Original Research

The Fag Lady, revisited: Margaret Thatcher’s efforts on behalf of the tobacco industry

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Abstract

Objective: The death of former British Prime Minister Margaret Thatcher has offered many opportunities to reappraise her career. However it is not widely known that she acted as a consultant for the tobacco industry following her resignation from office. The availability of evidence from tobacco documents archives offers the opportunity to explore her work for Philip Morris, and more generally to assess how industry seeks to influence and use elected and former public officials.

Study design and methods: Analysis of documents from the Legacy Tobacco Documents Library (http://legacy.library.ucsf.edu). Memos, letters and other documents were sought which mentioned Margaret Thatcher or other key individuals. Documents (n = 151) were downloaded as PDFs. Of these 51 provided relevant information.

Results: Margaret Thatcher advised Philip Morris on issues including advertising bans, lowering of tobacco tariffs in EEC countries, reducing tobacco taxes, and anti-tobacco programs. She had previously been involved in moving two of her ministers from their posts in response to tobacco industry pressure. She advised Philip Morris to exert political pressure through the House of Commons by lobbying MPs against the Conservative government accepting ECOFIN, an European Union (EU) tax harmonisation agreement. Other activities included trips to Prague, Tokyo, Chicago, Geneva and Hong Kong on Philip Morris’ behalf, or for meetings with Philip Morris executives.

Conclusions: Relationships between politicians and industry remain relevant today, not least because Article 5.3 of the WHO Framework Convention on Tobacco Control includes the protection of public health policies from tobacco industry interference. The findings are consistent with findings from other studies which show tobacco industry attempts to influence governments, for example to attempt to weaken the WHO Framework Convention on Tobacco Control. They particularly point out the value of former senior politicians to industry, specifically their ‘insider knowledge’ which can be employed to gain access to and influence other policymakers on industry’s behalf.

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Introduction

Margaret Thatcher, British Prime Minister from 1979 to 1990, died on April 8th 2013. The first British female Prime Minister, she served three terms. According to her own definition, chief among the characteristics of Thatcherism was an emphasis on free markets, non-interventionism and limited government.1

After her resignation she acted as a consultant for the tobacco industry. These activities first came to light in a 1994 documentary for the Granada Television company’s ‘World in Action’ series. The documentary, called ‘The Fag Lady,’ described how she may have been involved in attempts to open up Asian countries to foreign companies, including Philip Morris. Philip Morris, the documentary claimed, was targeting Taiwan in particular because it was aiming to ban cigarette advertising.2 Margaret Thatcher visited Taipei in August 1992 to give a lecture, paid for by Citybank, at which she spoke of scrapping import barriers and the need for Taiwan to open its markets, and spoke on this issue in Thailand, Turkey, and South Korea. There is evidence that she was briefed by the tobacco industry before speaking.3 The documentary also suggested that the Thatcher Foundation which she established in 1991 played a part in ensuring that Philip Morris was able to buy the national tobacco company in Kazakhstan. ‘The Fag Lady’ concluded with a statement from tobacco control campaigner Dr. Judith Mackay that ‘history would judge Margaret Thatcher harshly’ for her involvement in pushing tobacco in developing countries. However twenty years later Margaret Thatcher’s activity as a consultant for Philip Morris is now largely forgotten.4

It is timely to explore further what she did, and what value she was to Philip Morris, and the Legacy Tobacco Documents Archives now make this possible. This issue is also of wider interest because of public interest in the tobacco industry’s influence on the UK Conservative party, particularly in relation to delays by the UK Government in introducing plain packaging of cigarettes, with claims that the Conservative Party’s election strategist, Lynton Crosby, has close links to the tobacco industry and was involved through his PR company in lobbying against the introduction of plain packaging in Australia.5 More generally it offers the opportunity to consider how the tobacco industry has sought to influence politicians in and out of office. The potential role of credible or influential individuals has been highlighted elsewhere6 and analysis of the relationship between Margaret Thatcher and the tobacco industry can shed further light on these issues.

Methods

The authors searched the Legacy Tobacco Documents Library (http://legacy.library.ucsf.edu) to identify documents related to Margaret Thatcher. The search used her name as a keyword and the names of other key individuals (named below) using a snowballing technique. This initial search identified 151 potentially relevant documents from which they identified a subset of 66 relevant documents. The searches were completed in September 2013 and updated in June 2014; no significant new material was found. The most relevant papers were printed, read, coded and marked up for more detailed examination. Of these, 51 were used and/or cited in this paper. The papers were read and the data then extracted under the two main themes, described below.

Results

There are two significant events in Margaret Thatcher’s relationship to the tobacco industry; the first is the controversy over the role of the tobacco industry in influencing her government, with claims in the Observer newspaper in 1981 that she had moved two health ministers, including Sir George Young, from their posts under pressure from the tobacco industry; at the same time it was claimed that her husband Denis had asked health ministers to relax restrictions on sports sponsorship by tobacco companies.7 The other significant event was her consultancy work for Philip Morris after leaving office in 1991. These events are described below using data from documents found in the archives.

The Sir George Young affair (1981)

The Conservatives, led by Margaret Thatcher, came to power in 1979. Philip Morris was not positive about the likely impact on their business: ‘As far as cigarette taxation is concerned, the picture is less favourable. Margaret Thatcher’s ideas of stimulating the economy will mean lower direct taxation and higher indirect taxation.’8

The Conservative Minister of State for Health, Sir George Young, posed a particular problem for the industry, as he was in favour of legislation to prevent tobacco advertising. The tobacco industry conversely was keen to ensure that the current voluntary agreement on advertising remained in place. Young was seen to be strongly anti-smoking and in favour of regulation and indeed had said in an address to the 4th World Conference on Smoking and Health in Stockholm in 1979 that: ‘For the prospective patient, the answer may not be cure by incision at the operating table, but prevention by decision at the Cabinet Table.’9 Internal documents show that Young’s opposition to advertising was not popular with other Conservative MPs. One MP, Martin Stevens, threatened in 1980 to take action if pressure was put on the tobacco industry to engage in discussions with Young: ‘I will take no further action (that is, I won’t put down a Motion) provided the Tobacco people assure me that their negotiations are genuinely voluntary.’10 In effect he was suggesting that if industry told him they were being put under pressure he would take measures to prevent or delay any relevant legislation.

The following year Prime Minister Thatcher transferred Sir George Young to another Ministry. The press put his removal down to his commitment to anti-smoking legislation: ‘Representations by the tobacco industry against the Government’s anti-smoking campaign are believed at Westminster to have played a part in persuading the Prime Minister to shift Ministers... I never knew the tobacco industry was so powerful,’ said a top civil servant.11

It was also reported that Mrs Thatcher’s husband Denis had ‘nobbled’ Dr Gerard Vaughan, Minister of State for Health (more
senior than Sir George Young), and pointed out to him that ‘sport could lose a lot of money if the Health Department kept up its tough line on tobacco companies’ sponsorship. Dr. Vaughan is said to have responded eagerly but to have been unsuccessful in influencing either Mr Patrick Jenkin [Secretary of State for Social Services] or Sir George Young.  

There is also evidence that The Department of Industry had been working closely with the tobacco industry against the Department of Health and Social Services. A Tobacco Advisory Council (TAC) memo from 1980 notes:  

‘Meanwhile Hudson is carefully briefing ministers within his own department. Trenchard is already fully briefed and completely in our picture. He approves industry stance and is satisfied with present position. Next step which will take approx. one week will involve getting Secretary of State for industry into line … Subsequently there will be an Inter-Departmental dog fight which might take some time. For the moment, therefore, there is nothing further TAC should do until I hear from Hudson how his own operations within the Department of Industry are progressing. Clearly, however, it will do no harm for us individually and collectively to keep closely in touch with our Back Bench Tory contacts to make certain main lines of position remain unaltered.’  

The TAC (forerunner of the Tobacco Manufacturers’ Association) was the industry organisation representing tobacco companies operating in the UK, its main purpose being, in its words, to ‘represent the UK tobacco companies in negotiations and dealings with the UK Government’.  

‘Hudson’ was civil servant Peter Hudson, Under Secretary at the Chemicals & Textiles Division of the Department of Industry, who was himself being briefed by TAC.  

‘Trenchard’ is Lord Trenchard, Minister at the Department of Industry.  

The memo goes on: ‘In fairness to Young and also to safeguard our own position and reputation for integrity we must clearly adhere closely to agreement with health ministers about details of negotiations not being made public. This attitude need not however prevent us from remarking informally about difficulty of dealing with a minister as extreme in his views as Young.’  

The TAC was relieved by the departure of Sir George Young. On 5th October 1981 its Chair wrote to Geoffrey Finsberg, Parliamentary Under Secretary of State for Health who replaced Young, that for the moment, however, we seem to be in comparatively clear waters though I think we should be starting to think now about our joint approach to the situation after the present voluntary-agreement expires at the end of July 1982. It was reported that one of Finsberg’s first actions was to remove the anti-smoking posters in George Young’s former office.  

One consultant to Philip Morris advised that ‘The attitude taken by the [Department of Health and Social Security’s] civil servants is a crucial influence on ministers. The evidence suggests that the civil servants tend to be anti-smoking … we may certainly expect Sir George Young’s departure to moderate attitudes.’  

The lobbying of politicians by tobacco companies was covered by newspapers at the time. The response of British American Tobacco (BAT) to the controversy was that ‘Action can be taken on various fronts by the industry and its allies in order to counter and even gain from the present circumstances’. This included briefing MPs, writing privately to newspaper editors, and co-ordinating letter-writing campaigns.  

In his first speech to European Public Health Ministers Geoffrey Finsberg (Young’s replacement) stated: ‘My Government does not welcome the use of regulatory or legislative measures in order to control the legitimate commercial freedom of tobacco companies.’ The tobacco industry lobbying was a success: Sir George Young and Patrick Jenkin had effectively been replaced with ministers who posed no threat.  

Margaret Thatcher’s consultancy activities for Philip Morris  

Margaret Thatcher’s involvement with Philip Morris as a consultant goes back to 1991. A memo in November that year notes what she could contribute:  

‘Mrs Thatcher is available to consult with executives of the Company on a variety of matters in which she has expertise, including risk analyses of investments which we may be contemplating in foreign countries, matters pending before the European Commission or Member-State Parliaments, and strategic issues that affect our business in various parts of the world … In addition, Mrs Thatcher is available to facilitate introductions to and meetings with foreign government officials and business leaders who may be involved in international business transactions we are considering, or who are responsible for formulating or implementing policies affecting our business. Under appropriate circumstances, she will also advise us on approaches we should pursue in our dealings with foreign dignitaries and business leaders, and will assist us in making presentations to those leaders.’  

A further letter in November 1991 notes that Thatcher gave advice to Philip Morris on cigarette excise tax harmonisation in the EEC. She advised them to exert political pressure through the House of Commons by lobbying MPs against the Conservative government accepting ECOFIN, an EU tax harmonisation agreement which the tobacco industry feared would increase indirect taxation on tobacco. One of the strategies outlined at Philip Morris’ European retreat in 1992 was ‘to neutralize ECOFIN’. The Chairmen of Rothmans, Imperial Tobacco and BAT subsequently wrote to then-Chancellor Norman Lamont, with their approach based on detailed advice from Mrs. Thatcher: ‘Write to Mr Lamont and directly ask him to change the proposal in view of the extreme unfairness and negative aspects relating to the incidence system; she always recommended telling someone who had got something wrong that this was the case and that he must have a chance to rectify it himself … We were recommended to operate at all levels and on all fronts: ministerial, House of Commons, Committees, civil servants etc.’  

News that Mrs Thatcher was acting as a consultant for Philip Morris soon emerged in The Sunday Times. In response Philip Morris simply stated that ‘We have had discussions with Mrs Thatcher about offering counsel on Geo-political issues’. The issues listed in an internal industry memo include advertising bans, lowering of tobacco tariffs in EEC countries, reducing tobacco taxes, as well as Singaporean anti-tobacco programs. A 1992 Philip Morris memo notes that ‘she could advise primarily on the tobacco issues listed above, but also on food issues’. This is of relevance as Philip Morris had acquired food companies Kraft and General Foods.  

Murray Bring (Philip Morris Vice President) thought also she might also be useful in helping to combat the EU Advertising Ban Directive 98143/E7 (‘Can she help keep the proposed Ad Ban Directive under wraps?’ January 7th 1992).
Margaret Thatcher’s advice on international markets

A letter to her son, Mark Thatcher (himself a RJR consultant) on August 27th, 1991 noted:

The types of matters on which we would like to seek Mrs. Thatcher’s advice include those which we discussed – i.e. risk analyses relating to foreign investments ... and a variety of strategic issues that affect our businesses, such as societal attitudes towards smoking, controversies relating to food and nutrition, and concerns about the environment.32

However a memo on March 3rd 1992 expresses embarrassment that ‘we have not fully exploited our investment’ and asks: Does she have any views about China? For some time now we have been struggling to find an appropriate way to enter China in tobacco...Yugoslavia was a good market for us, but the upheavals have naturally interfered with business...does she see any near term hope of things settling down permanently which would encourage us to work with the new Republics independently? It was also suggested that she may be able to influence Australian politicians:

... When she was in power in the UK, she became somewhat more reasonable in the latter part of her term towards excise taxes on cigarettes. Excise tax in Australia has been a big problem for us ... it would be helpful if she thought she could influence a new Liberal (means conservative) government to exercise restraint on excise taxes given her experience in the UK.33

Her advice to Philip Morris on South Africa is also known. Her briefing to Geoff Bible (Executive Vice President of the company) in June 1992 said that ‘she foresees the link-up of Zulus, Asians, Cape Coloreds and whites against the ANC and their communist affiliation ... She is convinced that the situation is different to other African nations because there is a bigger white population and the Boers [sic] will fight for their rights to the end ... Her view to a business man was take a risk and invest.’ Handwritten notes from the meeting suggest also that she advised Philip Morris that Mandela was ‘not an effective leader’.34

The most detailed advice on how to use Mrs Thatcher was in relation to Czechoslovakia, to help persuade Czech ministers against selling off Tabak S.A., the state-run tobacco monopoly.35 This can in retrospect be seen as part of the wider attempt by the tobacco industry to undermine tobacco control in the Czech Republic, as described by Shirane et al. (2012), and Philip Morris did succeed in convincing the government to abandon its plan to break up Tabak.36 Other countries where it was suggested her help and profile could be valuable were Poland, Saudi Arabia and Russia: ‘I would be most interested to learn if she can help us with Yeltsin ... with making a firm recommendation to Yeltsin on all issues concerning our industry, i.e. taxation, freedom of pricing, privatization, exports vs. local manufacture, leaf-growing etc.’37 Although there is no evidence that this advice was sought from her she did advise Philip Morris on China in 1992: ‘She comes across the grain with fresh thinking and can teach us a lot as to how we should approach and deal with governments.’38 Murray Bring also noted: ‘I am advised by the people in EEC who consulted with her on Ecofin that she was quite helpful in developing theories and lobbying strategies. They have met or spoken with her on three occasions, and she has been both accessible and useful. With respect to the Czechoslavlovakian situation, her advice was also helpful, but not as significant as in the Ecofin matter.’39

Other activities included trips to Prague, Tokyo, Chicago, Geneva and Hong Kong on Philip Morris’ behalf, or for meetings with Philip Morris executives,40-42 and advising on Turkey, where Philip Morris was lobbying to eliminate the government’s control of tobacco prices.43,44 On one US trip she was due to receive the Boston College Ignatius medal from Philip Morris Executive Vice President Geoff Bible (Philip Morris was a donor to Boston College)45,46 and she was guest speaker at the Philip Morris Worldwide conference in February 1992.47,48 However press and political response to the news that she was a tobacco industry consultant was negative.49 There were also doorstep protests outside her Belgravia office50 and the opposition Labour Party’s health spokeswoman, Harriet Harman accused her of ‘tarnishing the office of prime minister’.51

Philip Morris underwrote her 70th birthday celebration in 1995, at a reported cost to the company of $1m52,53 and her contract with the company expired in December 1997.54 She died on April 8th 2013. One legacy is the Margaret Thatcher Foundation, still in existence, which was founded by her in 1991 to ‘advance the cause of political and economic freedom’.55,56 It was established partly with funding from Philip Morris, receiving $750,000 over three years from 1992 to 1995, with Philip Morris requiring prior approval of spending on specific projects.57,58 She had earlier established (with Sir Keith Joseph) the Conservative think-tank the Centre for Policy Studies, in 1974, which is also still active. This received funding from BAT.59,60

Discussion

Margaret Thatcher’s involvement with the tobacco industry is of more than historic interest. As noted above, the issue of tobacco industry influence on the UK Conservative party has arisen recently, with claims that the UK Government’s decision to postpone plain packaging of cigarettes was due to the influence of tobacco industry lobbyists.5 The close historic relationship between the UK Conservative party and the tobacco industry is well-documented in Peter Taylor’s ‘The Smoke Ring’. The industry found many supporters in the party by appealing to Conservative interest in ‘individual freedom’, and ‘individual choice’. Taylor notes that the industry ensured that ‘freedom’ had a voice by financing FOREST – the Freedom Organisation for the Right to Enjoy Smoking Tobacco – whose Director had said that ‘FOREST draws heavily on the anti-Nanny state wing of the Tory Party’ (p135). Among its high profile supporters were MPs such as Kenneth Clarke, Health Minister under Thatcher, and a BAT Director from 1998-2007.61 Labour MP’s, particularly those with constituency interests, have also been tobacco industry supporters.7

It is often noted that Thatcher herself was not a smoker and even launched a Government campaign to reduce smoking in young people.62 The implication is that her activities for the tobacco industry were motivated solely by issues of economic freedom. A quote from a Washington Post article from 1996 puts this in context:

‘The Reagan and Bush administrations used their economic and political clout to pry open markets in Japan, South Korea, Taiwan, Thailand and China for American cigarettes. At a time when one arm
of the government was warning Americans about the dangers of smoking, another was helping the industry recruit a new generation of smokers abroad.63 Margaret Thatcher's activities for Philip Morris can be seen in the same light.

These relationships between politicians and industry remain relevant today, not least because Article 5.3 of the WHO Framework Convention on Tobacco Control includes the protection of public health policies from tobacco industry interference.64 Simon Chapman has documented the four main strategies that the Australian tobacco industry has used to fight health warnings on cigarette packaging: (i) submissions to government, (ii) privately influencing politicians and the media; (iii) using third parties; and (iii) commissioning research.65 The first three of these can be seen in this study; the last of these is well-documented elsewhere.66 These strategies are also consistent with other findings which show how the tobacco industry attempts to influence governments, in one example lobbying the German government in an attempt to weaken the Framework Convention on Tobacco Control.67

Perhaps the clearest message from these documents is that the tobacco industry's influence on UK Conservative politicians has a long history, and in Britain today rightwing thinktanks continue to be funded by the tobacco industry.68 This may be a general manifestation of the relationship between centre-right governments and industry, and the wider issue of industry influence on the political process is not confined to tobacco. Recently for example the alcohol industry has been claimed to have a significant influence on UK alcohol policy (see, for example http://www.bmj.com/about-bmj/article-clusters/alcohol).

The industry methods employed here, of direct lobbying of politicians, and the employment of Margaret Thatcher as a consultant to lobby on the industry's behalf, have resonances with the findings of a systematic review of studies of tobacco industry efforts to influence tax policies.6 Among other tactics it identified was the use of credible and influential individuals. In the case of Margaret Thatcher, the value of former elected officials appears to lie in i) the value of their political and other contacts, ii) insider knowledge of the thinking of key officials — including in her own party — and of the culture of different political regimes, iii) and their understanding of larger geopolitical issues (e.g. her advice on China and South Africa). These findings may be generalisable to other countries and to other former politicians and their relationships, once out of office, with transnational corporations.

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