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In the early 1960s, the Canadian Tobacco companies knew they were in trouble.

For half a decade, they had faced a barrage of reports on the dangers of smoking. Their customers were worried, the media was beginning to be hostile, and governments were beginning to ask questions.

The medical community was leading the charge. By 1961, the Canadian Medical Association was saying that smoking caused lung cancer; and the following year the National Cancer Institute of Canada made the same declaration. The British Royal College of Physicians 1962 report went further, calling for changes in government policy. Shortly afterwards, U.S. Surgeon General Luther Terry established an advisory committee on smoking and health which would make its landmark report in 1964.

1962: A Secret Deal

We, the undersigned, Rothmans of Pall Mall Canada, Limited, conceive it to be in the public interest to agree to refrain from the use, direct or implied, of the words tar, nicotine or other smoke constituents that may have similar connotations, in any and all advertising material or any package, document or other communication that is designed for public use or information.

Agreement signed by each tobacco company, 1962



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After the Reader's Digest began to print the tar and nicotine levels of U.S. cigarettes in 1955, U.S. and U.K. companies began to compete in a "tar derby" to promote lower-tar cigarettes. The U.S. Federal Trade Commission issued directions in 1961 that this was to end

The Canadian companies were clearly uncomfortable with a Canadian 'tar derby' and entered an agreement to keep quiet about what was in the smoke produced by their cigarettes. The reasoning was explained a decade later in a 1975 telegram from BAT's Chairman, Richard Dobson.

"In 1962 private agreement Canadian manufacturers agreed to refrain from use of words "tar" or "nicotine" in body copy of cigarette advertisements because of resulting implication that Canadian manufacturers admit low tar and nicotine products to be safer, such implied admission does not reflect industry fundamental smoking and health position and plays into hands of anti-smoking groups and legislators."

The 1962 agreement among the Canadian companies was never publicly known until it was recently discovered on the document websites of Philip Morris and RJ-Reynolds.

1963: A Suggestion

The Minister formally requested the manufacturers, through Imperial Tobacco, to present their views as a group and not by individual companies. This removed the perceived inhibition of restraint of trade charges.

Imperial Tobacco, 1973



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The first official tobacco industry alliance was formed in 1963, when the Ministry of Health hosted Canada's first conference on smoking and health. As the industry records it, this was the event which catalysed the development of a tobacco industry trade association, originally called the Ad Hoc Committee on Smoking and Health.

(Curiously, when they talked to government about the constraints imposed by competition laws, they never mentioned their 1962 agreement to keep mum about tar and nicotine.)

The 60 page brief industry presented to this November conference is the first joint statement on smoking and health issued by Canadian companies. Their arguments (like their suggestion that occupation or personality are responsible for increased heart disease and lung cancer among smokers) would become familiar over the following decades.

The following year, the companies developed their first voluntary code – strikingly similar to the current advertising code. Posters and billboards were not to be immediately adjacent to schools, ads were not to appeal to children and they were not to imply that smoking “promotes physical health” or is “essential to romance, prominence, success or personal advancement.”

The Ad Hoc Committee (which soon became the Canadian Tobacco Manufacturers Council) became the hub of a joint government relations strategy that would serve the industry well for the next twenty years.

1970s: Throwing the Government a Bone.

Our strategy as an Industry then became one of making some concessions, to lose the battle in order to win the war, or in other words, to throw the Government a bone. Potential areas of concessions included elimination of broadcast, elimination of incentives, or including warning notices on the pack.

Imperial Tobacco, 1973



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In the late 1960s, the Canadian government became more aggressive on tobacco issues. In 1967, Cabinet approves requirements for tar and nicotine to be published on packages (although no legislation was prepared). In 1968, the Commons Health Committee, chaired by Dr. Gaston Isabelle, explored the government's options and recommended bans on advertising and other restrictions on tobacco.

This wave of government action crested in June 1971, when Health Minister John Munro introduced Bill C-248 to ban cigarette advertising and require a warning on packages. But the bill was never debated, and the swell of public action abated.

Behind the scenes, as RJR-Macdonald records, the industry response was "vociferous" and the Prime Minister recognized that "due process" had not been followed. The Health Minister apologized.

The CTMC recognized the need for a political compromise and expanded its voluntary code. Caps were placed on advertising expenditures and on tar and nicotine levels. Incentives were discontinued, as were television advertisements. For the first time, warning labels were to appear on Canadian cigarettes.

In September 1971, the companies agreed to the wording "Warning: Excessive Smoking May be Hazardous to Your Health." By late November, the Minister of Health had agreed to have the warning attributed to the government.

The Ad Hoc Committee on Smoking and Health became the Canadian Tobacco Manufacturers Council and "serious dialogue began with Federal government health authorities at all levels."

1975: Sand in the Gears

He went on to say that it was clear to him that a system of voluntary constraints was not going to work and he therefore saw little point in Imperial Tobacco continuing as a member of the Council.

Paul Pare's concerns as recorded in notes from a CTMC meeting



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The documents reveal that 1975 was a pivotal year for the voluntary agreements among the four Canadian Tobacco Companies (at the time they were Imperial Tobacco, Macdonald Tobacco, Rothmans of Pall Mall, and Benson & Hedges Tobacco). At the beginning of 1975, the companies revised their voluntary code. There were two versions of the revised code – one they shared with government, and one they kept to themselves.

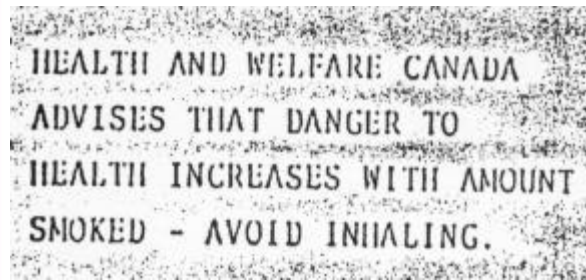
The public one said that cigarette ads were banned from radio and television; the private one agreed that this ban did not apply to sporting and other events where the companies paid the production fees, but not directly for air-time.

The number of other clarifications about what was and was not allowed under the code reflected the difficulties apparent to the government and the companies in applying the voluntary code.

In March, Health Minister Lalonde was pressuring the companies for stronger voluntary measures, including more prominent health warnings, health warnings on advertising and limits to promotions that were not traditional advertising.

The minutes of a late summer meeting of the CTMC provide a dramatic account of the CTMC chairman, Paul Paré, berating his colleagues for failing to honour their voluntary code. "He said that Imperial would be better off with legislation, for there would then be a clear-cut set of rules which could not be broken by any company." During the meeting, Pare threatened to quit and Rothmans threatened to walk away from the CTMC.

1976: A New Health Warning



HEALTH AND WELFARE CANADA
ADVISES THAT DANGER TO
HEALTH INCREASES WITH AMOUNT
SMOKED - AVOID INHALING.

CTMC Voluntary Code, 1975



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By late 1975, a new voluntary code (with regulations) had been agreed to. Total advertising and promotional expenditures were capped at \$41 million dollars (divided among the companies in proportion to market share). The companies agreed to give tar and nicotine values on packages and place warnings in advertisements. They also established an 'arbitrator' to assist them in applying the code.

History does not record why the health warning was changed to include the words "avoid inhaling," but may be one of the bones thrown to government. Later, these words would be the source of derision in ITL's focus group research, "Project 16."

Researchers concluded:

"The 'avoid inhaling' words are singled out for the strongest derision since smoking a cigarette in this way is seen as a waste and, in their words, 'goof'" (Project 16, p. 566627837)

1976: Keep 'em talking

The feeling was that Government would be grateful for concessions, however small, in working towards the Lalonde goals, and that continued dialogue could continue for a considerable period of time without having to over-commit ourselves.

Notes from a CTMC Meeting, 1976



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In the years following the death of C-248 and the government's retreat from legislation, the government continued to communicate to the tobacco companies the improvements it wanted in cigarette packaging and marketing. In March of 1976, Health Minister Marc Lalonde increased pressure on the companies. He asked them to give health warnings a higher contrast, and to put them on the front of cigarette packages, to stop using lifestyle advertising, to put an end to sponsored events and to list carbon monoxide along with nicotine and tar.

More than a decade would elapse before these measures began to be achieved through legislation. So how did the companies succeed in keeping government at bay for so long?

The minutes of a CTMC meeting records the industry's approach. This strategy of delay through constructive dialogue was, as Canadian managers reported to their colleagues, a significant accomplishment.

My name is Paul and I am Canadian

That the policy of 'cooperative dialogue' has been effective is undeniable although it is also substantially different from the American approach. It is intended to correspond to Canadian social and political realities. There is an understandable lack of knowledge amongst our foreign associates as to the particular Canadian governmental and social environments, and the inner-workings of an ongoing policy of 'cooperative dialogue'.

Letter from ITL head, Ed Ricard, in support of Paul Paré, 1978



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Despite its apparent success, history does not show the CTMC to be a happy organization. The smaller members of the CTMC often complained of Imperial Tobacco's greater degree of influence over the CTMC's strategies and policies. They urged more confrontational strategies. They were particularly hostile towards the chairmanship of Paul Paré.

Imperial resisted the demands of the smaller companies, and defended a 'made-in-Canada' approach to their colleagues, many of whom were rotated into Canada from their U.S. head offices.

Ed Ricard, of Imperial Tobacco, wrote glowingly about the accomplishments of the CTMC.

"So the question is, how successful have we been in responding to the smoking and health issue in Canada when compared to other countries? The answer to this question goes beyond isolated by laws or speculating on government intentions, to the fundamental measurements of continuing industry growth, incidence of smoking, ongoing government relations, general public opinion about smoking, and to our current capacity to freely manufacture and market tobacco products without formally imposed legislative restraint or regulation. In these essential areas, the Canadian tobacco industry enjoys an enviable position and maintains an effective relationship with government."

... A low-key approach was established at that time, generally described as 'cooperative dialogue' which differs substantially from the 'adversary role' pursued so aggressively by the American industry. This is not to criticize the US approach but merely to emphasize that "what's good for US or UK is not necessarily good for Canada."

1980: Growing Dissent.

It is clear that under current circumstances, it is a matter of the utmost urgency that the executive appointment be made and the CTMC restructured. Until this is done, the CTMC will not be an effective vehicle to unite the industry on the issues which it confronts.

RBH notes on a CTMC meeting, 1986



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During the 1980s, the CTMC's success at both 'cooperative dialogue' and industry solidarity began to unravel. Paul Paré signaled that he intended to leave his position as permanent chair of the CTMC, and the appointment of his successor was only one point of contention. Benson & Hedges was pushing for a harder line to be taken in dealings with government.

The smaller companies were looking at the development of an anti-smoking movement in Canada, and the emergence of by-laws restricting smoking and the ban on advertising in British Columbia. They were worried by rumours that Health and Welfare Canada was preparing tobacco control legislation.

Rothmans and Benson & Hedges in particular were calling for the development of a full-scale public relations campaign. It was suggested that a new Tobacco Institute be developed as a political arm more along the lines of the Tobacco Institute in the United States. Proposals were outlined to mobilize the tobacco "family" of unions, hospitality sector, retailers and others in a joint public relations campaign organized by the tobacco companies.

By the fall of 1980, the CTMC had engaged a head-hunting firm to short-list candidates for the position of Executive Chairman of the CTMC, and Paul Pare was clearly on his way out. Although no 'new' blood was brought into the CTMC, Bob Hawkes of Rothmans assumed the chair and the dominance of Imperial Tobacco appeared lessened.

1980s: Intransigence and Delay

STRATEGY - OPEN WITH SHORT¹² EPISTLE
TO ELICIT GOVT. RESPONSE - THEN HIT
BACK WITH MYRIAD FACTS & FIGS.

(NB - RB disagrees w/ Strategy. Feels B&H should
put govt. relations *informed* immediately)

Philip Morris advice to RBH, 1980



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Health and Welfare Canada steadily increased its pressure on the companies in the early 1980s to make further voluntary concessions. The companies were asked to provide a better list of additives, to report on compliance with their voluntary code. One of the strongest pressures put on the companies was the listing of carbon monoxide levels. Health Canada's sustained campaign to get the companies to voluntarily comply with this request was not fruitful. It did, however, provoke considerable attention from the companies and their head offices. A memo from Philip Morris shows that its Canadian branch, Benson & Hedges, was considering two strategies – one of drowning Health and Welfare with facts and figures (or is that facts and fiction?); the other proposed strategy was more hard-line, suggesting that the government be put immediately on the defensive.

The industry threw out concerns about trade secrets when they were pushed to provide more details about the inclusion of additives, and sought undertakings that these would never be made public under the Access to Information Act. They may have had other reasons to be concerned. As Imperial Tobacco's CEO, Jean-Louis Mercier, told the CTMC, the number of substances included in its additives was "three times" the amount previously disclosed to government.

Constructive dialogue was disintegrating.

The End of the Golden Age

I have serious reservations about the effectiveness of voluntary regulation of tobacco advertising, and I believe these misgivings are shared by many Canadians.

Health Minister Jake Epp, 1986



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By the 1985, the golden age of collaboration and "cooperative dialogue" was coming to an end. Relationships within the CTMC were increasingly sour. Disagreement among the companies had led to Rothmans, Benson & Hedges to suspend its membership in the CTMC.

Relations between the companies and Health and Welfare Canada were increasingly tense. The government had stepped up its campaign to get more concessions on the voluntary code, and wrote several letters complaining of infractions of the code (These letters are available in AG-75). The industry - perhaps because of internal dissent - resisted them firmly and the government's patience was wearing very thin.

There was also increasing public pressure for public action. A private member's bill to ban advertising was catalyzing parliamentary interest.

The Minister of Health, Jake Epp, called the companies in to a meeting in May, 1986 and requested action. The companies responded to their changing circumstances by volunteering in 1986 to revise their voluntary code and asked for the Minister's input. Epp responded with a long list of demands - including a ban on lifestyle advertisements, health warnings that took 30% of the display panel of the cigarette package and pre-clearance of sponsorship.

The companies were taken aback, and scrambled to respond. In November 1986, Bill Neville of PAI was brought in to give advice on strategy and tactics. The industry tabled a revised code with the minister in late November.

1987: Adopting U.S.-style tactics

COALITION 51

- o MORE THAN 100 WELL-KNOWN CANADIANS FIGHTING AGAINST C-51
- o COALITION COMPOSED OF REPRESENTATIVES OF:
 - CULTURAL ORGANIZATIONS
 - SPORTS ASSOCIATIONS
 - MEDIA OUTLETS AND ORGANIZATIONS
 - ADVERTISING FOUNDATIONS
 - PAST PRESIDENT OF CANADIAN BAR ASSOCIATION
 - CHAMBERS OF COMMERCE
- o COMPREHENSIVE PR PROGRAM
- o HELD PRESS CONFERENCES, INTERVIEWS, EDITORIAL BOARD HEARINGS, APPEARED AT PARLIAMENTARY AND SENATE HEARINGS
- o PRESS CONFERENCES ALSO HELD BY CULTURAL AND SPORTS ORGANIZATIONS

RJR account of C-51 campaign

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Their code fell far short of the Minister's demands. The companies' failure to respond to the government's request moved Canada significantly further to tobacco legislation. The strategy of 'throwing a bone' no longer worked.

Five months later, in April 1987, the government introduced Bill C-51, the Tobacco Products Control Act.

In 1987 the tobacco companies found themselves outsiders when Health Minister Jake Epp introduced the Tobacco Products Control Act, Bill C-51.

So fractured were their relations with the government, they later complained, that they received notice of C-51 only "one hour before the public announcement." (A far cry from the apology they received from Health Minister John Munro for lack of due process the previous decade!)

RJR's history of the C-51 campaign shows they lost time by a the lack of unity within the CTMC. RJR analysts record that "Imperial initially slowed progress," and that Rothmans, Benson Hedges, which had left the group, only "fell into line after CEO discussions."

The CTMC abandoned the government relations strategy it employed in the 60s and 70s, and finally embraced the tactics used in the United States. Since C-51, the Canadian tobacco companies have added political defiance, legal challenge and third-party mobilization to their arsenal of lobbying tactics.