman named Rose Cipollone, who was dying of lung cancer, having been a pack-and-a-half-a-day smoker for forty years. As an ex-smoker, Marc discussed, at length, the addictive powers of nicotine with his client. Cipollone spoke of panicking when she would run out of cigarettes in the evening (she didn't drive) and her many unsuccessful attempts to quit. Cipollone also switched to the safer filtered Liggett brand in 1955. Marc documented Rose's denial over the years as the warnings against smoking became more and more difficult to ignore. Suffering health problems in her forties, Rose switched to Lorillard's True, low-tar cigarettes, but she found herself smoking more to get the same dose of nicotine, eliminating any health benefit. When her husband gave anti-smoking articles to her to read, she would reply back with the tobacco industry line that health links "had not been proven as yet." Rose was first diagnosed with lung cancer in 1981. It spread over the next three years; Rose told her attorney that she wanted him to press on after her death, which occurred in 1984.

In the deposition for "Cipollone v. Liggett Group, Philip Morris, and Loews," the defense strategy was to show that it could not be conclusively proven that Rose's lung cancer had been caused by her smoking. In addition, they stated the health warnings had been extensive and she could have quit. Edell countered this with examples of tobacco company deceptive advertising that made Rose doubt health claims. Edell worked to show a pattern of distorting data and hiding negative evidence over the years that pushed the threshold of conspiracy. Edell requested hundreds of documents from the industry, which took his team years to examine. Through whistleblowers, Edell discovered the story behind the forsaken palladium safe cigarette and other suppressed or discredited research studies.

The industry responded by challenging the legality of the entire proceeding under the warning label legislation of 1970. The judge overruled, but his decision was reversed by a Circuit Court - severely undermining Edell's case. The tobacco industry lawyers also succeeded in repealing some of the New Jersey strict liability statutes. The trial began in early spring of 1988 in Newark. Edell's three-person team was up against more than a hundred tobacco legal and support staff. Edell worked to prove that cigarette companies were aware of smoking health hazards and, "embarked on a campaign to deceive, confuse and mislead people." When Joe Cullman took the stand for the defense, he sarcastically stated that warning label legislation had prevented his company from cautioning people about the risks associated with smoking. The judge made a statement when denying a defense motion that was strong enough to be cast by "The Wall Street Journal" as "Judge Says Tobacco Company Hid Risks."

The defense then spent two weeks debating the exact type of lung cancer that had killed Rose. The lawyer for Philip Morris stated that it had acted responsibly by lowering its tar and nicotine levels in the 1950s and 1960s. The verdict reached by the jury after more than four days of deliberation was confusing and mostly a victory for the tobacco companies. It gave no money to Rose Cipollone, but gave her husband, Tony, a consolation award of $400,000—to be paid by Liggett. This first financial loss by a tobacco company was the lead story on the evening news that night. The industry almost immediately appealed the verdict. A Supreme Court ruling found in favor of the tobacco industry, but reinstated Edell's conspiracy claim and called for a retrial. The initial trial judge was removed by the Third Circuit court at the request of the tobacco lawyers. When Tony Cipollone died, his children refused to continue the case in his name and Marc Edell reluctantly dropped the case.

Chapter 18: Melancholy Rose Analysis

The first successful case against the tobacco industry was not much of a success, except when measured against previous cases. It was the first cash decision of its kind awarded in a punitive manner against a tobacco company. Even with the tobacco industry pull, and a Supreme Court reversal, the initial verdict had been delivered. Just like the tobacco industry had feared for more than twenty years, the floodgates were open at last. It was only a matter of time before massive class action lawsuits would start to swamp the tobacco companies. In time, the states started their own suits to recoup medical damages that were now able to be directly linked to smoking.

Chapter 19: Smooth Characters

Chapter 19: Smooth Characters Summary

By the late 1980s, smoking had become unpopular enough to be considered deviant behavior by a majority of Americans. Another wave of smoking control laws swept the state legislatures. The right to a smoke-free environment was seen as obvious to most. Although not conclusively proven by science, 75 percent of people thought second hand tobacco smoke was harmful. Boeing Aircraft was the first large company to ban smoking outright on its premises. Other companies provided free resources to help smokers quit. Diehard smokers were ostracized more and more. Peer pressure had reversed itself. The tobacco industry called out for tolerance. Their goal was to neutralize local ordinances by passing statewide legislation so that their lobbyists could effectively pool their resources. This was successful in Pennsylvania, where a mild state law superceded harsh anti-smoking measures in Erie and Harrisburg. The industry also pushed for smokers' rights legislation to protect smokers from being fired at work. Many states passed this type of law. The tobacco industry also continued to try and influence congress with contributions and free conferences in resort areas. Millions were spent on lobbyists and consultants. They were successful in so-called tort reform measures in several states - which capped damages in litigation cases.

In the late 1980s, as the first formalized studies of ETS (second hand smoke) were being fomented, Philip Morris decided to head off any damage by starting its own research center, the Center for Indoor Air Research (CIAR). Most of the experiments were dubious at best. The industry stalled EPA testing concerning ETS in congress. Conflicting ETS studies were examined, with the CIAR finding the one most favorable to smoking and touting it. Some in congress pressured the EPA to dilute its findings.

Many in the anti-smoking movement turned their attentions to lax underage smoking laws. State efforts at stings were successful in showing how easily youngsters could obtain cigarettes. RJR's Joe Camel campaign was proving very successful and it was attacked as targeting youth by the new Surgeon General, Antonia Novello.

California took the lead by passing Proposition 99 in 1988, which added 25 cents per pack on the state tax, the money to go for anti-smoking education. This windfall of added revenue was used to plaster witty ads on radio and billboards. The cigarette quit rate in California was soon double the national average. In 1993, Governor Pete Wilson issued an executive order banning smoking in all state buildings. A bill banning all smoking on all short domestic airline flights was also passed in the U.S. Congress. A federal non-smoking effort was launched by NCI in 1991. Tobacco companies continued to press for increased foreign sales while domestic sales fell. U.S. government representatives pressured Japan and Taiwan to open its markets to U.S. tobacco companies. Trade barriers against U.S. tobacco companies were also lowered in South Korea and Thailand. For the most part, the Reagan/Bush administrations supported larger exports overseas to lower the trade deficit, regardless of the product. Most federal anti-smoking organizations also reflected this indifference. Strong anti-smoking legislation died in Congress.

With the collapse of the Soviet Union, the residents welcomed most all consumer goods, particularly American cigarettes. The old Soviet production system could not keep up with demand and U.S. companies were all too happy to assist. Philip Morris quickly capitalized by taking market share in East Germany, Czechoslovakia, and Hungary. RJR made inroads in Poland. Pressure was put on China to open up its markets as well.

Chapter 19: Smooth Characters Analysis

Smokers became second-class citizens in large part during the 1990s, as the former popular habit fell out of favor. Most businesses looked past the health implications to the bottom line; smokers took more days off due to health reasons and were less efficient while at work due to time off for smoke breaks. Non-smokers resented the preferential treatment. Many companies banned smoking on the premises, or put the designated smoking areas outside. The image of the confident smoker from the 1950s was changed to the huddled figure desperately puffing out in the rain.

Chapter 20: Blowing Smoke

Chapter 20: Blowing Smoke Summary

Michael Miles took over for the retiring Hamish Maxwell in 1991. Because he was a non-smoker, some at Philip Morris viewed him suspiciously. Michael sold off some of the low margin food lines and focused on the high margin areas. The company continued to expand, particularly with tobacco in the Soviet Union. The food side of the business also expanded in Europe. The American tobacco market was more of an issue. Even the fabled Marlboro brand was in decline, but Philip Morris was successful in venturing heavily into the discount market, overtaking RJR in 1991, and new medium priced market. It did make the decision to maintain its premium price levels, even during a recession. RJR began a price war in the early 1990s, to try to take back market share in the discount market. By 1993, discount brands accounted for 40 percent of the entire market. Philip Morris discounted their Marlboro brand, and their stock price fell drastically at the news. Payroll was cut, and some plants closed.

On the eve of the Clinton Administration in early 1993, the EPA finally released its study on second hand smoke. Environmental tobacco smoke was deemed "a serious and substantial health risk." It was estimated to be responsible for more than 50,000 deaths per year. The government jumped behind the study and a flurry of legislation followed. A federal workplace smoking ban was proposed and the government's trade policy was modified to stop assisting tobacco companies overseas. Clinton did refuse to ban smoking in all federal buildings, which he could have done by executive order. The case for FDA regulation of tobacco was pursued by its new commissioner, David Kessler. The tobacco industry was accused of spiking nicotine levels in its products to keep smokers hooked.

By 1993, the price war between Philip Morris and RJR had abated. The adult smoking rate seemed to have stabilized at approximately 25 percent. While Philip Morris had weathered the storm, RJR was not doing as well. Tobacco stocks had lost their luster on Wall Street. An article chastised tobacco executives. New class action lawsuits were pressing ahead, some by states, to recoup health costs. There were thoughts of separating the tobacco from the food company at Philip Morris. Company lawyers determined that the pending lawsuits would make it near impossible to split the company. Just after that, in 1994, Miles suddenly resigned. Geoffrey Bible was promoted to CEO. Miles immediately went on the offensive against the EPA. Miles also threatened to uproot the corporate headquarters from New York City if it pressed ahead with its harsh smoking ban. The stock rebounded, along with market share. Foreign sales surged ahead. Kraft and General Foods operations were consolidated. Still struggling, RJR fought against Brown & Williamson to keep its second place standing in the market.

The activist tone in Washington was disheartened by the collapse of the Clinton administration's proposed health care plan and the Republican takeover in Congress. Anti-tobacco efforts in the House and Senate stalled. Clinton did push for FDA

oversight - to consider tobacco as a drug. The tobacco industry fought against the proposed regulation. The FDA did pass stringent federal laws, superceding many weaker state laws concerning age limits, vending machine bans, and billboard limitations.

The tobacco industry prepared for the state lawsuits. It was realized that a deal could be formulated to offset the multiple lawsuits by making an agreement with the Federal Government to supercede the state claims. The makings of the agreement giving direct payments to states with cigarette money were in the works.

Chapter 20: Blowing Smoke Analysis

The state settlement with the tobacco industries was pending when this book came to print in 1996. What the author hinted at in the closing paragraphs did come to light. The tobacco industry agreed to spend billions in cash payments to the individual states in return for the states dropping their lawsuits. This was a practical matter for the states. The mass of lawsuits could have very likely put even the tobacco giants into bankruptcy, and the states would have received nothing for their efforts. The compromise allowed the state governments to receive cash windfalls from the tobacco companies. Unfortunately, most of the money did not go into smoking prevention like the state governments originally promised - but rather, wherever they needed the money.

Characters

Buck Duke

Started working at Duke tobacco after the Civil War with his father and quickly began running the company. Duke then moved the company toward manufacturing cigarettes in 1881. Duke was one of the first to use mass production techniques successfully with cigarettes. Duke used this, plus a smart advertising campaign, to undercut his competitors in the New York area and soon became president of the new consolidated company, called American Tobacco Company. The company expanded by slaying and buying out competitors to the point where American Tobacco Company soon controlled over 65 percent of the plug tobacco market and 85 percent of the cigarette market. In working to control tobacco prices, and upsetting farmers in the process, Buck came under the eye of anti-trust officials in Washington. American Tobacco Company was eventually broken up by regulators, and Buck faded from the scene.

Buck Duke was a pioneer in both the tobacco field and the industrial field in general. As well as utilizing a new mass production technique (the Bonsack machine), he invented the forerunner to the modern cigarette pack. Buck also realized early that he needed protection in Congress from the anti-trust contingent and hired lobbyists to assist him.

Richard Joshua Reynolds

Built a plug tobacco company in North Carolina, which was successful on a regional level before moving onto the national scene. R.J. Reynolds built a modern plant in 1889, which was the largest plug tobacco facility in the world at the time, and was very successful at selling flavored versions of his product.

His success brought him to the attention of Buck Duke's American Tobacco Company in the 1890s. R.J. Reynolds gave in and allowed his company to be bought out by American Tobacco Company; he continued to run his company as the operations manager. With the American Tobacco Company breakup, R.J. Reynolds was once again running R.J. Reynolds Tobacco - soon to be known as RJR. Reynolds introduced the Camel brand of cigarette, which caught on during World War I. R.J. Reynolds died in 1918. RJR went on to be one of the Big Three tobacco companies for the remainder of the century.

Joseph Cullman III (Joe Third)

Joe Third managed Benson & Hedges with his father. Cullman sought a buyout by Philip Morris, where he joined the staff as senior marketer. Cullman worked on the successful Marlboro campaign in the 1950s. Cullman was promoted to President of Philip Morris in 1957. Cullman was a very early advocate of diversification. Cullman worked closely with Vice Chairman George Weissman to broaden the company's reach to food products and also open up the overseas market.

Cullman was promoted to CEO in 1967. Philip Morris expanded greatly under his management. Cullman bought the Miller Brewery and turned the company around with the Miller Lite campaign and many snappy marketing slogans. Cullman served until his retirement in 1978. Cullman was responsible in turning over his position to George Weissman.

Hamish Maxwell

Maxwell worked overseas marketing for Philip Morris for many years before becoming President, and later he became CEO. Maxwell followed up from Joe Cullman/George Weissman and presided over making Philip Morris the number one company in tobacco sales. Maxwell was a very effective manager and leader, who made Philip Morris one of the most sought after stock investments during his tenure.

Maxwell fought for the buyout of Kraft foods as part of his diversification efforts. The Philip Morris/Kraft merger helped to solidify the company's reputation and further increase profits. Maxwell retired in 1991 as one of the most successful businessmen in history. Maxwell did, however, remain on the board of directors as an advisor for many years.

Ernst Wydner

Wydner was an early researcher who worked to document links between smoking and lung cancer. Wydner worked at Sloan-Kettering, where he conducted mice cancer studies involving tar painting. These studies were criticized at first, but the mouse painting method went on to become the industry standard for many years and was even adopted by the tobacco researchers. Wydner also worked on the controversial safer cigarette and later researched second hand smoke.

Michael Pertschuk

Pertschuk was an assistant at the U.S. Commerce Committee, who went on to become chief counsel. Pertschuk drafted legislation on the Federal Cigarette Labeling and Advertising Act of 1965. Pertschuk later served as FTC Chairman, where he forced the tobacco industry to provide marketing information, which was given up after a court battle. Pertschuk later co-formed the Advisory Institute, an anti-smoking think-tank.

Marc Edell

Edell was a lawyer who was responsible for in bringing the first cigarette liability case to trial where a cash settlement was issued. The Cipollone case involved a woman dying of lung cancer. Edell worked to show that the tobacco companies conspired to mislead consumers. The verdict was later overturned and the case was not retried, but it was successful in opening the floodgates to anti-tobacco legislation.

George Hill

Hill was instrumental in introducing and marketing the extremely successful Lucky Strikes in 1916 for American Tobacco Company. Hill used marketing claims like 'toasted tobacco' to make Lucky Strikes the number one brand, for a time.

George Hill replaced his father Percival to become president of American Tobacco in 1925. Hill continued to aggressively market his products and push his sales force hard to increase market share. Hill was very successful in pioneering celebrity and medical endorsements for cigarettes. Hill introduced Pall Mall's ultra brand just before his death in 1946.

Joe Califano

Califano was the White House aide who went on to become Secretary of the U.S. Health, Education, and Welfare Department under the Carter Administration. Califano worked closely with the Surgeon General to develop aggressive anti-cigarette programs. Califano was a very outspoken tobacco critic, who was eventually forced to resign just before the 1980 re-election campaign.

George Weissman

Weissman started at Philip Morris in the 1950s in public relations. Weissman worked to create a real public relations department, which ran customer satisfaction tests and heavily researched filters. Weissman was promoted to Vice Chairman. Weissman worked closely with Joe Cullman to successfully promote Philip Morris' overseas operations.

Weissman personally worked in Germany, Switzerland, and other European countries to expand both tobacco and food operations. Weissman took over at Miller Brewing to turn the struggling company around in the 1970s. After Cullman's retirement, he was promoted to CEO. Weissman was an effective leader, who continued to steer the company in the direction Cullman had pointed it.

Helmut Wakeham

Wakeham was Director of Research and Development at Philip Morris in the 1960s and 1970s. Wakeham ran genuine research operations; his lab confirmed more than 40 tobacco smoke carcinogens in 1961. Wakeham worked for years to develop a medically acceptable cigarette. Wakeham was a very controversial figure at Philip Morris, because he fought, unsuccessfully, for an open public policy relating to smoking problems and their solution.

Objects/Places

FCC

Federal Communications Commission. This organization was responsible for all broadcast media in the United States and oversaw the broadcast ban on all tobacco products.

FTC

Federal Trade Commission. This organization regulated advertising and consumer protection in the United States. It was instrumental in putting warning labels on cigarettes and tar/nicotine monitoring.

ETS

Environmental tobacco smoke. This is a scientific term for what came to be known as second hand smoke by the public.

ACS

American Cancer Society. This agency was involved in many early lung cancer studies involving smoking.

AMA

American Medical Association. This agency was a powerful doctor's organization that was very slow to embrace the non-smoking movement.

JAMA

Journal of the American Medical Association.

HEW

U.S. Health, Education, and Welfare Department.

NIH

U.S. National Institute of Health.

NCI

National Cancer Institute.

OSH

U.S. Office on Smoking and Health. This was revamped from the old U.S. Clearinghouse on Smoking and Health.

GASP

Group Against Smoking Pollution. This was a non-smokers' rights organization that started in California and quickly spread nationwide.

Themes

Good Management

Most of the tobacco companies had talent, but the major factor that set some places apart from others was their ability to know what to do with the talent available. In other words, good management was the key. Philip Morris was especially fortunate in this area. Joe Cullman and George Weissman worked closely together as a team, leading Philip Morris from the 1950s through the 1980s. Cullman had a knack for promoting the right people to the right positions. Cullman was also secure enough to hire people that were smarter than he. This talent pool helped bring Philip Morris from the number four to the number two position during his reign. Very early on, Cullman saw the merits of diversification away from tobacco. Cullman made huge strides in cushioning the company from tobacco by adding food ventures to the corporate lineup. The foreign tobacco market also turned out to be a major part of business by the end of his career.

Hamish Maxwell took the reigns from Cullman/Weissman and managed to take their good management skills to a new level. Under his administration, Philip Morris expanded on the diversification and global marketing efforts that Cullman had started. Stock prices soared. Maxwell did not try and do everything himself. Instead, he managed his managers. In other words, he surrounded himself with talented people and let them do their jobs.

In contrast, R.J. Reynolds had major issues with talent and new ideas in the company. They started out as a local North Carolina chew company, and remained a local

company - even after moving into cigarettes and growing immensely. This created an atmosphere where outsiders in the company were viewed with hostility and had difficulty making changes of any kind. This inbred atmosphere led to many bad marketing decisions and a lag behind the rest of the industry.

Applying Scientific Research

A common theme in the story occurred when organizations took scientific research and used it to further their own ends. Starting in the 1920s, American Tobacco Company marketers tried to find medical evidence that would distinguish their brands from competitors. An example of this was when they used an article in "Science" magazine to show that smoking increased blood sugar, and therefore increased energy.

Soon, medical evidence started to show that smoking was dangerous. When anti-smoking advocates and health officials started publicizing this information, the tobacco industry fought back with its own media campaign. It would routinely discount health studies, finding a small flaw to pick on or just dismiss them completely. A common technique was to create doubt in the mind of the public. This allowed many smokers to use denial to continue their habit because the link to cancer "wasn't definitively proven."

Studies were commissioned by the tobacco industry to show what they wanted to show. Studies leading to an incorrect conclusion were quashed. Data manipulation was common. It is usually possible for both sides of an argument to make a case from the same set of data simply by picking and choosing exactly which data to use.

Irony

A significant amount of irony takes place during the course of the story, involving safety issues, marketing, and hypocrisy.

TIRC studies involving mice exposed to cigarette smoke were promoted, to refute an earlier health study, when they showed fewer incidences of tumors. The real reason for this was that many more mice were dying from other side effects of the smoke before they could even contract cancer. This minor detail was not publicized. If the purpose of the test was to show smoking as somewhat safe, then why was it killing the test subjects? The Tobacco Institute could make the case that, "at least they weren't dying from cancer" - which was the point of the test.

Another irony is that filtered cigarettes offered to the public as a safer alternative usually caused smokers to smoke more to get the same nicotine hit. Studies were done showing that cigarette use would often increase after switching to a lower tar brand. Smokers also took deeper puffs on lower tar products to get the same effect as the higher tar brands. This tended to offset any health benefits they might have gotten from the lower tar. In fact, this actually caused many people's tar intake to increase. The feeling of safety caused many to smoke many more years than they might have otherwise.

When Philip Morris marketers were struggling to make profits at the new acquisition, Seven Up, they touted it as the healthiest of the colas. It was showcased as the only caffeine-free soda on the market. This was a very interesting and hypocritical course, considering the health issues with the parent tobacco company.

Style

Point of View

Ashes to Ashes is told in the second person. The story is about the rise of the tobacco industry from small entrepreneurs in the 1800s, to the mega-corporations of modern day - Philip Morris and RJR. The point of view is split mostly between the pro-tobacco companies and the anti-tobacco consumer advocates, government agencies, and other organizations.

Setting

The main setting of the story is in the United States, where tobacco companies came of age in the twentieth century. Their marketing takes place domestically (U.S.) and all across the world (specifically Europe, the Far East, and Africa). Domestic settings include the home cities of the tobacco companies, locations of scientific institutes, Washington D.C., and many state capitals where tobacco lobbying and legislation took place.

Language and Meaning

The language and meaning of the story pertains to statements made about tobacco by advocates, detractors, users, and sellers. Both sides of the tobacco issue use scientific facts to make their own case, often by selectively taking some data, while ignoring other data. It is shown that technical data can often be used to make both sides of an argument - especially when used out of context.

Structure

Ashes to Ashes is divided into twenty chapters. Chapter 1 examines the origins of tobacco. Chapter 2 describes the rise and breakup of American Tobacco Company. The time period from the post-breakup through the 1920s are discussed in Chapter 3. Chapter 4 delves into the first main cigarette pricing wars and modern advertising. The first health concerns make it into the mass media in Chapter 5 and are followed up by health studies in Chapter 6. Chapter 7 is about the research into the safer cigarette. Chapter 8 details the Surgeon General's report of 1964, which leads to the FTC warning label in Chapter 9. Chapter 10 describes Philip Morris' marketing plan and the fight over banning media advertising. The rise of non-smokers' rights is explained in Chapter 11. Philip Morris' continuing expansion is detailed in Chapter 12. Chapter 13 delves into the Carter Administration's activist Surgeon General. The fall of the same Surgeon General is discussed in Chapter 4teen. In Chapter 15, studies into second hand smoke (ETS) continue. Several key members of congress go on the attack against tobacco in Chapter 6teen. The rise of Hamish Maxwell and the tobacco/food mergers are examined in Chapter 7teen. In Chapter 8een, the tobacco industry gets handed its first loss in a liability case. Anti-smoking legislation accelerates in Chapter 9teen. Chapter 20 wraps up the story in the 1990s with current trends.

Quotes

"Short, snappy, easily attempted, easily completed or just as easily discarded before completion-the cigarette is the symbol of a machine age in which the ultimate cogs and wheels and levers are human nerves." Chapter 3, pg. 69

"There are a hundred thousand reasons for failure but not a single excuse." Chapter 5, pg. 124

"[u]nwarranted attacks on tobacco products are as old as the industry itself." Chapter 6, pg. 163

"The weight of the evidence at present implicates smoking as the principal etiological factor." Chapter 7, pg. 202

"To this day we don't know what the harmful elements are in smoke. But whether you trust us of not, we were trying to be responsive to what appeared to appeal to the public." Chapter 8, pg. 236

"There are more carcinogens in a tomato than in a pack of cigarettes." Chapter 8, pg. 236

"We didn't say we were innocent - or that we were guilty....Being prudent men, though, we did everything in our power to ensure the quality and safety of our product. If there was a problem with the tar and nicotine, we kept reducing the yields." Chapter 9, pg. 274

"It's hard to argue that filling your lungs with smoke can actually be good for you." Chapter 13, pg. 412

"It would be hard to have thought up a more ludicrous thing than this for the U.S. government to be spending public dollars on - for something the industry itself should have been doing....[I]t was a waste of money and time when the bastards knew more than we knew, and the NCI would point to [its Smoking and Health Program] and say to Congress that it was doing something. I felt it was wrong and a sham." Chapter 13, pg. 439

"Here these guys develop a product that's really innovative - and therefore dangerous. And thereafter half the executives in the place were trying to figure out how to bring it to market while the other half was trying to kill it." Chapter 14, pg. 461

"Show me a worker who doesn't smoke and I'll show you a worker who beats his wife." Chapter 14, pg. 476

"These sleazebags were pouring money into our state so they could keep on killing hundreds of thousands and everything they said was a lie." Chapter 16, pg. 554

"The court cannot ignore the might and power of the tobacco industry and its ability to resist the individual claims asserted against it." Chapter 18, pg. 655

"People make you feel like you've got some filthy habit." Chapter 19, pg. 681

Topics for Discussion

Why was Buck Duke vilified for succeeding so well with American Tobacco Company?

Describe some of the advertising techniques used in the 1920s and 1930s that would be considered ridiculous today.

Why was it not intuitive that smoking was dangerous? Does the act of introducing smoke into someone's lungs not seem inherently unsafe?

What techniques did the Tobacco Institute use to make consumers doubt health claims being made against tobacco?

What did the 1964 Surgeon General's report say about smoking?

Why was Philip Morris successful in surpassing RJR to be the number one tobacco company in the world?

Who were some of the individuals in the tobacco industry who wanted to be upfront about the dangers of tobacco with the public? Why weren't they listened to?

Why was Joe Califano forced to resign from the Carter Administration?

What was the Reagan Administration's attitude toward smoking?