

INTERVIEW WITH DAVID DAVIES, PHILIP MORRIS

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TIM SEBASTIAN: Presenter

By the year 2030, tobacco is expected to be the single biggest cause of death worldwide, outstripping HIV and heart disease by a significant margin. But the major cigarette manufacturers are pushing their product harder than ever. They're fighting last year's record damages against them: \$145bn awarded by court in Florida. They're also fighting new and tighter regulations by the European Union, but they still accept no responsibility for the agonising deaths and ruined lives that their products have caused.

David Davies, a very warm welcome to the programme.

DAVID DAVIES: Vice-President, Philip Morris International

Thank you very much.

TIM SEBASTIAN:

I gather you and your company are very much in favour of worldwide regulation of tobacco and cigarettes. What's wrong with the new EU rules that are being proposed?

DAVID DAVIES:

Well, we think that in all of the areas in which the EU has proposed regulations, there are genuine public concerns and that is perfectly appropriate for the EU...

TIM SEBASTIAN:

[Interrupting] Because there is no such thing as a safe cigarette.

DAVID DAVIES:

Exactly, and because consumers need to be aware of that. Now we think more can be done, we think the EU did not go far enough in certain areas and they missed an opportunity for better regulation.

TIM SEBASTIAN:

But you think they're going too far in some other areas?

DAVID DAVIES:

We think in some areas they took an approach that was not necessarily the best approach in the interest of society and consumers.

TIM SEBASTIAN:

That's a very diplomatic way of putting it. You don't like the fact that they don't like your titles "mild" and "light" on cigarettes, do they?

DAVID DAVIES:

We believe regulation of those terms is very appropriate, and we supported regulation of those tones. But we believe those terms can provide important and useful information to consumers, and there is a way...

TIM SEBASTIAN:

Why, in what way?

DAVID DAVIES:

Because they serve to differentiate for consumers the different tastes and tar levels of cigarettes.

TIM SEBASTIAN:

It doesn't mean they're safer though, does it?

DAVID DAVIES:

Absolutely not. In fact one of the suggestions...

TIM SEBASTIAN:

It could be misleading to some people, couldn't it?

DAVID DAVIES:

I think... I think that's a distinct possibility which is why we made the suggestion that we use a legend to the effect that lighter cigarettes are not safe cigarettes and are not safer cigarettes in order to communicate to consumers what they need to understand.

TIM SEBASTIAN:

Why are you proud of your products? What are you proud of?

DAVID DAVIES:

We're proud of the quality; we're proud of the efforts that we are making to continually improve our products.

TIM SEBASTIAN:

Proud of the fact that a billion people will die from tobacco-related illness this century?

DAVID DAVIES:

We are not... we are not proud of the fact that our products cause disease...

TIM SEBASTIAN:

Four million deaths a year at the moment.

DAVID DAVIES:

... which is why are seeking to develop products that may have the potential to offer... [*unclear, presenter interrupts*] ...

TIM SEBASTIAN:

Which is why you're advertising more and spending more on advertising than ever before, to push, to push your products.

DAVID DAVIES:

Advertising ... advertising in Europe is declining very rapidly, around the world.

TIM SEBASTIAN:

Mr Davies, 500 million people alive today will eventually be killed by tobacco and you're telling me you're actually proud of this product.

DAVID DAVIES:

I am saying that I am proud of what we are doing to seek to develop products that are better. That is why one of the things that we have had a lot of discussion...

TIM SEBASTIAN:

Well, what about the product you've got at the moment?

DAVID DAVIES:

... that we've had a lot of discussion with the World Health Organisation and the EU and other governments, is let's develop a framework that will allow us to develop products that have the potential to offer reduced harm benefits and help us create a means whereby they can be brought to market ...

TIM SEBASTIAN:

There's still no safe cigarette, is there?

DAVID DAVIES:

There is...

TIM SEBASTIAN:

Mr Davies, there's still no safe cigarette.

DAVID DAVIES:

There is no safe cigarette, but is it not desirable that for those who choose to smoke, that we create a framework and an environment which enables us to offer them the benefit of reduced harm?

TIM SEBASTIAN:

You could say why should you choose to inhibit people who are both stupid enough to kill themselves and pay you for the privilege in the process.

DAVID DAVIES:

The fact is...

TIM SEBASTIAN:

Because that's what it comes down to, doesn't it?

DAVID DAVIES:

In Europe alone, there are 90...

TIM SEBASTIAN:

Doesn't it? There's no denying that, is there?

DAVID DAVIES:

No, in Europe alone...

TIM SEBASTIAN:

Can we just address that for a moment?

DAVID DAVIES:

In Europe alone ...

TIM SEBASTIAN:

Can we ...

DAVID DAVIES:

I'm addressing it, I'm addressing it. In Europe alone, there are 90 million adult smokers aware of the risks of smoking who have made the decision for themselves ...

TIM SEBASTIAN:

Who are stupid enough to want to kill themselves...

DAVID DAVIES:

They choose to smoke.

TIM SEBASTIAN:

... and you'd like to help them do it.

DAVID DAVIES:

We think that those ...

TIM SEBASTIAN:

Because that's what it comes down to, doesn't it, at the end of the day, Mr Davies?

DAVID DAVIES:

We think that governments ought to do everything in their power to encourage people to take sensible decisions and to pursue healthy lifestyles. We do not believe that they ought to prohibit people from making harmful choices.

TIM SEBASTIAN:

So you accept no responsibility whatsoever...

DAVID DAVIES:

We have...

TIM SEBASTIAN:

... for this choice that people make?

DAVID DAVIES:

We have a responsibility to ensure that the message of the public health communities, that smoking causes disease, that smoking is addictive, is a clear, loud and consistent message that is understood by everyone making decisions about smoking.

TIM SEBASTIAN:

Your responsibility, you know, history, isn't it? The fact is the foreman of the jury in Florida, when this record award was given against you and one other company last year, the foreman of the jury said, "they" - the companies in the tobacco industry - "committed fraud, lied to the American public, devastated millions of lives". That's surely your responsibility, isn't it?

DAVID DAVIES:

We are taking an appeal from that verdict. We do not agree with the result of that trial.

TIM SEBASTIAN:

But that's... that's what the jury said. You may not agree with the result; that's what the jury actually said, though, didn't they?

DAVID DAVIES:

And that is why that case is on appeal.

TIM SEBASTIAN:

But it doesn't change the verdict of the jury. "They committed fraud, they lied to the American public and they devastated millions of lives." Are you saying you didn't lie to the public?

DAVID DAVIES:

We're taking an appeal because we think the verdict was wrong. There will be a decision by an appellate court which will tell us whether that verdict was right or wrong and I think that that's where that decision will have to be made.

TIM SEBASTIAN:

So are you saying you haven't lied? Is this wrong?

DAVID DAVIES:

What I am...

TIM SEBASTIAN:

You're saying it's contested, but are you saying that you didn't committed fraud, that you didn't lie to the American people and you didn't devastate millions of lives?

DAVID DAVIES:

In our defence, in that case, we refuted each and every charge. That is why...

TIM SEBASTIAN:

So you never lied?

DAVID DAVIES:

That is why we are taking an appeal, that is why we are challenging the verdict, because we think the verdict was wrong.

TIM SEBASTIAN:

The verdict was wrong, but I'm talking about these individual points. "They committed fraud" - did you or didn't you?

DAVID DAVIES:

It is our position that the allegations of fraud which are made in this case and which have been made in others unsuccessfully are wrong.

TIM SEBASTIAN:

So that's... that's wrong. You never lied to the American public?

DAVID DAVIES:

It is our position whenever that allegation has been raised to deny it. We believe that our denials are the right position and, again, in every case in which that allegation has been raised, we have a situation where we are taking an appeal or where the jury rejected that claim.

TIM SEBASTIAN:

Let me go back to 1958, and this was written by a scientist for British American Tobacco who toured your

laboratories. "With one exception," he wrote, "the individuals with whom we met believed that smoking causes cancer." That was 1958, British American Tobacco scientists touring Philip Morris laboratories.

DAVID DAVIES:

That was some... that was something said by someone else ...

TIM SEBASTIAN:

You're saying that this was never kept back from the American public?

DAVID DAVIES:

First of all, I mean, 1958, I was a relatively young person and I certainly wasn't working, I was still in...

TIM SEBASTIAN:

No, I'm not blaming you - I'm talking about the company!

DAVID DAVIES:

No, but let's...

TIM SEBASTIAN:

I'm not blaming you specifically for this.

DAVID DAVIES:

But let's... let's put this in a context. First, it is not something that our company wrote or said. It is something that someone else said about us. It was something that was said more than 40 years ago.

TIM SEBASTIAN:

Well, let's go to something that your company did say. In 1969, this was from your R&D development manager, talking about cigarettes and young people. He said: "A cigarette for a beginner is a symbolic act and an adventure." Then he goes on to write: "As the force from the psychological symbolism subsidises, the pharmacological effect takes over to sustain the habit." "Pharmacological effect takes over to sustain the habit" - which means addiction, doesn't it? This was 1969 that this was known about, *at least* in 1969, that you knew that this was addictive.

DAVID DAVIES:

I'm not going to respond to an excerpt from a document that was written when I was not with the company, which I don't know...

TIM SEBASTIAN:

But you speak... you speak for the company.

DAVID DAVIES:

Yes, and let me speak about today and let me speak about tomorrow.

TIM SEBASTIAN:

Today is decided... the people who are dying decided years ago, wasn't it?

DAVID DAVIES:

Our company has clearly stated its position. We agree with the overwhelming consensus that smoking causes disease. We agree with the overwhelming consensus that smoking is addictive.

TIM SEBASTIAN:

But you won't accept responsibility for what the jury actually said last summer, talking of today... last summer: you won't accept the conclusion that the jury came to. I'm puzzled as to why you didn't, after thousands of your documents were actually produced in court.

DAVID DAVIES:

We want the public health message to be the only message. We want it to be consistent, we want it to be clear, understood. We want it to be strong. Everyone making decisions about smoking needs to understand that smoking causes disease and is addictive.

TIM SEBASTIAN:

But you want to regulate so that the environment that allows people to go on buying cigarettes and killing themselves, if they choose to do so.

DAVID DAVIES:

We want to regulate so that those who are making decisions about smoking are getting the information they need from everyone who is making tobacco products...

TIM SEBASTIAN:

So they can go on to kill themselves if they want to.

DAVID DAVIES:

... and regulation which will ensure That the practices of the tobacco industry as a whole are responsible, are directed towards ensuring that only adults smoke, are directed to ensuring that the public health message is the message understood by everyone. No, we do not accept that government should prohibit people from making harmful choices, but we do believe the government have a very legitimate role in seeking to encourage people not to smoke, encouraging those who smoke to stop smoking. And we want a regulatory scheme which enables those goals to be met and one which enables the development of products that may offer reduced harm benefits to people who do continue to make choices.

TIM SEBASTIAN:

But don't at the moment. You've talked about a campaign to raise awareness among the youth of the dangers of smoking.

DAVID DAVIES:

Yes, we are deeply committed to the principle that young people should not smoke. We are taking a wide range of actions in over 50 countries around the world to fulfil that commitment. We advocate the adoption of minimum age laws. And you know, here in Europe, there are... half the countries do not even have a minimum age law. We run programmes to discourage the sale in countries where there are no age laws...

TIM SEBASTIAN:

They're dismissed by the anti-smoking lobby as cynical and counterproductive.

DAVID DAVIES:

By some. You know, in many countries we co-operate with community organisations, with government organisations and with anti-smoking organisations in facilitating the introduction of campaigns to limit access, campaigns to educate young people so that we can create an environment where young people are not going to smoke.

TIM SEBASTIAN:

Can I... can I just remind you of a product of yours that is on sale in Australia. This is Alpine cigarettes which is one of your products. It's a little plastic bag. It's got a notebook in it, a notebook, address book, it's got a natty little plastic folder. Wouldn't you have said that that was targeted towards the young?

DAVID DAVIES:

Not at all. You know *[word unclear]*...

TIM SEBASTIAN:

Can you tell? I mean, you wouldn't... somebody of our age wouldn't go around with something like that, would they? It's got... on the address book, it's got hearts and stars and glasses and televisions sets. It's clearly aimed at kids, isn't it?

DAVID DAVIES:

Fortunately, Australia is one of those countries which has seen the sense of adopting minimum age laws and they are very strictly enforced in Australia. The only way anyone can secure this product is by demonstrating that they are over the age of 18 years. Now I think countries around the world need to follow that example, to adopt minimum age laws, to enforce them, to make sure that the retail trade enforces them, and then we can go on and do more and we can work on education programmes, so that young people do not want to smoke.

TIM SEBASTIAN:

So you want to appear to be doing something about youth smoking. This is what the anti-smoking lobby says that you want to appear.

DAVID DAVIES:

We are doing something. We are doing an enormous amount, as I said.

TIM SEBASTIAN:

Can I just read you a statement? "If we don't do something fast to project the sense of industry responsibility regarding the youth access issue, we're going to be looking at severe marketing restrictions in a very short time. Those restrictions will pave the way for equally severe legislation or regulation where adults are allowed

to smoke.” Now that was from Philip Morris senior vice-president Ellen Merlo in 1995.

DAVID DAVIES:

That is not the position of our company today.

TIM SEBASTIAN:

Is she fired, then? Has she been fired, if it's not the position?

DAVID DAVIES:

We believe... she is still working for the company.

TIM SEBASTIAN:

She still works there?

DAVID DAVIES:

I don't know that document. Let me...

TIM SEBASTIAN:

Well, that was produced in court.

DAVID DAVIES:

I understand. But let me... let me make it very clear what we believe. We believe that young people shouldn't smoke. We believe that governments, communities, parents, teachers and we should all work together to make that happen. And we believe that marketing practices for the industry as a whole must be regulated in every country in the world, and let's get the rules defined, let's make sure that everybody is subject to those rules and let's make sure that enforcement of the rules is strong, fair and equitable

TIM SEBASTIAN:

Let me read you something else. “We refined the objective of the juvenile initiative programme as follows: ‘maintain and proactively protect our ability to advertise, promote and market our products via a juvenile initiative.’” That was Cathy Leiber, director of corporate affairs in Latin American region, 23 September 1994. Is that not company policy either?

DAVID DAVIES:

Our policy is...

TIM SEBASTIAN:

But who are these? These are senior people in your company.

DAVID DAVIES:

I understand. Let me explain what the policy is. The policy is that we want to provide responsibly to adults who choose to smoke the best quality products that we can make.

TIM SEBASTIAN:

That's not backed up by these statements, is it?

DAVID DAVIES:

Often we are attacked, I think wrongly, because there is a belief that we intend to market to children. We do not. Society is concerned about children smoking...

TIM SEBASTIAN:

But these statements specifically say that you're trying to be seen to do something about this in order to push a juvenile initiative.

DAVID DAVIES:

No, it's in order to be responsive to society's concerns. Society's concerned, government's concerned. Our company is concerned. You know, we have amongst our employees the same proportion of parents that you'll find everywhere. They don't want their kids to smoke; they don't want kids anywhere to smoke.

TIM SEBASTIAN:

90 per cent of your customers start smoking before the age of 20. These are your figures. So your own statistics show that you have to hook teenagers in order to get them as customers later on. Your own statistics don't... don't dispute that.

DAVID DAVIES:

No, no. If we are successful working co-operatively with all interested parties in getting to a world where no young person smokes...

TIM SEBASTIAN:

Is that right? 90 per cent of your customers start smoking before the age of 20.

DAVID DAVIES:

I'm responding to it. I don't know that we can get there, but if we are successful, and we would love to be successful, if as a consequence there are fewer adults who smoke, we're very happy to accept that consequence. But we do not believe that if no young person smokes, no adult will make the decision to smoke.

TIM SEBASTIAN:

You would go bankrupt if teenagers didn't smoke, wouldn't you? I mean, that's... that's a fact. That's a harsh fact in your business, isn't it?

DAVID DAVIES:

We believe... no, it's not, because we believe that there are adults who will make the decision to smoke, and we are content to base our business on those adults who make that decision. In fact, we would like to have our business be only those adults who choose to smoke.

TIM SEBASTIAN:

And that also has an attraction to children, doesn't it? If you say, well, this is an adult thing, a little nod and a wink, it's only the adults who can do this, obviously the children emulate who they see smoking.

DAVID DAVIES:

There might be a consequence, which is why we say we want...

TIM SEBASTIAN:

Which is what the anti-smoking lobby points to and says it's a deceptive measure.

DAVID DAVIES:

Well, today they do, because we are finally doing something that's very effective to address the issue of youth smoking. The reason we want laws and strong laws that are enforced is to make sure young people don't get access. The reason that we run education programmes with governments and community groups is we want to create an environment where young people don't want to smoke. We are genuine in our commitment and we will work with anyone who is willing to participate, to address this issue in a concrete and serious way.

TIM SEBASTIAN:

And you don't accept any responsibility whatever for what took place in the past? So people in your company go around saying it's a new company, you're out of touch, you're citing issues that were dealt with years and years ago, the company's changed. Has the company changed?

DAVID DAVIES:

The company has changed and the company is changing.

TIM SEBASTIAN:

Even though it did nothing wrong in the past, as you say, it's still changing?

DAVID DAVIES:

No, what has really changed is that we are speaking out, we are seeking to have dialogue, we are seeking to be constructive and to find solutions to these complex issues around tobacco. We know longer have what I call this reflex of opposition. We want to work with governments everywhere in the world to find solutions.

TIM SEBASTIAN:

You said you focused... you said in the past you focused on what is not known rather than what is known. Now that was a deception, wasn't it?

DAVID DAVIES:

No, I don't believe that that was a deception at all.

TIM SEBASTIAN:

It's a nice way of saying you withheld vital information that could have saved people's lives.

DAVID DAVIES:

We did not. What that is referring to is the medical scientific evidence in relation to smoking. We do not believe that is where the focus should be today; we believe that the consensus of the medical community is overwhelming, and we have embraced that and said we agree with it.

TIM SEBASTIAN:

They'd like to stop everybody smoking.

DAVID DAVIES:

There are some...

TIM SEBASTIAN:

The position is that they would like to stop everybody smoking. That's the consensus of the medical community.

DAVID DAVIES:

I think that is a legitimate public health policy goal. I think it is very legitimate.

TIM SEBASTIAN:

Legitimate and desirable, isn't it?

DAVID DAVIES:

From their perspective, absolutely.

TIM SEBASTIAN:

What, from the perspective of anybody's health.

DAVID DAVIES:

I think that's right.

TIM SEBASTIAN:

And one out of two regular smokers are going to die from it. It... it's not only legitimate, it's highly desirable. You're a human being, you want to save lives, don't you?

DAVID DAVIES:

We take no issue with that. That is one of the reasons that we are seeking to work with governments to get regulation. We don't take issue with pursuing measures designed to encourage people not to smoke, to encourage people to stop smoking, to make sure that people have the information they need. The only place we take issue is with a prohibition of the right of someone to make a decision that some may view with disfavour and some may view as harmful.

TIM SEBASTIAN:

You also take issue with the lawsuit which has been launched by the European Commission in New York, which accuses you of smuggling of cigarettes, money laundering, racketeering and organised crime. You're going to fight that vigorously, are you?

DAVID DAVIES:

We are defending the case vigorously and we have filed an action here in the European Court of Justice to contest that lawsuit.

TIM SEBASTIAN:

A statement of claim says that in the 1990s Philip Morris defendants destroyed documents relating to its so-called tax-free customers and thereby concealed Philip Morris's direct involvement in and promotion of smuggling activities. True or false?

DAVID DAVIES:

I'm not going to respond to a statement of claim and to a case which is pending in which we have filed papers responding to that claim. I don't think that would be appropriate. But let me say this...

TIM SEBASTIAN:

Do you believe there's no case to answer?

DAVID DAVIES:

But let me say this about the issue: we believe the issue is a serious and complex problem; we believe it needs to be addressed; we believe it can be addressed.

TIM SEBASTIAN:

What do you mean? The lawsuit is a serious lawsuit.

DAVID DAVIES:

No, the issue of smuggling in contraband, and we are advocating a number of measures...

TIM SEBASTIAN:

You were accused of doing it knowingly.

DAVID DAVIES:

We are advocating a number of measures that we believe are appropriate to address this problem. They involve action by governments, they involve actions by customs organisations, it involves actions by everyone involved in the distribution and actions by manufacturers, which we believe need to be mandated and regulated. Now we think the problem can be addressed, and we have put forward four different sorts of measures. It requires more and better law enforcement; it requires means to identify the product, whether it be contraband or counterfeit, and destroying it.

TIM SEBASTIAN:

Well, the EU thinks you're part of the problem, not part of the solution.

DAVID DAVIES:

Well, we believe that we have some solutions, and the other two platforms are equally important.

TIM SEBASTIAN:

How shocked would you be if they could prove their case? Tell me that.

DAVID DAVIES:

I am not going to discuss a piece of pending litigation. What I'm perfectly willing to talk about is let's find solutions; let us have laws that mandate the sorts of practices that we believe need to be pursued by those who make cigarettes, by those who distribute cigarettes, by those who store cigarettes, by those who sell cigarettes. We think those actions, in combination with increased law enforcement, can bring a solution. And we've seen that.

TIM SEBASTIAN:

Still proud of your products?

DAVID DAVIES:

We are proud of the products we make; we are proud of the employees that we have.

TIM SEBASTIAN:

But not the effect that it has on people.

DAVID DAVIES:

Of course not, which is why we are working very, very hard to seek to develop products that can have the potential to offer reduced harm benefits, and we want to work with governments to that end.

TIM SEBASTIAN:

But if one day a marvellous thing happened, a miracle, and the world gave up smoking, you'd join the celebrations, would you?

DAVID DAVIES:

Well, I don't know that we'd celebrate, but we I don't know that it will happen. Our view is very similar to that *[word unclear]*...

TIM SEBASTIAN:

Your profits depend on that, don't they?

DAVID DAVIES:

Well, we are a very diversified company, as you know. We are the largest consumer products company in the world and one of the largest food companies.

TIM SEBASTIAN:

Ninth largest corporation in America.

DAVID DAVIES:

One of the largest food companies in the world. And you know, if we... if there was no longer a cigarette business, we would take our wonderfully talented people, our wonderfully dedicated workforce, and we would turn it to other endeavours.

TIM SEBASTIAN:

I'd like to see that happen. David Davies, thank you very much for being with us.

DAVID DAVIES:

Thank you.

TIM SEBASTIAN:

Thank you.