

**Corporate Power and Social Policy:
The Political Economy of the Transnational Tobacco Companies**

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Global Social Policy, 2009, 9(3): 328-354.

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ABSTRACT

Drawing on published tobacco document research and related sources, this article applies Farnsworth and Holden's conceptual framework for the analysis of corporate power and corporate involvement in social policy (2006) to the transnational tobacco companies (TTCs). An assessment is made of TTCs' structural power, the impact upon their structural position of tobacco control (TC) policies, and their use of agency power. The analysis suggests that, as a result of the growth of TC policies from the 1950s onwards, TTCs have had to rely on political agency to pursue their interests and attempt to reassert their structural position. The collapse of the Eastern bloc and the liberalisation of East Asian economies presented new structural opportunities for TTCs in the 1980s and 1990s, but the development of globally coordinated TC policies facilitated by the World Health Organisation's Framework Convention on Tobacco Control has the potential to constrain these.

KEYWORDS

transnational corporations, transnational tobacco companies, corporate power, social policy, tobacco control

Introduction

The release of millions of internal tobacco industry documents to public view since the 1990s, as a result of litigation in the USA, has presented an unprecedented opportunity to develop understanding of a major industry which has a direct impact on public health (Hurt and Robertson, 1998; Malone and Balbach, 2000). Much analysis of the industry and its strategies and tactics has since been published, contributing greatly to our understanding of transnational tobacco companies (TTCs). To date, much of this analysis has been descriptive (Carter, 2005) and has not often drawn on theoretical approaches outside of public health (Bero, 2003: 283).

This article attempts to theorise the activities of TTCs by adapting Farnsworth and Holden's (2006) conceptual framework for the analysis of corporate power and involvement in social policy, and systematically applying that framework to an analysis of TTCs and their relationships with states and international institutions. In doing so, it draws on tobacco document research published to date, as well as theoretical and historical literature on tobacco companies, work by the World Bank, and empirical work by tobacco control advocates. The article thus contributes a theoretical analysis of TTC power, based upon a synthesis of published work; as such it is limited by its reliance on the available published empirical work, and future empirical work may contribute to a refinement of the analysis developed here.

A Conceptual Framework for Analysis

Farnsworth and Holden (2006) begin by making a distinction between structural and agency power (see Farnsworth, 2004, for an extended discussion of these two types of power). Corporate structural power operates where governments are constrained to act in ways that safeguard or promote the fundamental needs of business without particular businesses or their collective organisations having to exert agency (i.e. to take explicit action). As Farnsworth and Holden (2006: 475) put it, ‘The most important mechanism of structural power stems from capital’s ability to make free investment decisions’, since ‘business investment is a key determinant of future production, employment and consumption levels...’ The opportunity for businesses to exit a national economy by, for example, moving a manufacturing plant to another (perhaps lower cost) country increases corporate structural power. Processes of economic globalisation have thus tended to increase corporate structural power, though this varies by sector. The extent to which structural power impacts on governments ‘depends on how mobile capital is; the number of alternative investment opportunities open to firms; the relative strength of the economy and the degree to which governments will be prepared to compete to retain present investment or attract new investments’ (Farnsworth and Holden, 2006: 475). However, the more active and effective international institutions are at making policy and coordinating regulation, the more corporate structural power is potentially reduced, since corporations cannot exit the global economy (Farnsworth, 2004).

Where structural power is insufficient to protect a corporation’s interests, they may turn to agency power. Farnsworth and Holden (2006) distinguish between three broad types of direct business inputs into social policy: political engagement,

institutional participation, and provision or production. Corporations may exert influence through political engagement in a number of ways. Business leaders and politicians may be members of the same networks, as argued by elite theorists (Scott, 1991) and some Marxists (Miliband, 1969). Corporations may engage in various forms of lobbying, fund politicians or their parties directly, or fund think tanks and research institutes that help to shape debate (Farnsworth and Holden, 2006: 476).

Companies may also exert influence over policy makers by participating in institutions that manage or have an effect on welfare outcomes. For example, since the Thatcher governments in the UK after 1979, it has become common for business people to occupy key positions on the boards of quangos, hospitals and schools, and business has become integrated into welfare services through the development of public-private partnerships.

Finally, firms may play an important role in the delivery of services or the production of goods that are important for welfare. Farnsworth and Holden's (2006) typology of provision and production (derived from Holden, 2005) is wide ranging, but incorporates only those firms that play a functional role in the creation or provision of welfare goods or services. This typology requires amendment to take account of companies such as TTCs which have an overtly negative impact on health and wellbeing, as discussed below.

The remainder of this article applies an adapted version of this analytical framework to TTCs, drawing on existing tobacco document research and related sources. The concentrated and transnational nature of TTCs is first examined. Structural aspects of power relating to TTCs are discussed next, providing an analysis of the supply-side factors that may constrain governments' actions towards TTCs. The discussion is then broadened to include an analysis of the demand-side factors that

may impact upon the structural position of TTCs, and which may affect their ability to profitably sell their products. As discussed below, the structural power of TTCs has been insufficient to prevent a number of governments from acting to constrain TTCs' freedom of action in a number of ways in the pursuit of public health goals. TTCs' use of political agency, partly in response to such government action, will thus be examined, followed by discussions of institutional participation and production as it relates to welfare outcomes. It is important to note that, whilst we make a conceptual distinction between structural and agency power, both are interdependent and variable over time (Farnsworth, 2004). A 'structurationist' approach is therefore taken here, whereby the use of agency by both TTCs and governments plays a crucial role in modifying the overall structural position of TTCs, in terms of both their ability to further influence governments and in terms of their freedom to produce and sell their products.

Concentration and Transnationality of TTCs

British and American tobacco companies first began to internationalise towards the end of the nineteenth century, with British American Tobacco (BAT) formed in 1902 as a joint company to run all business outside of the two home countries. BAT later became a solely British company as a result of anti-trust action in the US (Cox, 2000). Today, the four major TTCs (ranked in order of magnitude of sales) are the Altria Group, which owns Philip Morris, BAT, Japan Tobacco and Altadis (Imperial). Table 1 provides a summary of the size and degree of transnationality and internationalization of these four corporations in 2006, extracted from *Fortune*

magazine's G500 list (*Fortune*, 2007) and the United Nations Conference on Trade and Development's (UNCTAD) transnationality index (UNCTAD, 2008). All four companies were large enough to feature in *Fortune* magazine's G500 list of the world's largest 500 corporations (by revenue), with Altria the largest of the TTCs and the 71st largest company in the world. Both Altria and BAT were transnational enough to feature in UNCTAD's 'transnationality index' of the 100 most transnational non-financial corporations in the world, with BAT the most transnational TTC and the 43rd most transnational company in the world (see Table 1). A period of consolidation saw Japan Tobacco acquire Gallaher and Imperial acquire Altadis in 2007 (Imperial/Altadis now trade as Altadis). In 2007, the four TTCs had a combined share of the global tobacco market (by volume) of 52.2% (excluding China, dominated by the huge state monopoly, CNTC), with Altria/Philip Morris at 18.7%, BAT at 17.1%, Japan Tobacco at 10.8% and Altadis/Imperial at 5.6% (Hedley, 2007). In early 2008, Altria created Philip Morris International (PMI) as a separate company from Philip Morris USA with its headquarters in Switzerland, perhaps to protect its international operations from litigation in the USA. PMI is the world's third most profitable consumer goods concern (O'Connell, 2008).

The industry operates in an essentially oligopolistic fashion, and the market positions of TTCs are strongly protected by barriers to entry. Shepherd (1985) has analysed the three sets of barriers to entry identified by Bain (1956) as they affect the cigarette industry. Two of these, absolute cost advantages of existing firms and economies of scale, do not constitute major constraints on new firms entering the industry. Shepherd argues that supply conditions such as economies of scale that are related to production *process* technology (as opposed to product technology) do not constitute major constraints to new firms entering the cigarette industry, and neither

do the supply of raw materials (such as tobacco leaf) or other factors of production. Smaller scale operations are as efficient as larger ones, since the average cigarette plant uses a large number of identical cigarette-making and packing machines. Similarly, supply conditions for the principal inputs do not pose high barriers to entry, since non-leaf inputs such as paper and filters are cheap and, although tobacco leaf is expensive, 'the basic tendency towards oligopsonistic pressure on growers maintains fairly low prices' (Shepherd, 1985: 72).

However, Bain's third set of barriers to entry, consumer preferences for the products of existing producers, is very important in the tobacco industry. These relate to the demand creation efforts of firms, and include investments in distribution networks, sales forces and market research, and physical differences in the form of the product and its packaging. The latter are relatively unimportant in their own right, since they are relatively easy to copy, but attain significance through 'the creation of subjective brand images through massive advertising and other types of promotion' (Shepherd, 1985: 73). Customer loyalty to existing brands thus constitutes a powerful barrier to entry, since potential entrants to the market must incur advertising expenditure and product form segmentation above that of established firms. The demand creation efforts of the leading firms thus permit above competitive profits, and are 'the most important single source of high concentration in the industry' (Shepherd, 1985: 74). On the rare occasions when new entrants or small firms have tried to compete on the basis of price in mature markets such as the US, predatory action by the oligopoly has been used to undercut the new entrant and eliminate competition so that oligopolistic profits can be restored (Adams and Brock, 1998).

The Structural Power of TTCs

Globalisation tends to increase the structural power of corporations in their relationships with states, primarily by increasing the opportunities for exit from any given national economy. This is particularly true for manufacturing firms that are relatively mobile. Like other corporations, TTCs must take account of both supply and demand factors. On the supply side, this means that they must be able to grow or source tobacco leaf in a cost-effective way, and manufacture cigarettes and other tobacco products from it. TTCs will have structural power where economies rely on the employment provided by their investment in leaf growing or cigarette manufacture, and the income taxes and export earnings that flow from this. Their room for manoeuvre will be substantially increased where there are many countries from which they can source, or potentially source, tobacco leaf, and alternative countries in which they can situate manufacturing sites.

We may expect that the more structural power TTCs have, as a result of the dependence of any given country on the employment provided by leaf growing or cigarette production, the more likely that country's government is to oppose effective tobacco control (TC) policies at the national and global levels. Worldwide, an estimated 10 million full-time equivalent workers are employed in tobacco farming, with almost 2 million employed in the manufacture of tobacco products (Warner & Mackay, 2006: 72). Data compiled by the World Bank (1999; Jacobs et al, 2000) provide a good overall picture of the significance of tobacco production to various countries. The manufacturing side of the tobacco industry is a relatively small source of jobs, as it is highly mechanized; the Bank estimates that in most countries tobacco

manufacturing jobs account for well below 1% of total manufacturing employment. There are, however, a few important exceptions to this pattern, with tobacco manufacturing accounting for 8% of total manufacturing output in Indonesia, and between 2.5% and 5% in Turkey, Bangladesh, Egypt, the Philippines and Thailand (World Bank, 1999).

Tobacco farming is generally much more significant in terms of employment. More than 100 countries currently grow tobacco, of which about 80 are developing countries. China, the USA, India and Brazil account for two-thirds of total production, with China responsible for 45.6% of all tobacco grown in 1997 (Jacobs et al, 2000). The industry estimates that 33 million people are engaged in tobacco farming worldwide, although this includes seasonal and part-time workers, family members, and farmers who grow other crops as well (World Bank, 1999), and the industry may have an incentive to inflate such estimates. Many of these farmers may be locked into dependent and exploitative relationships with TTCs, yielding dubious benefits for farmer welfare (Patel et al., 2007). Over the two decades to 1999, the share of global production by high-income countries fell from 30% to 15%, while that by Middle Eastern and Asian countries rose from 40% to 60% (World Bank, 1999; Jacobs et al, 2000). The World Bank argues that reduced demand for tobacco would have little long-term effect on most tobacco producing countries as any decline would be gradual and production is a small part of most economies. Spending on tobacco would be reallocated to other goods and services, so for most countries there would be little impact on their overall economic welfare. It is possible that some major producers that export a large proportion of their crop may be negatively affected. Zimbabwe, Malawi, Brazil, Turkey, Greece and Italy all export more than seven-tenths of their crop. However, only two countries are substantially dependent on raw tobacco for

their export earnings: Zimbabwe at 23% of export earnings and Malawi at 61%. Additionally, Bulgaria, Moldova, the Dominican Republic, Macedonia, Kyrgyzstan and Tanzania rely significantly on tobacco as a source of foreign exchange, although their shares of the global market are small (World Bank, 1999; Jacobs et al, 2000).

While only a few countries are significantly dependent on tobacco growing and exporting, therefore, it is recognised that any shift in production may be disruptive and painful for many of the farmers involved. The Bank acknowledges that tobacco has been a relatively attractive crop for many farmers because it has historically provided a higher net income yield per unit of land than most cash crops; its global price is relatively stable compared with other cash crops; the industry often provides in-kind support and loans; and other crops may cause farmers problems with storage, collection and delivery (World Bank, 1999; Jacobs et al, 2000). Overall, the fate of tobacco farmers may potentially constitute a political obstacle that TC advocates need to address.

TTCs have attempted to exploit the perceived economic reliance of some developing countries on tobacco production, and the importance of other health issues, to argue that TC is a high-income country issue. TC has even been presented by the industry as a new form of imperialism (WHO, 2000). However, given the limited dependence of most countries on tobacco production, these arguments are primarily an attempt by TTCs to defend their interests through agency (i.e. political persuasion), rather than a reflection of real structural power. Furthermore, tobacco-related deaths exert a heavy economic (as well as human) toll, which needs to be set against the potential disruption of diversification away from tobacco production. It would be unfortunate if developing countries failed to take adequate TC action because of an incorrect *perception* that TTCs have more structural power than they in

fact do. In practice, there has been no straightforward relationship between the degree of a country's tobacco production and its decision to adopt the World Health Organisation's (WHO) Framework Convention on Tobacco Control (FCTC); China, India and Turkey, three of the world's largest tobacco producers, have ratified the FCTC, whilst the USA and Indonesia, also major producers, have not (Warner & Mackay, 2006: 80; WHO, 2009). Malawi and Zimbabwe, the two most tobacco dependent countries, have not signed it.

While few countries are genuinely dependent on tobacco growing, the large number of countries that grow tobacco, and the ability of the crop to easily grow in diverse soil types, ensure TTCs a diversity of supply. This means that only if the largest growers, such as China, the USA, India or Brazil, took strong supply-side measures against tobacco would there be any significant impact, and there would likely be an increase in 'replacement' production should this happen (especially since prices would rise, attracting new entrants to the market) (Jacobs et al., 2000: 334). The World Bank argues that the potential for alternative suppliers, alongside high demand, means that leaf-focused supply-side measures are likely to be ineffective in reducing tobacco supply or consumption (World Bank, 1999; Jacobs et al, 2000). However, Hu et al (2006) point out that, as Chinese industrial sectors such as textiles, electronics and automobiles have grown, the tobacco industry's relative contribution to employment and tax revenues has declined, making it easier for the Chinese government to enact TC measures should it choose to do so.

Although the World Bank dismisses supply-side TC measures focused on tobacco farming, further attention could be given to manufacturers themselves. Callard et al. (2005) explore the components of an effective supply-side approach to TC involving the nationalisation of tobacco product manufacture or its transfer to a

non-profit entity with incentives to *reduce* consumption. A move of this kind could be an effective means of reducing the supply of tobacco products, but the political viability of this strategy would depend on the degree of structural and agency power TTCs are able to draw upon. Short of outright expropriation, such a policy would entail considerable short-term costs to governments. Furthermore, the collapse of the Soviet Bloc in the late 1980s and early 1990s, together with the liberalisation of East Asian economies, has presented new structural opportunities for TTCs. Privatisation and trade liberalisation, in the past facilitated by international organisations such as the International Monetary Fund (IMF) and the World Trade Organisation (WTO) (and the US government, as discussed below), have allowed TTCs to strengthen their positions in ways that will be difficult to reverse. Such developments have reinforced the focus of tobacco control on demand-side measures such as marketing restrictions and taxation.

Demand-Side Factors and Tobacco Control

The previous section focused on the supply-side aspects of TTC activities, since it is mainly from the employment, income taxes and export earnings provided by their investment in a country that transnational companies derive their structural leverage over governments. However, demand-side factors are also of particular importance when analysing the overall structural position of TTCs. As already indicated, demand creation is particularly important for tobacco companies. Yet the nature of their product has led to government actions designed to affect the way the product is sold, priced or marketed, which may curtail TTCs' freedom of action or affect their ability

to make profit. Like any company, to be viable TTCs must be able to benefit from sufficient demand for their products, and be able to adequately market these and find suitable retail outlets. The more national markets TTCs have access to, the more protected they are from the potential impact upon their profits of the actions of any given government (although they will of course attempt to maximise sales in all markets). Furthermore, taxes on the sale of tobacco products may also be an important source of income for governments, and heavy reliance on such income has historically been used to increase TTCs' bargaining power. This may be particularly important in some developing countries, where the capacity to collect income taxes efficiently may be lacking.

Demand for tobacco products is different from that of other products for two reasons. First, nicotine is highly addictive and much of the demand for tobacco products is sustained by this. Document research has shown that much product development and marketing (e.g. to young people) by tobacco companies has been aimed at creating and sustaining this addiction. Regulatory measures must thus recognise that addiction distorts consumption choices when compared to other products. Second, governments have developed TC policies in response to the damage to public health from tobacco use, most of which are aimed at curtailing demand.

There are a variety of means by which governments have attempted to restrict demand for tobacco products, including education and awareness campaigns, the introduction of warning labels, product disclosure regulations, advertising and sponsorship bans, taxation to raise the price of tobacco products, smoking restrictions in public and work places, and tobacco cessation support programmes. The impact on TTCs should not be underestimated. According to Shepherd (1985: 81), 'large-scale

demand creation efforts constituted the basic competitive advantage of US cigarette firms' in their global expansion from the 1960s. Government restrictions on direct investment and marketing where TTCs do not yet have a strong base may therefore be an effective means for their containment. This is because, according to Shepherd (1985: 81), 'effective demand creation require[s] the existence of local facilities, close ties with local distributors, local market research, etc.' Whilst tobacco products can be exported profitably, demand creation advantages can best be exploited through local presence. Thus whilst export strategies have been important to TTCs (including through the facilitation of smuggling where seen as necessary), their preference is often for a direct local presence (see, for example, Lee et al, 2008).

Forcing a rise in the price of tobacco products through taxation has proven to be a particularly effective means of reducing consumption (Ding, 2005). As indicated above, government reliance on the income derived from tobacco taxation may potentially increase the bargaining power of TTCs, which have resisted an increase in such taxation and used the inability of some governments to effectively control smuggling as a form of leverage. However, the World Bank has shown that as long as governments take effective action against smuggling they need not be concerned about losing revenue as a result of increasing tobacco sales taxes, since increases in such taxes tend to reduce consumption *and* increase the tax take (World Bank, 1999; Sunley et al, 2000; Chaloupka et al, 2000).

The challenge for governments seeking to strengthen TC is that, as TTCs expand their presence into more countries, they become more insulated from the effects of TC policies in any single country. The expansion abroad of American tobacco corporations from the 1960s was a direct result of the growing awareness of the health effects of smoking in the USA (Shepherd, 1985), and the more recent

success of TC policies in reducing tobacco consumption in developed countries makes the need to continue to expand into developing countries particularly important for the TTCs. The globalised nature of TTCs means that, despite the relative lack of real dependence upon tobacco growing or manufacturing by most tobacco producing countries, TTCs currently have a strong structural position to operate from, since they can source tobacco leaf from many countries and have multiple markets in which to distribute and sell their products. The role of developing and former Communist countries has been, and will continue to be, crucial here in expanding markets globally.

Nevertheless, demand-focused TC policies and increasing awareness of the health consequences of smoking have led to a gradual decline in tobacco consumption in high-income countries (Lopez et al, 1994), and a growing movement for the adoption of such policies in emerging markets, so that markets have been increasingly constrained by TC policies at the national level. In response, this article argues that TTCs have sought to exert various forms of agency power to protect and extend their interests. As discussed below, this is a major explanation for the scope and intensity of industry activity from the 1950s to impede, undermine and circumvent TC policies. More recently, where international institutions have attempted globally coordinated regulation, led by the WHO's Framework Convention on Tobacco Control (FCTC), TTCs' structural position has been further eroded. TTCs have thus used agency power at the global, as well as national, level to protect and advance their interests. The various forms of agency power used by TTCs are discussed in the next section.

Agency Power and Political Engagement

Attempts by TTCs to influence TC policy have taken two broad forms: direct and indirect. Such efforts have been revealed by analysis of internal industry documents. This article does not attempt to provide a comprehensive review of such attempts, but rather to identify the types of agency power engaged in, and the reasons for their use. In this section, we draw upon published analyses of internal industry documents of TTCs' attempts to influence public policy and the scientific process, in order to illustrate the forms of political agency deployed by TTCs. In doing so, we are constrained by the limited number and scope of studies published to date. Nonetheless, we highlight specific examples of TTC use of political agency. Caution is required before generalising from such cases, and broader understanding of the patterns of industry political behaviour will emerge as fuller analyses become available.

First, the specific form that direct efforts have taken has depended on local conditions, including the extent and type of existing and prospective TC policies and initiatives and which particular level of government has responsibility for these. Tactics at the US state level have included the use of contract lobbyists; campaign contributions to legislators; contributions to legislators' political caucuses and parties; the provision of various gifts, honoraria, corporate hospitality and charitable donations; alliances with other interest groups; and the use of front groups such as bogus restaurant and hotel associations to influence state legislation (Givel and Glantz, 2001). Similar tactics have been used at the federal level. Here, we draw on

data concerning expenditure on lobbying and donations to politicians and political parties from the US, since data for such expenditure in other countries remains scarce.

Between 1999 and 2007, the US tobacco industry spent more than \$170 million on professional lobbying firms and in-house lobbyists in attempts to influence Congress (TFK, 2007). Of this, \$105.7 million was spent by Altria/Philip Morris, with the next largest amount spent by Lorillard at \$14.7 million. Industry lobbying expenditure in 2006 alone was over \$18 million, with \$12.8 million of that being spent by Altria/Philip Morris. Additional to this direct lobbying, the tobacco companies would often mobilise smokers or owners and employees of tobacco-related businesses to contact their elected representatives (*ibid*). Internal documents indicate that Philip Morris had a database of nearly three million smokers as early as 1986, which it used to generate letters and phone calls to elected officials. American tobacco corporations often worked together through the Tobacco Institute, a lobbying and public relations organisation formed in 1958. Payments to lobbyists by the Tobacco Institute in the 1990s were highest in US states where there was a high level of tobacco control activity such as increased cigarette excise taxes (Morley et al, 2002; Bero, 2003). As the Tobacco Institute's strategic plan put it in 1989:

Clearly, tobacco's lobbying capability on Capitol Hill and elsewhere continues to constitute a vital strength... The far-reaching lobbying efforts by The Institute and the member companies, supported by relevant coalitions, media relations and other strategies, have provided the industry with support from elected officials from tobacco and non-tobacco states. (Tobacco Institute, 1989)

Political donations to federal candidates, national parties and non-party political action committees (PACs) in the US totalled more than \$34.7 million between 1997 and 2007 (TFK, 2007). This total includes \$12 million to federal candidates, \$16.8 million in 'soft money' donations to the Republican and Democratic parties between 1997 and 2002 (after which such donations were prohibited), and \$5.6 million to non-candidate committees. Of this, Republican candidates and committees received 78% (\$27 million) and Democratic candidates and committees 19% (\$6.7 million). Altria/Philip Morris donated \$13.8 million of the total, more than twice as much as the next largest contributor, RJ Reynolds (ibid). At the state level, tobacco manufacturers and retailers gave \$96 million to candidates, committees and ballot measures campaigns in the 2005 and 2006 election cycles, of which 73 % went to Republicans (NIMSP, 2007). R.J. Reynolds contributed \$48.8 million of this, whilst Philip Morris/Altria contributed \$39 million (ibid).

Tobacco industry contributions to legislators' re-election campaigns are statistically related to more pro-tobacco behaviour by recipients (Givel and Glantz, 2001). When legislation to provide the US Food and Drug Administration with authority to regulate tobacco products was voted on in Congress in 2007, the 46 senators that did not sponsor the bill took on average more than seven times as much tobacco money since 2001 as the 54 that did sponsor it, and similar patterns could be seen in the House of Representatives (TFK, 2007). When the US Senate Health, Education, Labour and Pensions Committee voted on the legislation, those members of the committee voting against the provision received an average of more than fourteen times the amount of tobacco industry campaign contributions as those who voted for it (TFK, 2007). (1)

Direct links with politicians at the executive level of government also exist. In the UK, for example, Kenneth Clarke, the Conservative politician and former Chancellor of the Exchequer was a non-executive director of BAT until 2008. Margaret Thatcher, the former British Prime Minister, in 1992 accepted a role as a paid consultant to Philip Morris, reportedly advising the company on strategies to penetrate emerging markets (*Sunday Times*, 1992). BAT has similarly cultivated high-level political connections in some developing countries, including, for example, ‘close relationships with successive Kenyan presidents’ (Patel et al, 2007). Utilising its contacts in Kenya, BAT was able to persuade the government to pass legislation drafted by the company itself to compel farmers to sell tobacco exclusively to it (Patel et al, 2007).

Second, indirect attempts to influence policy have generally comprised efforts to undermine the scientific evidence on tobacco and health. This tactic has been central to industry responses to evidence since the 1950s, for example, of the adverse health effects of smoking, addictive nature of nicotine and the dangers of second-hand smoke. Documents show that these indirect attempts have often been coordinated through front organisations and paid consultants. The Council for Tobacco Research (CTR), for example, formed in 1954, was designed to fund ‘independent’ scientific research on the link between smoking and lung cancer, but industry documents reveal its true purpose to cast doubt on that link (Bero, 2003). McDaniel et al (2008) have analysed the activities of TTC ‘issues management organisations’ using industry documents. The International Committee on Smoking Issues (ICOSI), formed in 1977 by seven tobacco corporation chief executives, built a global network of regional and national manufacturing associations in order to coordinate anti-TC strategies, later changing its name to INFOTAB. In 1992, INFOTAB was replaced by two smaller

organisations, the Tobacco Documentation Centre and Agro-Tobacco Services, the latter of which supports the industry-backed International Tobacco Growers Association in promoting their arguments about the economic importance of tobacco to developing nations (McDaniel et al., 2008).

In addition to acting at the national level, and where necessary coordinating their actions globally, TTCs have sometimes acted through, or benefited from, international governmental institutions. For example, US-based TTCs recruited the power of the US Trade Representative (USTR) to further their goals through the General Agreement on Tariffs and Trade (GATT). Whilst Japan, Korea and Taiwan bowed to US demands to remove their bans on tobacco imports, Thailand resisted and was forced to do so as the result of a GATT disputes panel. The panel ruled that Thailand's ban on imports was discriminatory and thus in contravention of GATT rules, although it accepted that tobacco harmed health. Tobacco control measures such as advertising bans were considered legitimate as long as they were applied equally to domestic and foreign companies, and Thailand has since successfully introduced a range of measures, including increased size and prominence of health warnings, the expansion of smoke-free areas, and increases in tobacco taxation (Vateesatokit, 2000). However, the Thai GATT case is of such importance because the inability to close the market to imports removes an important source of bargaining power for governments (Shepherd, 1985). The use of GATT (now WTO) rules to force open markets has been an important example of TTC agency, but one that has facilitated new structural advantages as target countries are forced to liberalise. Furthermore, the evidence clearly shows that where TTCs are allowed into previously protected tobacco markets, the prevalence of smoking rises as a result of the advertising and other competitive activities of the TTCs (Taylor et al, 2000).

IMF policies of encouraging privatisation and inward investment into the tobacco industry in Eastern Europe and the former Soviet Union (FSU) have had a similarly negative impact (Gilmore and McKee, 2004; Gilmore, McKee and Collin, 2007). TTCs acted strategically to take advantage of the political and economic transition there, often taking over privatised state monopolies. Gilmore and McKee (2004) show that TC measures have been particularly unsuccessful in those FSU states with high levels of industry investment during transition, demonstrating the mutually reinforcing nature of structural and agency power. In Uzbekistan, for example, BAT's investment in the state tobacco company was the country's largest privatisation, accounting for more than 30% of its foreign direct investment between 1992 and 2000 (Gilmore, McKee and Collin, 2007). BAT engaged in a number of anti-competitive practices, securing President Karimov's support to conclude a deal giving them a monopoly position, and contravening the Organisation for Economic Cooperation and Development's guidelines for multinational enterprises (Gilmore, McKee and Collin, 2007). As part of its negotiating conditions, BAT overturned TC legislation (Gilmore et al, 2006) and redesigned the tobacco taxation system in its favour (Gilmore, Collin and Townsend, 2007).

As already described, leading TTCs have acted in concert on a global scale where their common interests have been threatened. It would be a mistake to assume that TTCs always have the same interests, but there has been a powerful incentive for them to act in concert, including at the global level. As Collin (2003: 76) observes, the TTCs cannot afford to act against each other's core interests or only on a country level, since 'the passage of effective tobacco control measures in any one country potentially "rais[es] the bar" in other parts of the world.' They are therefore determined to head off a potential 'domino effect' which might result from a

tightening of tobacco control in successive countries (Collin, 2003: 82). The FCTC thus represents an unprecedented threat. The negotiation of the FCTC was the first time that the WHO had used its treaty-making powers (Yach and Bettcher, 2000), and was signed by 168 of the World Health Assembly's 192 member countries in May 2003. The treaty acquired the status of international law in February 2005 after the fortieth country ratified it (Warner & Mackay, 2006), and as of February 2009, 163 countries had ratified or otherwise become parties to it (WHO, 2009). The treaty commits the minimum international principles and guidelines for TC that all states parties must adopt (WHO, 2003).

In response, TTCs have not only coordinated their actions globally to influence national governments, but to influence, utilise or undermine international institutions. As discussed above, where governments coordinate their activities globally, companies' structural position may be weakened. Depending on its size, the loss of any national market in itself may not threaten the overall profitability of any given TTC, but in a global climate of progressive tobacco control, a significant reduction in smoking across countries could have profound implications for all TTCs. Opening new markets and heading off effective TC measures in regions such as Eastern Europe and Asia has thus been crucial to their strategies.

An international committee of experts appointed by the WHO found that, in trying to subvert the WHO's TC efforts, the industry has sought to:

divert attention from the public health issues, to reduce budgets for the scientific and policy activities carried out by WHO, to pit other UN agencies against WHO, to convince developing countries that WHO's tobacco control program was a "First World" agenda carried out at the expense of the developing world, to

distort the results of important scientific studies on tobacco, and to discredit WHO as an institution. (WHO, 2000: iii)

These activities ‘slowed and undermined effective tobacco control programs around the world’ (WHO, 2000: iii). A range of tactics were utilised in the pursuit of these goals (WHO, 2000), including both direct and indirect means. Relationships were built with WHO staff, including paying them as consultants whilst they worked at the WHO. Other agencies, including the Food and Agricultural Organisation (FAO), the World Bank, UNCTAD, the United Nations Economic and Social Council (ECOSOC) and the International Labour Organisation (ILO), were used to acquire information on the WHO. TTCs lobbied the FAO to oppose WHO policies and to promote the economic importance of tobacco over health considerations. Apparently independent individuals and institutions were commissioned to challenge WHO’s competence and agenda through published articles and presentations to the media and politicians, and outside organisations, including trade unions, were used to lobby against the WHO. Manipulating the public and scientific debate about the health effects of tobacco was a key part of the strategy (WHO, 2000). McDaniel et al. (2008) even describe how ICOSI/INFOTAB serviced National Manufacturer’s Associations on a regional basis, ‘[i]n an apparent effort to emulate the structure of the WHO’.

The liberalisation of Asian markets and the collapse of the former Soviet Bloc in the 1980s and 1990s thus allowed TTCs to strengthen and renew their structural position. Political action was used in both cases to realise these structural opportunities, i.e., agency power has been used to regain and strengthen structural power. However, TTCs have lost legitimacy as a result of revelations from internal industry documents, and the signing of the FCTC has the potential to significantly

constrain their freedom of action. The extent to which it does this in practice will depend to a considerable degree on whether states parties press forward to bring national tobacco control policies in line with the FCTC. To date, countries already committed to tobacco control, including Thailand, Brazil, Canada and Australia, have even adopted additional measures beyond the minimal standards set out in the FCTC, whilst in other countries, such as Ecuador and Japan, the optional language of the Convention has allowed the adoption of ineffective legislation (Lee, forthcoming). Civil society organisations have provided an important source of countervailing agency power in influencing national and global policy (Collin et al, 2005), despite not having comparable resources to TTCs, and their role in drawing attention to ineffective implementation of the FCTC will remain crucial. The negotiation of related protocols on illicit trade and crossborder advertising also provides a potential means for giving the Convention greater weight, given that states will need to sign up to these as binding agreements.

Many ‘emerging markets’ are only beginning to consider effective TC measures and, as what the industry calls ‘light markets’, have provided scope for TTCs to consolidate their structural position, as well as being targeted with political actions previously applied with effect in mature markets. However, as a growing number of countries have strengthened TC measures, described by the industry as becoming ‘dark markets’, TTCs have been compelled to continue to use agency power to protect and advance their interests. At the same time, the delegitimisation of the industry has necessitated more subtle forms of action by TTCs aimed at changing perceptions and winning back credibility. As discussed below, this explains the recent emphasis on ‘corporate social responsibility’ initiatives (Collin and Gilmore, 2002). Table 2 summarises the development of TC policies from the 1950s, the types of

political action engaged in by TTCs, and the structural contexts to, and outcomes from, these political activities.

Institutional Participation

As described above, TTCs have utilised a number of front organisations (as well as directly employed or contracted lobbyists, lawyers and public relations specialists) in order to advance their interests, and have attempted to influence the actions of a range of international institutions. However, their participation in state or international institutions in a management or ‘partnership’ capacity has been extremely limited, primarily as a result of the controversial nature of their core business and, more recently, revelations about their efforts to actively undermine public health initiatives. Today, few genuine public health agencies will collaborate with the tobacco industry.

One notable form of institutional participation by TTCs, however, has been their involvement in standards setting (Bero, 2003). Through the Cooperation Centre for Scientific Research Relative to Tobacco they played an important role in developing standards set by the International Organisation for Standardisation (ISO) (Bialous and Yach, 2001). ISO standards are used to measure the tar and nicotine yields of cigarettes through machine-smoked cigarette tests. However, such tests cannot be used to determine the health effects of smoking because, unlike machines, human smokers compensate for ‘low tar’, ‘low nicotine’ cigarettes with ventilated filters by taking more puffs, breathing more deeply or covering the holes with their fingers (Hurt and Robertson, 1998; Bero, 2003). Nonetheless, tobacco companies use these tests as the basis for marketing ‘low tar’ cigarettes, with the suggestion that such

cigarettes are less damaging to health. By dominating all the committees that were involved in setting ISO tobacco standards, the industry was able to supply industry-derived data, inhibit participation by other actors, and develop testing methods favourable to the industry that were then accepted by the organisation (Bialous and Yach, 2001; Bero, 2003).

Welfare and the Production of Illness

The analytical framework developed by Farnsworth and Holden (2006) includes provision of welfare services, and the production of goods necessary for welfare, as a category of business involvement in social policy. Tobacco companies provide no welfare enhancing goods or services; their products are instead responsible for the deaths of millions of people. It has been estimated that tobacco will kill half of all current smokers - 650 million people (Warner & Mackay, 2006). The death toll from tobacco in the twentieth century is estimated at 100 million, and on current trends will total one billion during the twenty-first century, with the burden of tobacco-related mortality and morbidity moving increasingly to the developing world (ibid). The prevalence of tobacco use tends to increase with the entry of TTCs into national markets, as a result of their aggressive marketing tactics and the related increase in competition for sales (Taylor et al, 2000).

Farnsworth and Holden's analytical framework (2006) thus needs to be amended to incorporate this production of 'public bads' (i.e. illness and death). Widening the analytical framework in this way has broader importance since corporations in other sectors where health has been harmed, such as the asbestos and

lead industries, have used similar tactics to TTCs (Bero, 2000). Furthermore, corporations in many sectors are capable of either enhancing or damaging health, depending on their behaviour, including the food and pharmaceutical sectors. Social policy analysts (Farnsworth, 2008a) and criminologists (Fooks, 2009) have utilised the concept of ‘corporate harm’ to refer to activities that impact negatively on welfare but which may not be illegal, whilst public health scholars have used the concept of ‘industrial epidemics’ to characterize the effects of the activities of the tobacco and other industries (Majnoni d’Intignano, 1998). Others have analysed the negative consequences for health and quality of life of the broader system of neoliberal globalisation (Navarro, 2007). As Jahiel and Babor (2007: 1335) argue, there are a number of commercial sectors where ‘public health oriented policies run the risk of being opposed by industrial corporations in a health versus profit trade-off.’ These include tobacco, alcohol, food, cars and guns (Majnoni d’Intignano, 1998; see also Freudenberg and Galea, 2008), as well as activities related to diseases of consumers, workers and community residents caused by industrial promotion of consumable products, job conditions and environmental pollution. Such industrial disease epidemics ‘are driven at least in part by corporations and their allies who promote a product that is also a disease agent’ (Jahiel and Babor, 2007: 1335). Table 3 incorporates this concept of corporate harm into the analytical framework developed by Farnsworth and Holden (2006).

TTCs have increasingly turned to ‘corporate social responsibility’ (CSR) programmes in an attempt to re-legitimise their activities. For example, BAT’s first ‘social responsibility’ report was published in 2002, and involved dialogue and reporting activities using an independent verifier to assess these against the AA1000 Standard of the Institute of Social and Ethical Accountability (Collin and Gilmore,

2002). BAT's website publicises reporting against a range of statements and standards, relating to such issues as marketing, environmental management, employment and child labour (BAT, 2009). Other activities have included assistance to tobacco growers, charitable donations, scholarships, involvement in 'anti-smuggling' measures, and 'youth smoking prevention' programs (Barraclough and Morrow, 2008). Yet such initiatives have been marked by the adoption of ineffective or harmful practices on issues such as under-age smoking and evasiveness on key questions such as smuggling. Most significantly, BAT's own documents have revealed the primary function of such initiatives as 'reputation management' (Rimmer, 2005).

In the case of TTCs, as with many other corporations, CSR is therefore best regarded as a form of political agency rather than a form of welfare provision. However, in modifying Farnsworth and Holden's typology, we must acknowledge the dual nature of CSR initiatives as in some instances performing some degree of a welfare function (Farnsworth, 2008b) alongside their primary purpose as a form of political agency. This is reflected in Table 3, where CSR is listed simultaneously as a form of political agency as well as a form of welfare provision/production. This is not to draw attention from the essentially contradictory, limited and potentially harmful effects of many CSR initiatives, however, since the increased welfare produced by the governmental policies that they are often designed to impede, delay or substitute for would likely be greater than any welfare outcome from the CSR initiatives themselves.

Conclusions

This article has attempted to theorise the activities of TTCs by systematically applying an adapted version of Farnsworth and Holden's (2006) conceptual framework for the analysis of corporate power to TTCs and their relationships with states and international institutions. This has involved an explication of TTC structural and agency power, utilising published tobacco document research and other sources. The analysis indicates that the structural and agency power of TTCs have existed in a dynamic relationship with each other. While the accumulation of scientific evidence about the health effects of tobacco, and the introduction of TC policies, began to erode TTCs' structural position from the 1950s, they have used agency to regain and strengthen their position.

Globalisation is a key strategy in this process. Since they first began to globalise, TTC strategies have often followed a pattern of initially gaining access to new markets through exports, but investing within the target country as soon as possible. They have made use of trade bargaining via the US Trade Representative and the GATT rules where necessary to gain access, in many cases also gaining market share through smuggling, especially where legal imports to a target country have been restricted or taxes are high. Ultimately, direct investment to establish a local presence has often been preferred as the end goal because this has allowed TTCs to best engage in the demand creation efforts so important to their modus operandi (Shepherd, 1985). Direct ownership, most often through acquisition of domestic producers, has been preferred, but local licensing agreements and joint ventures have been used where necessary. Thus, GATT rules, the inability of individual governments to effectively tackle smuggling, privatisation in Eastern Europe and the

FSU, and economic liberalisation in developing (particularly Asian) countries have all strengthened TTCs' structural position.

Although few countries are genuinely dependent on tobacco growing or manufacture for employment or export earnings, TTCs retain a strong structural position due to their diversity of supply and multiplicity of national markets. Nationalisation along the lines proposed by Callard et al. (2005) should be considered as an effective supply-side approach to tobacco control. The political difficulties and economic costs of such a strategy may mean that, in the short term, where manufacture and sale is already in private hands, governments should focus on ensuring the effective use of taxation powers, alongside other demand-side measures contained in the FCTC. However, state monopolies continue to account for 40% of world cigarette sales (Warner and Mackay, 2006) and, where such monopolies still exist, resisting privatisation may form an important part of a broader TC strategy. More effective global action against smuggling, beginning with the negotiation of a dedicated protocol under the FCTC, is also necessary.

Business structural power changes over time (Farnsworth, 2004), and it is clear that TTC power has been affected by changes in the world economy, such as the collapse of the Soviet Bloc and liberalisation in East Asia. From 2007 onwards the world economy was subject to a profound economic shock in the form of the global financial crisis and subsequent recession. It is conceivable that this economic crisis may in turn have an impact on the structural power of TTCs, but at the time of writing it was too soon to fully evaluate the extent to which this might be the case. TTC's structural position relies in part on their access to multiple markets, so it may be that as economies across the world experience recession, reduced purchasing power will lead to falling consumption of tobacco products, or at least to 'downtrading' to

cheaper brands. TTCs may therefore have to amend their marketing and political strategies as they are forced to rely less on their global brands and compete instead with lower-cost, perhaps locally produced, brands. However, the addictive nature of tobacco means that consumption tends to fall more slowly in such situations than for many other consumer goods, and this fact may also mean that tobacco stocks appear as a relatively safe 'home' for investors, thus providing TTCs with continued funds for their expansion. PMI, for example, continued to benefit from strong growth in developing countries in the third quarter of 2008, driven by historically high levels of disposable consumer income in those countries, and JPMorgan included the company on a list of 16 stocks it thinks will outperform US markets during a global recession (Brinson, 2009). Like other transnational companies, TTC's structural power may also be enhanced as they benefit from a cheapening of labour power and a wider pool of potential labour as unemployment increases. Whether the experience of crisis and recession will lead to a wider paradigm shift away from the neo-liberal consensus to an environment in which governments and citizens favour greater regulation of businesses at the national and/or global levels, and how this might affect TTCs, is not yet clear.

Demand-side TC policies have proven to be an effective form of regulation in a growing number of countries, and efforts to globally extend implementation have led TTCs to utilise agency power to pursue their interests. Although the collapse of the Soviet bloc and the liberalisation of Asian economies presented new structural opportunities for TTCs in the 1990s, the potential for globally coordinated TC policies facilitated by the FCTC has threatened to constrain these. TTCs therefore face using agency at the global, as well as national level, to pursue their interests, and have resorted to CSR initiatives in an attempt to recover lost legitimacy. From a

public health perspective, the relative success of TTC tactics and strategies, along with their demonstrable negative impact on health, provides a powerful rationale for their containment and regulation. To be effective this must be developed further at the global level as well as at the national level. The FCTC represents a turning point in global tobacco control, but it is imperative that it is comprehensively implemented by national governments, and that strong protocols in areas such as illicit trade are agreed. It is logical to conclude that the TTCs will continue to manoeuvre to block effective implementation wherever they can, and such activity will need to be monitored closely. Greater coordination and policy coherence among international organisations is also a necessity, so that the WTO and the IMF can become genuine partners in a coherent policy towards tobacco control. The ad-hoc inter-agency task force on tobacco control created in 1999, under the leadership of the WHO and involving the World Bank, the IMF and the WTO alongside other UN agencies (Yach and Bettcher, 2000), was the start of this process but needs to be developed further.

As well as providing an analytical framework within which to make sense of the activities of TTCs, Farnsworth and Holden's framework (2006) has here been adapted to take account of those corporations whose activities have a direct negative impact on health and welfare. However, the degree of access to internal tobacco industry documents is so far unparalleled. It is therefore difficult to compare TTCs to other large corporations in seeking to draw broader conclusions about the relative importance of structural and agency power. Nonetheless, this article suggests that TTC reliance on agency has been extensive, partly as a result of the controversial nature of tobacco products and the increasing development and success of TC policies. As policy debates increase about the need for stronger regulation of other large corporations, including those with substantial public health impacts (such as the

food and drinks industries), insights provided by analyses of tobacco industry documents may help us to understand the changing nature of their power within a global economy.

Notes

1. It is important to note, however, that regulation may affect different tobacco companies differently. Altria/Philip Morris gave formal support to the FDA initiative, whilst most other tobacco companies opposed it. The smaller companies attributed Altria's support for the initiative to the 'competitive advantage' that the largest companies sometimes obtain from regulation, and feared that the measure would have 'the effect of locking in market share' (Burritt and Gaouette, 2009).

Acknowledgements

This research is supported by funding from the National Cancer Institute, US National Institutes of Health, Grant Number R01 CA91021-01.

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Table 1: Size, Transnationality and Internationalization of TTCs (2006)
(Millions of dollars and number of employees)

Company	Altria Group	British American Tobacco	Japan Tobacco	Altadis
G500 ranking	71	404	415	482
UNCTAD ranking By foreign assets	51	86		
UNCTAD Ranking by TNI	61	43		
UNCTAD ranking by II	25	43		
Home country	USA	UK	Japan	France/ Spain
Total assets	104,270	34,896		
Foreign assets	34,090	19,871(b)		
Total sales	101,407	17,961	17,536	15,687
Foreign sales	58,327	11,125(b)		
Total employment	175,000	97,431	33,428	28,103
Foreign employment	140,958(a)	78,478(b)		
TNI %	57	66		
Total affiliates	121	284		
Foreign affiliates	104	220		
II	86	77		
Profits	12,022	3,488	1,802	568

Sources:

G500 ranking and profits from *Fortune* (2007)

Total sales for Japan Tobacco and Altadis = revenue as reported in *Fortune* (2007)

Total employment for Japan Tobacco and Altadis from *Fortune* (2007)

All other data from UNCTAD (2008)

Notes:

Figures for 2006.

Fortune magazine's G500 list ranks the world's 500 largest corporations by revenue.

UNCTAD's *World Investment Report* ranks the world's top 100 non-financial TNCs by foreign assets, 'transnationality' and 'internationalization'.

TNI, the Transnationality Index, is calculated by UNCTAD as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment.

II, the Internationalization Index, is calculated by UNCTAD as the number of foreign affiliates divided by the number of all affiliates (Note: Affiliates counted refer to only majority-owned affiliates).

(a) Foreign employment data for Altria were calculated by UNCTAD by applying the average of the shares of foreign employment in total employment of all companies in the same industry (omitting the extremes) to total employment.

(b) Data for foreign assets, sales and employment for BAT are for activities outside Europe.

Table 2: The Development of Tobacco Control Policies, TTC Agency and Structural Environment

Time Period	TC & Regulatory Developments	Prevailing Forms of TTC Agency	Structural Context and Outcomes
1950s	Emerging scientific evidence of health effects in developed countries. Beginning of 'first wave' of tobacco litigation in USA. Communist Party takes power in China in 1949 and nationalises tobacco industry.	Attempts to influence scientific debate (direct appeals to public opinion). Lobbying, campaign contributions. US firms form the Council for Tobacco Research and the Tobacco Institute. Legal defence and delay.	BAT expelled from major market in China.
1960s	Continuing accumulation of scientific evidence. US Surgeon General's Report 1964. Introduction of warning labels and restrictions on advertising and marketing. Continuing litigation.	Attempts to influence scientific debate covertly through front groups, etc. Lobbying, campaign contributions. Legal defence and delay.	US tobacco companies begin to expand abroad. Some diversification.
1970s	Continuing litigation. Introduction of wider restrictions on advertising and marketing.	Attempts to influence scientific debate. Lobbying, etc. TTCs form ICOSI. Legal defence and delay.	Continued expansion abroad.
1980s	Introduction of ingredients disclosure requirements. Stronger and rotating warning labels targeted at specific populations. Smoking bans on air flights. 'Second wave' of tobacco litigation.	Attempts to delay or weaken regulation. Recruitment of US Trade Representative by US firms. Attempts to undermine WHO. Legal defence and delay.	Trade liberalisation in Asia / Thai GATT case. Privatisation of East Asian monopolies to compete with TTCs.
1990s	WHO Tobacco Free	Attempts to undermine	US Master Settlement

	<p>Initiative. Restrictions on sales to minors. Introduction of smoking bans in selected public places. Growing use of price mechanisms (tobacco taxation) to discourage consumption. 'Third wave' of tobacco litigation.</p>	<p>WHO. Influence over legislation adopted by governments in emerging markets. Legal defence and delay, finally leading to settlement.</p>	<p>Agreement and related document release exposes TTC behaviour and de-legitimises industry. Privatisation in FSU and Eastern Europe leads to take-over by TTCs. Large scale mergers and acquisitions commence.</p>
2000s	<p>Signing of WHO's Framework Convention on Tobacco Control and its implementation in member states. Spread of smoke-free legislation in growing number of countries to restrict second hand smoke in all public places and workplaces. Restrictions and bans on tobacco sponsorship. Introduction of pictorial warnings. Restrictions on point of sale advertising of tobacco products. Prosecution of TTCs for complicity in cigarette smuggling.</p>	<p>Corporate social responsibility programmes. Adoption of voluntary codes.</p>	<p>Continued consolidation at global level. Rationalisation of CNTC (China) in preparation for foreign competition and export, following China's accession to the WTO.</p>

Table 3: Corporate Inputs into Social Policy

Structural factors	Political engagement	Institutional participation	
		Informal	Formal
<p>Imperative to induce business to invest.</p> <p>Social policy directed towards meeting the perceived or actual needs of business</p> <p>Only productive welfare thought to be compatible with contemporary economies</p>	<p>Lobbying</p> <p>Funding political parties</p> <p>Distortion of scientific evidence</p> <p>‘Corporate social responsibility’</p>	<p>One-off corporate donations</p> <p>Provision of curriculum materials</p> <p>Workbased placements</p>	<p>Involvement by companies and business people in the management of state services</p> <p>Education & Health Action Zones</p> <p>Formal sponsorship deals (eg City Academies / Specialist schools)</p> <p>Global Public-Private Partnerships</p>

Provision and production of welfare							Production of Harms
Provision of services to end users	Production of goods	Suppliers of services to welfare providers or producers	Insurance and pensions	Investment in physical assets/ welfare facilities	Occupational welfare	Corporate social responsibility	
Private hospitals	Pharmaceutical companies	Catering firms	Health insurance companies	REITs	Occupational pensions	Corporate donations	Tobacco
Private care homes	Medical equipment providers	Ancillary services	Private pensions	Private Finance Initiative consortiums	Training	Voluntary codes	Alcohol
Private schools	ICT companies	Management services	Sickness and personal injury companies	Construction firms	Nursery / Child care provision		Guns
Private landlords	Producers of educational resources	Consultancy			Company counselling services		Pharmaceutical ‘side effects’
		Wholesalers	Mortgage / loan protection schemes				Unhealthy foods
							Environment-related harms
							Workplace-related harms

(Adapted from Farnsworth and Holden, 2006. New elements indicated in bold)