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## WAR IS SELL

*by Laura Miller*

"From a marketing point of view, you don't introduce new products in August," White House Chief of Staff Andrew H. Card Jr. told the *New York Times* in September. Card was explaining what the *Times* characterized as a "meticulously planned strategy to persuade the public, the Congress, and the allies of the need to confront the threat from Saddam Hussein."

Officially, President George W. Bush is claiming that he sees war as an option of last resort, and many members of the American public seem to have taken him at his word. In reality, say journalists and others who have closely observed the key players in decision-making positions at the White House, they have already decided on war.

In November, key Pentagon advisor Richard Perle stunned British members of parliament when he told them that even a "clean bill of health" from UN chief weapons inspector Hans Blix would not stop a US attack on Iraq. "Evidence from one witness on Saddam Hussein's weapons program will be enough to trigger a fresh military onslaught," reported the *Mirror* of London, paraphrasing Perle's comments at an all-party meeting on global security.

"America is duping the world into believing it supports these inspections," said Peter Kilfoyle, a member of the British Labour party and a former British defense minister. "President Bush intends to go to war even if inspectors find nothing. This makes a mockery of the whole

## FLACK ATTACK

Since its founding nine years ago, the Center for Media & Democracy remains the world's only organization dedicated to investigating and exposing special interest propaganda. In those nine years, we've published 37 issues of *PR Watch*, our award-winning flagship publication. CMD staff members have written three acclaimed books and spoken to thousands of people in most states and many countries. We've conducted hundreds of interviews, from the smallest radio stations to the largest TV networks, and with newspapers including the *New York Times*, *USA Today*, *Wall Street Journal* and *Washington Post*.

As the articles in this latest issue demonstrate, there is still a pressing need for the investigative journalism that we provide. The evening news and the major newspapers are barely reporting on the massive PR

campaign through which the Bush administration is preparing the United States and the rest of the world for war. And where would you turn, other than *PR Watch*, for the detailed analysis that Bob Burton and Andy Rowell offer, beginning on page six, of the British American Tobacco company's recent attempt to position itself as "socially responsible"?

During the past year, our work has expanded. The "Spin of the Day" section of our web site is increasingly popular, and thousands of people have subscribed to our free weekly email bulletin, the "Weekly Spin." We recently added a forum to our site so that readers can add their own observations, and we have other plans in the works to expand our reporting on industry front groups and anti-environmental think tanks.

*continued on page two*

process and exposes America's real determination to bomb Iraq."

Even the US Central Intelligence Agency, hardly a pacifist organization, has come under pressure from White House and Pentagon hawks unhappy with the CIA's reluctance to offer intelligence assessments that would justify an invasion.

"The Pentagon is bringing relentless pressure to bear on the agency to produce intelligence reports more supportive of war with Iraq," reported Robert Dreyfuss in the *American Prospect* in December. "Morale inside the US national-security apparatus is said to be low, with career staffers feeling intimidated and pressured to justify the push for war."

Much of the pro-war information cited by the White House comes from the Iraqi National Congress (INC), a front group established in the early 1990s by the Rendon Group. (*PR Watch's* Fourth Quarter 2001 issue detailed the Rendon Group's role in creating the INC.)

"Most Iraq hands with long experience in dealing with that country's tumultuous politics consider the

INC's intelligence-gathering abilities to be nearly nil," Dreyfuss stated. "The Pentagon's critics are appalled that intelligence provided by the INC might shape US decisions about going to war against Baghdad. At the CIA and at the State Department, Ahmed Chalabi, the INC's leader, is viewed as the ineffectual head of a self-inflated and corrupt organization skilled at lobbying and public relations, but not much else."

## FOCUS, PEOPLE, FOCUS

The techniques being used to sell a war in Iraq are familiar PR strategies. The message is developed to resonate with the targeted audiences through the use of focus groups and other types of market research and media monitoring. The delivery of the message is tightly controlled. Relevant information flows to the media and the public through a limited number of well-trained messengers, including seemingly independent third parties.

A seamless blend of private and public money and organizations are executing their war campaign in the face of a sinking US economy and increasing public opposition to attacking Iraq. But with a Republican-controlled Congress and a largely pliant corporate media, there is little to challenge the White House agenda. Its diplomatic and political maneuvers have been tightly choreographed in concert with a handful of right-wing think tanks, the newly concocted Committee for the Liberation of Iraq, and well connected PR and lobby firms that now dominate media coverage of US foreign policy in the Middle East.

According to the *New York Times*, intensive planning for the "Iraq rollout" began in July. Bush advisers checked the Congressional calendar for the best time to launch a "full-scale lobbying campaign." The effort started the day after Labor Day as Congress reconvened and Congressional leaders received invitations to the White House and the Pentagon for Iraq briefings with Vice President Dick Cheney, Secretary of Defense Donald Rumsfeld and CIA director George Tenet. White House communications aides scouted locations for the President's September 11 address, which served as a prelude to his militaristic speech to the United Nations Security Council.

The *Washington Post* reported in July that the White House had created an Office of Global Communications (OGC) to "coordinate the administration's foreign policy message and supervise America's image abroad." In September, the *Times* of London reported that the OGC would spend \$200 million for a "PR blitz against Saddam Hussein" aimed "at American and foreign audiences, particularly in Arab nations skeptical of US policy in the region." The campaign would use "advertising

## Flack Attack *continued from page one*

Unfortunately, however, success in our mission does not guarantee our survival. On the contrary, it places greater demands upon us. That's why we hope you'll take a moment right now to visit our website or use the address below to send a financial contribution so that our work can continue.

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techniques to persuade crucial target groups that the Iraqi leader must be ousted.”

The Bush administration has not hesitated to use out-right disinformation to bolster the case for war. In December, CBS 60 Minutes interviewed a former CIA agent who investigated and debunked the oft-mentioned report that September 11 airplane hijacker Mohammed Atta met with an Iraqi intelligence official in Prague several months before the deadly attacks on September 11. “Despite a lack of evidence that the meeting took place,” the CBS report noted, “the item was cited by administration officials as high as Vice President Dick Cheney and ended up being reported so widely that two-thirds of Americans polled by the Council on Foreign Relations believe Iraq was behind the terrorist attacks of 9/11.”

### THE BATTLE OF THE BAND

“We’re getting the band together,” said White House Communications Director Dan Bartlett in September. The “band,” explained *Newsweek*’s Martha Brant, refers to “the people who brought you the war in Afghanistan—or at least the accompanying public-relations campaign. . . . Now they’re back for a reunion tour on Iraq.”

A group of young White House up-and-comers, the “band” was meeting daily on a morning conference call to plan media strategy with the aim of controlling “the message within the administration so no one—not even Vice President Dick Cheney—freelances on Iraq,” Brant wrote. Its main players are Bartlett, Office of Global Communications director Tucker Eskew, and James Wilkinson, former Deputy Communications director who has now been reassigned to serve as spokesperson to Gen. Tommy Franks at US Central Command in

Qatar. Other frequent participants in the planning sessions have included top Pentagon spokesperson Victoria Clarke, Cheney advisor Mary Matalin, and Secretary of State Colin Powell’s mouthpiece, Richard Boucher.

Meanwhile, the State Department is providing media training to Iraqi dissidents to “help make the Bush administration’s argument for the removal of Saddam Hussein,” reported *PR Week* on September 2. Muhammed Eshaiker, who serves on the board of the Iraqi Forum for Democracy, was one of the State Department trainees. “Iraqis in exile were not really taking advantage of the media opportunities,” he said during an interview on National Public Radio. “We probably stumble and wait and say well, I mean what’s the use—everybody knows [Hussein’s] a criminal, so what’s the use if we just add another story or another crime? But everything counts! . . . If we keep hammering on the same nail, the nail is going to find its way through.”

US Secretary of Defense Donald H. Rumsfeld has used an informal “strategic communications” group of Beltway lobbyists, PR people and Republican insiders to hone the Pentagon’s message. Pentagon public affairs head Victoria Clarke, who used to run Hill & Knowlton’s DC office, is reported to have assembled the Rumsfeld group. Participants “intermittently offer messaging advice to the Pentagon,” reported *PR Week* on August 26. One of the Rumsfeld group’s projects is linking the anti-terrorism cause with efforts to convince the public “of the need to engage ‘rogue states’—including Iraq—that are likely to harbor terrorists.”

According to military analyst William Arkin, Rumsfeld’s group is doing more than merely spinning rationales for attacking Iraq. Writing for the November 24

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*Los Angeles Times*, Arkin called Rumsfeld's communication strategy "a policy shift that reaches across all the armed services," as "Rumsfeld and his senior aides are revising missions and creating new agencies to make 'information warfare' a central element of any US war."

"Information warfare" blurs the line between distributing factual information and psychological warfare. During the current buildup against Iraq, for example, the Bush administration's statements have been calculated to create confusion about whether an actual US invasion is imminent. Such confusion can be a useful weapon against an enemy, forcing Saddam Hussein to divide his efforts between diplomatic initiatives and military preparations. The confusion is so complete, however, that even the American people have little idea what their leaders are actually planning.

## THE COMMITTEE FOR THE INVASION OF IRAQ

The anti-Hussein public relations work is also being done by a number of front groups and pundits with close ties to the Pentagon and White House. These private-sector war boosters are making the rounds of TV news programs and newspaper editorial pages. What won't be apparent to the average US media consumer are the many tangled connections that exist between them.

The newly-formed Committee for the Liberation of Iraq (CLI) sits at the center of the PR campaign, which is coordinated closely with other groups that are actively promoting an attack on Iraq, including the Washington Institute for Near East Policy, Middle East Forum, Project for a New American Century, the American Enterprise Institute, Hudson Institute, Hoover Institute, and the clients of media relations firm Benador Associations.

CLI sends its message to American citizens through meetings with newspaper editorial boards and journalists, framing the debate and providing background materials written by a close-knit web of supporters. CLI also works closely with Condoleezza Rice and other administration officials to sponsor foreign policy briefings and dinners.

"It is also encouraging its members to hold lectures around the US, creating opportunities to penetrate local media markets," reported *PR Week* on November 25. "Members have already been interviewed on MSNBC and Fox News Channel, and articles have appeared in the *Washington Post* and the *New York Times*."

The CLI's mission statement says the group "was formed to promote regional peace, political freedom and international security by replacing the Saddam Hussein regime with a democratic government that respects the rights of the Iraqi people and ceases to threaten the community of nations." CLI representatives have made it

clear that they plan to focus the debate on regime change, regardless of what weapons inspectors find or don't find inside Iraq. Although CLI uses humanitarian buzzwords on its web site and strives for a bipartisan look, its leadership and affiliations are decidedly right-wing, militaristic and very much in step with the Bush administration.

CLI president Randy Scheunemann is a well-connected Republican military and foreign policy advisor who has worked as National Security Advisor for Senators Trent Lott and Bob Dole. He also owns Orion Strategies, a small government-relations PR firm.

CLI is ostensibly "an independent entity," although it is expected to "work closely with the administration," the *Washington Post's* Peter Slevin reported on November 4. "At a time when polls suggest declining enthusiasm for a US-led military assault on Hussein, top officials will be urging opinion makers to focus on Hussein's actions in response to the United Nations resolution on weapons inspections—and on his past and present failings. They aim to regain momentum and prepare the political ground for his forcible ouster, if necessary."

According to former Secretary of State George Schultz, who chairs CLI's advisory board, the committee "gets a lot of impetus from the White House," essentially serving as a public outlet for some of the Bush administration's more hawkish thinking.

CLI also has a number of direct connections with the American Enterprise Institute (AEI) and other conservative think tanks that focus on the Middle East. According to reporter Jim Lobe, it "appears to be a spin-off of the Project for a New American Century (PNAC), a front group consisting mainly of neo-conservative Jews and heavy-hitters from the Christian Right, whose public recommendations on fighting the 'war against terrorism' and US backing for Israel in the conflict in the occupied territories have anticipated to a remarkable degree the administration's own policy course."

PNAC was founded by William Kristol and Robert Kagan, both of whom sit on PNAC's board of directors. Kristol edits the conservative *Weekly Standard* and is also a CLI advisory board member. Kagan was George Shultz's speechwriter during his tenure as President Reagan's Secretary of State. CLI is chaired by another PNAC director—Bruce P. Jackson, a former vice president at Lockheed Martin who also served as an aide to former Secretaries of Defense Frank Carlucci and Dick Cheney.

Other CLI advisory board members include:

- former House Speaker Newt Gingrich
- former Senator Bob Kerrey

- Teamster President James Hoffa, Jr.
- retired Generals Barry McCaffrey, Wayne Downing and Buster Glosson
- Jeane Kirkpatrick, a White House and Pentagon advisor under former presidents Reagan and Bush who is currently an AEI senior fellow
- Danielle Pletka, AEI vice president for Foreign and Defense Policy
- former CIA director James Woolsey
- top Pentagon advisor and AEI fellow Richard Perle, who helped sell the 1991 war in the Persian Gulf as co-chair of the Committee for Peace and Security in the Gulf (CPSG). According to journalist Jim Lobe, CPSG “worked closely with both the Bush Sr. administration in mobilizing support of the war, particularly in Congress, and with a second group financed by the Kuwaiti monarchy called Citizens for a Free Kuwait. CPSG also received a sizable grant from the Wisconsin-based Lynde & Harry Bradley Foundation, a major funder of both PNAC and AEI.”
- former New York Democratic Representative Stephen Solarz, who was Perle’s former co-chair at CPSG

## TRUST US, WE’RE EXPERTS

A number of Iraq hawks, including Perle and Woolsey, are clients of Eleana Benador, whose PR firm, Benador Associates, doubles as an “international speakers bureau.” Other Benador clients, many of whom have a prior history of advancing aggressive military policies and promoting dirty wars, include:

- conservative *Washington Post* columnist Charles Krauthammer, who criticized the *New York Times* in August for reporting that prominent Republicans were dissenting from Bush’s Iraq war plans
- dissident Iraqi nuclear scientist Dr. Khidir Hamza
- Alexander Haig, former US Secretary of State under Ronald Reagan
- Michael Ledeen, another AEI fellow and a prominent figure in the Reagan administration’s Iran/Contra scandal who helped broker the covert arms deal between the US and Iran

In an October 14 article for WorkingForChange.com, Bill Berkowitz reported that Benador’s “high-powered media relations” company gets her clients “maximum exposure on cable’s talking-head television programs and [places] their op-ed pieces in a number of the nation’s major newspapers.” Benador and her clients have assumed a prominent role in shaping the public debate over US Middle East policy.

Benador Associates lists 34 speakers on its web site, at least nine of whom are connected with the American Enterprise Institute, the Washington Institute and the

Middle East Forum. “Although these three privately-funded organizations promote views from only one end of the political spectrum,” notes British journalist Brian Whitaker, “the amount of exposure that they get with their books, articles and TV appearances is extraordinary.”

The Washington Institute publishes books, places newspaper articles, holds luncheons and seminars, and testifies before Congress. Whitaker calls it “the most influential of the Middle East think tanks.” Its board of advisors include Alexander Haig, along with CLI advisory board members Richard Perle, George Shultz, and Jeane Kirkpatrick.

The Washington Institute “takes credit for placing up to 90 articles written by its members—mainly ‘op-ed’ pieces—in newspapers during the last year,” Whitaker writes. “Fourteen of those appeared in the *Los Angeles Times*, nine in *New Republic*, eight in the *Wall Street Journal*, eight in the *Jerusalem Post*, seven in the *National Review Online*, six in the *Daily Telegraph*, six in the *Washington Post*, four in the *New York Times* and four in the *Baltimore Sun*.”

The Middle East Forum (MEF) is headed by Daniel Pipes, a frequent guest on TV public affairs shows. It publishes *Middle East Quarterly* and *Middle East Intelligence Bulletin*, an email newsletter sent free to journalists, academics, and other interested groups.

MEF also sponsors Campus Watch, a project that “monitors and critiques Middle East studies in North America, with an aim to improving them.” What this means in practice is that Campus Watch attacks university professors and departments that are perceived as harboring pro-Arab sympathies, “working for the mullahs” or encouraging “militant Islam.” Its web site provides a form to report on “Middle East-related scholarship, lectures, classes, demonstrations, and other activities relevant to Middle East studies” and lists academics that “Campus Watch has identified as apologists for Palestinian and Islamist violence.”

Like Benador, MEF provides its own “list of experts . . . to guide television and radio bookers” and to speak in other venues. Three of MEF’s experts, in fact, are also listed on Benador’s list: Khalid Durán, director of the Council on Middle Eastern Affairs; Michael Rubin, a AEI visiting fellow and Pentagon advisor, and Meyrav Wurmser, director of the Center for Middle East Policy at the conservative Hudson Institute and the former executive director of the Middle East Media Research Institute. MEF’s list of experts also includes two staff members from the Washington Institute as well as PNAC/CLI’s William Kristol. ■

# BRITISH AMERICAN TOBACCO'S SOCIALLY RESPONSIBLE SMOKE SCREEN

by Bob Burton and Andy Rowell

"This is a serious piece of work; it is not a 'PR' document . . . Social reporting is about squarely addressing the issues surrounding our products," said Martin Broughton, the Chairman of British American Tobacco (BAT). Broughton's speech, in July 2002, accompanied the launch of BAT's first "social responsibility report."

BAT is the world's second largest tobacco corporation. It holds a 15% share of the global tobacco market and sold 807 billion cigarettes in 2001. Its social responsibility report marked the culmination of more than two years of work, during which BAT coaxed journalists, health advocates, tobacco control activists and government officials to participate in meetings whose purported mission was to advise the company on how to become a responsible corporate citizen.

BAT's newfound interest in social responsibility came in the context of growing successes by the tobacco control movement. In Western countries especially, anti-tobacco groups have become increasingly successful at persuading governments to restrict tobacco advertising and promotion—restrictions that are referred to in BAT parlance as markets "going dark."

Worse still, tobacco control activism had prodded the World Health Organization (WHO) to begin work on a "Framework Convention on Tobacco Control." Health campaigners hope that such a convention could bypass the protracted process of country-by-country campaigning against the tobacco industry's well-honed defensive strategies.

"BAT sees the Framework Convention as a threat to its growing markets in developing countries," says Clive Bates from the UK-based Action on Smoking and Health (ASH). "It is determined to derail it, delay it, and sabotage it in any possible way it can."

## LET'S BE SENSIBLE

Not surprisingly, BAT argues that an international convention on tobacco control would undermine the "self-determination" of national governments and would not "constitute sensible regulation." Like other industries fearful of government regulation, it has turned to *voluntary* reforms as a strategy for fending off mandatory ones.

Part of that strategy involves inviting the tobacco industry's most committed opponents to join it in dialogue. In BAT's foreword to the social report, Managing Director Paul Adams wrote that the company was "seeking ways that may enable the more reluctant amongst them to discuss their views with us, however critical."

Away from public gaze, other BAT executives put the issue more bluntly. A video CD, titled "The Challenge of Change," was distributed to BAT's Australian staff in late 2001 and later leaked to the public. The video fea-

tured comments by Brendan Brady, then-director of corporate and regulatory affairs for BAT Australasia.

According to Brady, the company's social responsibility program was designed to help BAT regain control of the tobacco agenda. "Even those people who are trying to put us out of business are stakeholders," he said. "We need to know what they are thinking, we need a license to operate in the future. We need to be able to plan five years or ten years out, and we can't do that unless we understand what people expect of us as a business . . . We've got to set our own agenda and be pro-active."

"Do you think the people who are really [on the] anti side of the debate . . . actually want to engage with us?" asked Gary Krell, BAT's managing director for Australasia.

"If we find people who don't want to talk to us, then I believe over a period of time we can effectively embarrass them into talking to us," Brady replied. "We can ensure they come to the table eventually with their problems about the industry or their problems about tobacco or whatever."

## SCOPING THE STUDY

In mid-2000 BAT turned to the London-based EQ Management—a niche PR consultancy on corporate responsibility—to advise it on developing its first social reporting process.

On its web site, EQ Management describes BAT as a multinational company "vilified more than most" that "needed to demonstrate a serious commitment to change in order to retain its legitimacy to operate."

In terms of dollars spent, BAT's social responsibility consultation certainly represented a serious commitment. EQ Management, whose core staff consists of only two people, received approximately £350,000 (US \$547,000) for its work on the BAT social reporting project. BAT money accounted for the bulk of EQ Management's income during the eighteen-month contract that ran until June 2002.

The auditing company Bureau Veritas also collected a nice paycheck for its role in the social reporting process. Bureau Veritas, which was hired to verify the social reporting process and meetings, disclosed in BAT's final report that it earned approximately £650,000 (slightly more than US \$1 million) over a one-year period.

In September 2000, EQ Management undertook a "scoping study" for the social report, selecting thirteen BAT subsidiaries for review. The subsidiaries were chosen to represent a cross-section spanning developed and less-developed countries, tobacco-producing and tobacco-consuming countries, and different levels of "business regulation."

Neither the scoping report nor its summary are publicly available. According to EQ Management's Malcolm Guy, "The full report, for reasons of confidentiality, is never made public, nor disclosed to the client themselves. . . . It can form part of the audit trail and will be made available to the verifier if they wish to see it."

After a few hiccups in which some initially-selected subsidiaries opted not to participate, BAT and EQ Management finally settled on fourteen countries: Argentina, Australia, Brazil, Germany, Hong Kong, Hungary, Malaysia, Russia, South Africa, Sri Lanka, Uganda, the United Kingdom, the United States, and Zimbabwe.

### **SAME BAT CHANNEL**

Publicly, BAT insisted that its plan for seeking input would let stakeholders discuss any issues they wanted, without steering the discussion to fit company priorities. "Our process in the first cycle did not seek to pre-determine the issues or areas of the business covered, so that stakeholders would be able to raise whichever topics they saw as priorities. The agenda in each country has been led by local stakeholder interest," BAT claimed.

A different picture appears, however, in a "social reporting process diagram" published by BAT's Sri Lankan subsidiary, Ceylon Tobacco Company (CTC). One of the first steps in the process was to "select and prioritize issues and scope" before even commencing the first "dialogue" meeting. Tellingly, BAT omitted this step from the same diagram as it appears in BAT's global social report.

BAT identified three overarching theme areas for the social reporting process—"risk information and understanding," "risk reduction" and "business integrity." Under these framework themes BAT identified six core issue areas that all its participating subsidiaries should "adopt as topics for discussion in stakeholder dialogue."

The issues selected for discussion included consumer information, "combating under-age smoking," "responsible marketing," the promotion of "sensible" regulations, and demonstrating good "corporate conduct and accountability." The list overlapped almost exactly with the priority issues identified by BAT in its "voluntary" proposals submitted to the WHO Framework Convention on Tobacco Control.

While BAT went to pains to proclaim the process as open to all, its in-country social report managers used a "stakeholder classification mapping" system to determine who would be invited.

BAT considers this mapping system "proprietary" and has not made it publicly available, but some of the details can be found in the social responsibility report published by BAT's Sri Lankan subsidiary. CTC's *Look-*

*ing Beyond: Social Report 2001* says it sought stakeholders who were "deemed to have a high business impact" across a spectrum of views ranging from "sympathy," "neutrality" to "hostility," and whose were considered to have a high, medium or low "degree of flexibility" with respect to tobacco issues.

An accompanying colored chart indicates that "hostile" stakeholders were expected to either have a low or medium level of "flexibility" but would be substantially outnumbered by those classed as "neutral" and "sympathetic" participants.

Advice on developing the mapping system was provided by the Tarrance Group, a Virginia-based PR and polling company with a long history of working for tobacco clients including Philip Morris and Brown and Williamson, a BAT subsidiary. The Tarrance Group also has numerous Republican Party candidates on its client list as well as nongovernmental organizations including the National Rifle Association, the League of Conservation Voters and the Wilderness Society.

William Stewart, a Tarrance vice president, worked as worldwide consultant to BAT "on matters pertaining to stakeholder research, social responsibility, and corporate brand management." The Tarrance web site says Stewart helped Brown and Williamson "define their corporate image and regain the public trust" following the landmark legal settlement in 1998 between the tobacco industry and US Attorneys General.

### **DON'T SMOKE, KIDS**

BAT has been working for some time to counter the popular perception that it targets children. In May 2001, Broughton discussed the issue at the BAT's annual meeting in London, where he pledged to "cooperate extensively with governments, parents, teachers and NGOs [non-government organizations] in programs to prevent under-age smoking."

This sort of promise rings hollow with Simon Chapman, professor of public health and community medicine at the University of Sydney and editor of the *Tobacco Control Journal*. Chapman has studied the tobacco industry's sponsorship of youth anti-smoking programs and considers them a sham.

"They have the temerity to continue to run fairly expensive campaigns all around the world that say, 'Hey, smoking is an adult custom, we don't want kids to smoke,'" Chapman says. "Of course that sort of stuff actually incites kids to smoke. It says, 'this is how you look grown up, use this product,' and it is very, very attention-getting."

Support from this interpretation can be found in the tobacco industry's own internal documents, millions of

pages of which are now publicly available thanks to lawsuits against tobacco companies. In one such document, for example, BAT subsidiary Brown and Williamson states that it “will not support a youth smoking program which discourages young people from smoking.”

A 1991 document from the US Tobacco Institute—to which Brown and Williamson belonged—was equally candid: “The youth program and its individual parts support the Institute’s objective of discouraging unfair and counterproductive federal, state and local restrictions on cigarette advertising, by . . . seizing the political center and forcing the anti-smokers to an extreme.”

When confronted with these documents, BAT’s Brendan Brady demurs: “What they were thinking or

doing at that time, who knows? What I can say now is that everything we do in relation to preventing youth smoking is entirely genuine.”

## RESPONSIBLE MARKETING

In September 2001, BAT joined Philip Morris and Japan Tobacco in adopting an international voluntary code for marketing. According to a BAT news release, these new “globally consistent international marketing standards” represented a “raising of the bar” and established “a benchmark for the industry world-wide.”

Simultaneously, however, global financial market analysts responsible for assessing corporate profit prospects were reassured that the new guidelines wouldn’t adversely affect BAT’s sales volumes. Accord-

## EQ MANAGEMENT: FROM BODY SHOP TO BURMA DROP

EQ Management, the consulting firm that helped British American Tobacco develop its first social responsibility report, was formed in 1998 by Malcolm Guy and Deborah Smith, two former employees of the Body Shop, which uses claims of social responsibility to market its line of cosmetic products.

Guy and Smith remain EQ Management’s only two full-time employees. On their web site, they claim to have “lived the chaos of ethical challenges” and disavow any association with the public relations industry. “We leave public relations to PR professionals, and focus on delivering real substance,” the site boasts. Their home page ([www.eqmanagement.co.uk](http://www.eqmanagement.co.uk)) advises, “You cannot talk your way out of a problem you have behaved your way into.”

In addition to BAT, EQ Management’s other clients have included Body Shop International, the international development charity Oxfam, the Bank of Ireland, the UK Department for International Development, Marie Stopes International, Waitrose, Traidcraft, and the controversial Premier Oil. Other clients, including a pharmaceutical company, remain beyond public gaze. “Some clients are at an early stage of implementation and have not yet disclosed publicly that they are engaged in a Corporate Responsibility initiative,” said Malcolm Guy in an e-mail to PR Watch.

In 2001, Premier Oil turned to EQ Management to undertake a social report as it faced protests from human rights and labor groups mounting over its involvement in Burma. Premier Oil had signed a gas exploration deal for the Yetagun gas project with the Burmese military dictatorship in 1990, shortly after the

brutal massacre of pro-democracy campaigners. One of Premier’s joint venture partners in the project was the government’s own oil and gas company, the Myanmar Oil and Gas Enterprise.

EQ Management’s work for Premier was condemned by the Burma Campaign, a London-based human rights group. “EQ Management, the consultancy employed to undertake the report, has no experience of reporting on an operation such as Premier’s and has attempted to use a methodology which has significant flaws,” the Burma Campaign charged in “Destructive Engagement,” an analysis of Premier’s report.

The Burma Campaign focused particular criticism on Premier’s failure to speak directly to “those who have experienced human rights abuse” and fled the militarized pipeline corridor to refugee camps in Thailand. This criticism was accepted by the verifiers of Premier’s report and acknowledged by Premier itself. The report also failed to address the impact that revenues from the Premier project played in propping up Burma’s repressive regime.

“Inspector Clouseau could have done a better job of investigating the impact of Premier’s operations in Burma,” commented John Jackson, Director of the Burma Campaign UK.

Premier used its social report to defend its ongoing involvement in Burma, but this strategy only proved to be of short-term benefit. In September 2002, outflanked by effective corporate campaigning from a global network of Burma support groups, Premier finally withdrew from Burma.

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ing to a leaked memo from a tobacco analyst for Credit Suisse Group, the voluntary initiative was simply a way “to improve the tobacco industry’s image.”

“By pro-actively setting new international tobacco marketing standards, the multinationals could be trying to counter a number of proposals that the WHO has been working on to curb the amount of cigarettes that are consumed on an international level,” the memo reassured investors.

## LET THE DIALOGUE BEGIN

In April 2001—just prior to the public announcement of the social reporting project—EQ Management participated in a series of “dialogue skills” training workshops for BAT’s “Social Reporting Project Managers” in South America, Africa, Europe and Australia. This included hiring actors to play the role of critics challenging BAT’s policies and actions. EQ Management was also involved in further workshops for BAT Managers in December 2001 and March 2002.

BAT’s Sri Lankan subsidiary, Ceylon Tobacco Company, described subsequent local training including “building self-confidence and clearing inner obstacles” and “learning to foster quality relationships.”

In the US, Brown and Williamson turned to the Weber Shandwick PR firm to advise it on appropriate participants for meetings slated to occur in Baltimore, MD; Cape Girardeau, MO; and Oakland, CA. Brown and Williamson claims that participants were not screened for their views on tobacco.

BAT experienced mixed success in its efforts to recruit “independent” facilitators to oversee the stakeholder meetings. The company sought to entice wary stakeholders to participate by recruiting facilitators with high personal credibility from professions including “media personalities,” “heads of non-government organizations involved in social research” and “religious leaders.” Individuals who agreed to facilitate included the following:

- In the UK, BAT contracted Durham Ethics, a business consultancy involving Charles Yeates and David Jenkins, the former Bishop of Durham.
- In Australia, BAT hired Laurel Grossman from the Melbourne-based Centre for Stakeholder Research (CSR) which describes its role as helping reconcile “differences and encourage mutual development and growth, which will, in the long term lead to a sustainable future.” Grossman founded and works for Reputation Measurement, which publishes an annual survey assessing the public reputations of Australia’s top 100 companies. Grossman issued the stakeholder

invitations for the meetings in Australia but hired Susan Halliday, the country’s recently-retired Federal Sex Discrimination Commissioner, to facilitate the meetings. “As someone who is concerned, very concerned about the increase in youth smoking, especially among women, this is one way that I could contribute to the issues that currently haven’t been put inside the company for assessment,” Halliday explained.

- In Argentina, BAT hired “well-known academic and TV/radio commentator” Nelson Castro, as well as a nongovernmental organization specializing in conflict resolution—Fundación Cambio Democrático.
- In Hungary, BAT hired Viktor Klausmann, described as a “well known TV presenter” in BAT’s global report.
- In Uganda, a “consumer protection official/media executive” was hired.
- In Zimbabwe it was a former High Court judge.

Once hired, BAT’s “independent” facilitators championed the company’s decision to prepare a social report. In the UK, Durham Ethics invitation pleaded with skeptical invitees: “With so much at stake for those, here and abroad, who the tobacco industry harms, should dialogue not at least be tried?”

The letters of invitation stressed that any issues could be raised. Furthermore, they emphasized, BAT had promised to respond in writing to all issues identified. Its response to all the issues would then be the focus of a discussion at the second meeting and incorporated into the final report. To cap it all off, they said, the whole process would be verified by a global audit company, Bureau Veritas.

## SECRET HONOR

Tobacco control activists from around the world discussed the company’s proposal for dialogue via e-mail, but most concluded that it was better to avoid the process. “If BAT does not admit any past wrongdoing . . . why should critics simply wipe the slate clean and ignore 40 years of the most terrible mendacity?” ASH wrote later in its analysis of BAT’s social report.

In the eyes of BAT executives, this unofficial boycott undermined the credibility of the process. In the United States, Brown and Williamson abandoned a second round of dialogue meetings. “Our policy maker dialogue is at an embryonic stage,” it glumly reported.

In Australia, there was friction between BAT’s PR firm, Jackson, Wells & Morris (JWM) and the Centre for Stakeholder Research. “I wish we could have run the

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stakeholder process, though that's not our particular skill . . . we were just asked to work with the company that was running it which was very hard to do as consultants don't always get on well together," JWM partner Keith Jackson said. Shortly after the first dismally attended dialogue meetings, CSR's role was brought to an end.

Controversy surrounded the process on other issues too. While the initial invitations talked about accountability and transparency, the meetings were held under the "Chatham House" rule requiring participants not to disclose who attended or the specifics of what was said by individual participants. No minutes of the meetings were published, and even the number of people attending was secret. Regarding the meetings in Australia, all Grossman would say was that a "medium to small number of stakeholders" participated.

Some documents leaked out anyway. In Uganda, a local journalist obtained a summary of the "dialogue" meetings held there. "Long term threats to the tobacco industry from the likes of the WHO and the World Bank through their tobacco-hostile policies could possibly be eroded by carefully considering the reputation management initiatives and [corporate] giving and communities," the minutes stated.

According to leaked minutes of the first UK dialogue, facilitator David Jenkins called BAT's social reporting project a "risky but essentially hopeful" exercise.

The minutes also include some surprising remarks from Mervyn Pedelty, the Chairman of the Advisory Committee on FTSE4GOOD index (the UK ethical investment index). Pedelty held out the possibility that BAT might one day be considered a company that ethical investors could support. "We aspire towards a situation where we can more readily distinguish between the 'best performers' and the 'rest' in any industry—including tobacco," he stated.

## REAL RESPONSIBILITY

Pedelty's tender sentiments contrasted strangely with the realities that kept intruding on BAT's efforts to reconstruct its image. While its hand-picked stakeholders chatted in comfortable conference rooms, the company suffered a major legal setback in Australia, where a lawsuit brought by dying smoker Rolah McCabe reached a climactic conclusion. On March 25, 2002, Victorian Supreme Court Justice Geoffrey Eames rejected BAT's defense arguments and ruled that the company was responsible for paying AU\$700,000 in damages to McCabe (US\$378,000).

In his decision, Eames found that BAT had deliberately destroyed internal company documents relevant to the lawsuit "with the deliberate intention of denying a

fair trial to the plaintiff, and the strategy to achieve that outcome was successful. It is not a strategy which the court should countenance."

BAT had destroyed the documents based on advice from an attorney who warned of "the danger which the documents posed to the defense of future litigation." Moreover, its policy of destroying documents had been developed for global application, suggesting that other tobacco victims' cases around the world may have also been compromised. The Eames judgment therefore reverberated around the world. In late August 2002 lawyers from the US Department of Justice interviewed McCabe's attorneys to examine whether the destruction of documents could have affected cases launched by smokers against BAT's US subsidiary.

The ruling also had a fatal effect on BAT's dialogue process in Australia. "We are on hold at the moment until we get some clarity on the legal situation and then we might be in some position to produce some sort of response back to stakeholders in some sort of interim way," said John Galligan, BAT Australia's Director of Corporate and Regulatory Affairs.

In early December 2002 the Victorian Court of Appeal unanimously found in favor of BAT on every point of its appeal. The Court of Appeal judges found it "was surely not surprising" that BAT destroyed the documents to avoid the "magnitude, expense and complexity" of discovery. They rejected the suggestion that BAT's motive was to frustrate plaintiffs' cases.

While BAT was delighted with the decision, the family of McCabe—who died from lung cancer in late October—has announced that they will appeal the decision to the High Court of Australia. If the High Court upholds Eames original decision, the company may be rendered virtually defenceless in new cases in Australia.

## DETAILS, DETAILS

BAT claimed that its social responsibility report was drafted in accordance with the Global Reporting Initiative (GRI), a set of voluntary guidelines on social and environmental reporting developed by a coalition of business, government and non-profit groups.

"It was hoped that these standards would help BAT adopt an approach that would be credible with a skeptical public," stated EQ Management, the company's consultant.

The GRI has been criticized, however, by activist groups who warn that their voluntary nature lets companies pick and choose which guidelines to follow. This was indeed exactly what BAT did. The GRI guidelines say that the "society" section of corporate reports should contain information on "consumer health and safety."

One of the core indicators, the guidelines state, is “existence and description of policy for preserving customer health and safety during the use of reporting organization’s products and services.”

If BAT had complied with this component of the GRI guidelines, its social responsibility report would have included the approximate one million people expected to die prematurely each year for the next three decades from using its products—a figure that Action on Smoking and Health derives from World Health Organization estimates. “This is the most important impact of its products and should be estimated in its social reporting,” says ASH Director Clive Bates.

BAT’s social report disclosed that three of its employees had been killed and 37 involved in serious accidents during 2001, but omitted any estimate of the number of people who had been killed or seriously affected by consuming its products.

In fact, BAT only used half of the special indicators recommended by GRI, ignoring the rest. Since the guidelines are voluntary, of course, there is no penalty for this sort of selective noncompliance.

Asked about the omissions, BAT advisor Malcolm Guy gave a noncommittal response. “We wouldn’t choose to stipulate to any organization what they should do,” Guy said. “What they choose to report against they have to be accountable for and open to criticism if people think they are not complete . . . if people feel these indicators haven’t been covered in sufficient detail there are channels open to people to request further indicators are added.”

In addition to BAT’s bad-faith implementation of the GRI guidelines, the company also selectively picked and chose from the recommendations provided by stakeholders who participated in company-sponsored dialogues. In Malaysia, for example, stakeholders recommended that the company “consider eventual ces-

sation of all marketing (i.e. advertising and promotion) efforts of cigarettes—even to adults.”

For the company, however, this was an unacceptable suggestion. “The suggestion to stop marketing directly to consumers is currently beyond our responsible marketing targets,” they bluntly responded.

BAT Malaysia’s report could not even admit that nicotine is addictive, describing it as “a naturally-occurring substance in the tobacco plant which is thought to have a mild stimulant effect.” The Malaysia report also used weasel words to avoid acknowledging the devastating health effects of the tar created when tobacco is burnt, stating merely that tar “is thought to be related to some of the health risks associated with smoking.”

“They have left out the most important characteristic of nicotine which is its addictive properties,” said Mary Assunta, the media officer for the Consumers Association of Penang in Malaysia. “It looks like business as usual for BAT. What they are actually saying is that we are not going to change.”

BAT’s subsidiary in Argentina, Nobleza Piccardo, reacted in similar fashion when confronted with “unreasonable” demands from its stakeholders, who demanded that Nobleza Piccardo should quit the manufacturing of toxic cigarettes in 10 years.”

“Tobacco is a legal product. No government or serious activist group has proposed a total ban,” the company responded.

## AND IN THE END

BAT’s completed social responsibility report was released with less fanfare than the company had hoped. Just prior to its release, Action on Smoking and Health released its own scathing critique of BAT’s social responsibility, titled “British American Tobacco—The Other Report to Society.”

ASH also encouraged journalists to critically scrutinized BAT’s claims, effectively setting a standard against which the BAT report would be judged. What had originally been planned as a major announcement to strut BAT’s “socially responsible” credentials, instead became a low-level launch in the company’s London offices before a handful of invited reporters and staff.

To craft Broughton’s launch speech—part apology for past behavior, part promise to listen and change—BAT turned to its head of Corporate Communications, Fran Morrison. Prior to March 1999, Morrison worked for Shell Information Services (SIS), a now-defunct wing of the global oil behemoth that cleverly touted itself as a rebirthed corporation after public outrage over its role in Nigerian human rights abuses and its unsuccessful

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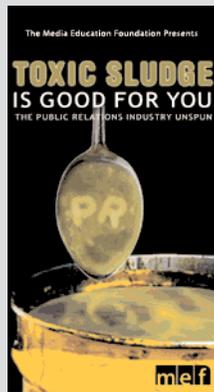
# Toxic Sludge—You've Read the Book, Now See the Video

The Media Education Foundation (MEF) has produced a video documentary based on the book by PR Watch editors John Stauber and Sheldon Rampton, *Toxic Sludge Is Good For You: Lies, Damn Lies and the Public Relations Industry*.

The video version of *Toxic Sludge* is narrated by Amy Goodman, host of Pacifica Radio's Democracy Now! Like the book, the video shows how PR functions as invisible propaganda, complementing the *visible* propaganda found in advertisements. It shows how much of what we think of as independent, unbiased news and information has its origins in the boardrooms of public relations companies.

The video features interviews with PR critics including John Stauber, cultural scholar Mark Crispin Miller, and Stuart Ewen, author of *PR! A Social History of Spin*. It tracks the development of the PR industry from early efforts to win popular American support for World War I to the role of crisis management in controlling the damage to corporate image. It analyzes the tools public relations professionals use to shift our perceptions including a look at the coordinated PR campaign to slip genetically engineered produce past public scrutiny.

One particular highlight of the video is its success in documenting the widely-used but little-known



industry practice of manipulating TV news through the use of "video news releases"—entire news stories that are scripted, filmed, edited and produced in their entirety by PR firms on behalf of their clients.

VNRs are designed to appear identical to real news, and sometimes that is exactly what they become. After they are produced, they are beamed by satellite to thousands of local TV stations, which sometimes broadcast them in their entirety without any editing whatsoever. TV stations that use VNRs almost never provide a disclaimer so that

viewers know they are seeing a commercial message, and TV news producers often deny using VNRs at all. MEF's video, however, shows a example of a VNR side by side against an actual TV news segment, in which the wording and footage used are verbatim identical.

The video also includes sections examining the PR industry's use of third party advocacy, its role in selling past and current wars, and the chilling effect that PR has had on public discussions and debates.

The video version of "Toxic Sludge Is Good For You" is available to universities for \$225, and to high schools and nonprofit organizations for \$125.

To order, visit the Media Education Foundation web site at <<http://www.mediaed.org/videos>> or phone 1-800-897-0089.

attempt to dump the obsolete Brent Spar oil drilling platform in the Atlantic ocean.

Broughton admitted that many organizations critical of the tobacco industry—"particularly most health and scientific stakeholders"—had boycotted its review process. Nevertheless, BAT said it was pleased that its framework "was broadly validated by stakeholders."

Notwithstanding the glaring deficiencies in both the process and BAT's final report, the company managed to impress the Dow Jones Sustainability Index (DJSI)—an index of stock exchange listed companies that claims to track performance of "the leading sustainability-driven companies." The DJSI is a joint project between the Dow Jones company and the Zurich-based Sustainable Asset Management (SAM), a sustainability research company whose web site claims that it is "financing change."

DJSI was so impressed with BAT's social report that in September 2002 it announced the company had been included in its 2003 index. In order to conclude that BAT deserved inclusion, however, SAM's summary analysis of BAT relied on the controversial "best of

sector" approach, under which "ethical" indexes opt to include companies embroiled in controversy as long as they are judged to perform better than their rivals within the same economic sector. Under this standard, *any* industry, no matter how venal and corrupt, is deemed by definition to have "ethical" practitioners.

SAM's summary stated that BAT "has an excellent overall sustainability performance compared to the industry average, and is clearly positioned among the best in its industry . . . BAT's performance in the social dimension is outstanding compared to its industry, especially in external stakeholder relationship management and public reporting."

ASH's Clive Bates responded that he was astonished at SAM's "gullibility." In his own analysis of the BAT report, Bates could find little change that could be attributed to the social reporting process.

"On all the issues that really matter the social report is either cosmetic, evasive or deceitful," he stated. "It's certainly artful PR, but no one should regard this as an insight into this company's place in the world." ■