

The Pharms and the Non-Profits: Buying Respectability and So Much More

By Wanda Hamilton

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“The national impact of the partnership between the American Cancer Society and SmithKline Beecham Consumer Healthcare has been demonstrated by the success of the American Cancer Society’s 1996 Great American Smokeout, as noted in the September 19, 1997 issue of Morbidity and Mortality Weekly Report (MMWR), published by the Centers for Disease Control and Prevention.” PRNewswire, Nov. 18, 1997. The 1996 ACS Great American Smokeout was certainly an unqualified success for the pharmaceutical companies. According to the CDC, sales of “nicotine medications” increased by 30% during the specific week of the event.

“That ACSH [American Council on Science and Health] gets funding from the pharmaceutical industry, as does the AMA, the American Cancer Society, and many other groups in tobacco control, is not disputed.” Thomas Houston, American Medical Association. From a Feb. 24, 2000 email message in response to a query about pharmaceutical funding.

The public perceives such organizations as the American Cancer Society, The American Lung Association, and The American Heart Association as purely charitable organizations, unsullied by politics and commerce. Unfortunately the public’s perception is far from realistic. These organizations are very much involved with politics and with chasing governmental and corporate dollars.

The political clout of these big non-profits is incalculable, and they employ professional political lobbyists to forward their agendas at every level of government. According to Edmund Burke, director of the Center for Corporate Community Relations at Boston College, “With the exception of taxes, every major domestic policy program of the past 20 years has been set, shaped and in some cases designed by advocacy groups” (quoted in Charles S. Clark, “Silence the Advocates,” *St. Petersburg Times*, 1/18/98).

The American Cancer Society (ACS), the American Lung Association (ALA) and the American Heart Association (AHA) are all classified by the U.S. Internal Revenue Service as 501(c)(3) “charitable” organizations. This means that donations to the organizations are tax-deductible, but it also means that the organizations must refrain from partisan politics and that their lobbying activities are restricted. Nevertheless, they lobby mightily--except they call it “issue advocacy” or “educating legislators.” Thus it is merely “issue advocacy” when one or more of these organizations takes out full-page newspaper ads or issues press releases to pressure legislators to vote for an anti-tobacco law or for funding for a state anti-tobacco coalition composed of the ACS, the ALA and the AHA.

“The Senate will surely turn to its constituency, point to these drug provisions and say, ‘Look what we did to protect kids.’ But the public should not be fooled. The Senators’ votes on Tuesday were a vote for Big Tobacco and against America’s kids.” Statement

By M. Cass Wheeler, CEO, American Heart Association, and John Seffrin, Ph.D., CEO, American Cancer Society, on the Status of the McCain Bill, press release, 6/10/98.

Or, conversely, the “issue advocacy” ad or press release might reward legislators for voting the “correct” way.

“In the last weeks and days of the 1997 legislative year, the tobacco industry’s most visible efforts were to attempt to undermine the smoke-free, workplace law. ‘It was the number one priority of the tobacco industry to preserve public smoking, and they broke all the rules, and ignored all the health facts in the process,’ stated Dr. Henderson [President of the ACS, California Division]. ‘We are pleased that the Legislature saw through the tobacco industry’s propaganda, and by doing so took a strong stand on behalf of the people of California.’

“The American Cancer Society placed a full-page advertisement in The Sacramento Bee and the Western Edition of The New York Times earlier this month, to draw public attention to the antics of the tobacco lobby in Sacramento.” “Bars Go Smoke-Free as of January 1, 1998,” PRNewswire, 9/13/97

The public perception of these organizations as “pure” and “charitable” lends even their most propagandistic ads an air of unassailable credibility. Moreover, since the ads are not selling a product, they are not regulated by the FTC and are not held to any standard of truth in advertising. Accountable to no one but their own board of directors for their public speech, these organizations are free to influence legislators, to spin the truth, to knowingly misrepresent facts and even to lie with impunity. They are, in other words, the perfect medium for disseminating anti-smoking propaganda. And this is just one of the qualities which made them such attractive partners for the pharmaceutical industry in the nicotine wars.

Partnerships With Government

Long before the pharmaceutical industry became publicly involved in the anti-tobacco movement, the ACS, the ALA, and the AHA were working in tandem with federal agencies involved in tobacco control, particularly the National Institutes of Health and the Centers for Disease Control.

John Seffrin of the ACS was a member of the Interagency Committee on Smoking and Health from 1988 through 1992, which meant he helped plan and coordinate the federal tobacco control program. Further, state and local divisions of the ACS, the ALA and the AHA served as point men in implementing federal anti-tobacco programs at the state level. These non-governmental organizations, NGOs as they are referred to, received federal funding from the National Cancer Institute’s ASSIST program and the Centers for Disease Control’s IMPACT program to establish and maintain anti-tobacco coalitions in every state.

In this way, these NGOs not only helped plan the government’s anti-tobacco effort, but were also paid to set up a vast network of politically active anti-tobacco coalitions throughout the United States. These state and local coalitions were charged with increasing coalition membership, cementing good relationships with local media,

“educating” legislators about such issues as increasing tobacco taxes and implementing smoking bans, and training the NGOs’ army of volunteers to carry out the anti-tobacco agenda by writing letters to the editor, gathering petitions, and calling or writing national, state, and local legislators to support anti-tobacco measures.

It was a brilliant and extremely effective plan for implementing the tobacco-control agenda throughout the United States. Set up using tax dollars, the national organizational framework was ready and waiting when the Robert Wood Johnson Foundation began its SmokeLess States Program in 1994.

RWJF’s SmokeLess States Program

“During the first seven years of SmokeLess States...The RWJF provided approximately \$40 million for educational and policy efforts undertaken by statewide coalitions in 36 states and the District of Columbia. As of 2001, The Foundation committed an additional \$52 million to the program with the potential of funding statewide coalition activities in up to all 50 states.” “SmokeLess States National Tobacco Policy Initiative,” American Medical Association website at www.ama-assn.org

SmokeLess States is funded by the RWJF and administered by the American Medical Association, which receives millions of RWJF money for its participation. Twenty-five of the 60 SmokeLess States grants totaling roughly \$19 million have gone to regional and state divisions of the American Cancer Society. The American Lung and American Heart Associations have received six grants, and coalitions of the ACS, the ALA, and the AHA have received additional RWJF grants.

In return for the money, the state coalitions are supposed to focus on three policy areas:

- Promoting smoking bans
- Increasing state tobacco taxes
- Encouraging Medicaid, state employee health insurers and private health insurers to cover the cost of “tobacco dependence treatment.”

Each of these priority areas will, of course, promote the sale of smoking cessation drugs, including Johnson & Johnson’s own products, though that is never directly stated.

RWJF representatives work closely with state and local coalitions to make sure they adhere to the foundation’s agenda.

Meanwhile, the Centers for Disease Control, which has taken over the federal ASSIST program, continues to pour taxpayer dollars into these same state coalitions. In addition, many of the coalitions are getting millions of dollars from their state governments as a result of the states’ settlement agreement with the tobacco industry. And, as if that weren’t enough, The American Legacy Foundation also uses millions of dollars from the settlement agreement for grants to selected state anti-tobacco coalitions. Steve Schroeder, CEO of the RWJF, is on the board of directors of the American Legacy Foundation.

The National Center for Tobacco-Free Kids

“The IRS takes at least 80 to 120 days to issue such a letter [conferring favorable 501(c)(3) tax-exempt status], but in the Center’s case it issued the letter 27 days after its application was received last spring. The Center promptly injected itself into the 1996 election campaign.” “Politics and the IRS—III,” *Wall St. Journal*, 2/18/97

“The IRS should review whether TFK’s lobbying expenses, which appear to be substantial, were improperly funded by the 501(c)(3) Center. In many respects, TFK’s political and lobbying activity raise questions about its tax-exempt status.” Patrick Reilly, “Blowing Smoke: Tobacco-Free Kids, Allies Overshoot Campaign,” Capital Research Center, August 1998.

“Sen. Ron Wyden (D-OR) will join the Campaign [TFK] today in calling for congressional hearings with top tobacco company executives and an increased investigative effort by the Justice Department into the ‘possible lies’ by the executives. The coalition will unveil an advertising campaign aimed at the congressional leadership that will push for a public hearing.” “Tobacco Poll: Public Wants Congress to Hold Hearings,” Health Line, American Political Network, 4/7/97.

“William V. Corr, a longtime Senate aide, chief of staff for Health and Human Services Secretary Donna E. Shalala and most recently chief counsel and policy director for Senate Democratic leader Thomas A. Daschle (S.D.) is moving to the Campaign for Tobacco-Free Kids. Corr is to be executive vice president.” “People: Dark Days Loom in the Senate: Corr Moves, Dominoes Follow,” *The Washington Post*, 2/18/00.

Formed in 1996 by the American Cancer Society, the American Lung Association, and the American Heart Association, the National Center for Tobacco-Free Kids (TFK) received \$20 million in initial funding from the Robert Wood Johnson Foundation. “The Campaign for Tobacco-Free Kids,” now a trademark used by the Center, was originally founded in 1995 as a lobbying group to support FDA regulation of the tobacco industry. Among TFK’s board members are John Seffrin of the ACS, Lonnie Bristow, former president of the AMA, and Randolph Smoak, vice chair of the AMA. Seffrin, Bristow and Smoak have all served on the Interagency Committee on Smoking and Health.

TFK’s first president was William Novelli, co-founder of the giant PR firm Porter-Novelli. Novelli’s background in public relations and “social marketing” eminently qualified him to create the Campaign as an anti-tobacco marketing platform and make effective use of targeted media ads and of unpaid media exposure. Novelli resigned from TFK in December 1999 in order to become an associate executive director of the AARP. Stepping up to take his place was attorney Matt Myers, formerly TFK’s executive vice president and general counsel.

The TFK serves as the national attack dog for the anti-tobacco movement. Its chief activities appear to be demonizing the tobacco industry, pushing FDA regulation of the tobacco industry, pushing smoking bans and higher tobacco taxes, eliminating tobacco advertising, and intimidating legislators into enacting anti-tobacco legislation.

“Between September 1996 and the November 1996 elections, TFK organized an advertising campaign that targeted key legislators in their home states and attacked

RJR mascot Joe Camel in three national newspapers: the Washington Post, New York Times and Wall Street Journal. Ads aimed at Congress ran in Washington, D.C. newspapers and on the radio and television.

“When it comes to tobacco, will Senators X and Y stand with America’s kids?’ read several ads. They named the Senators representing the areas covered by the newspapers and urged them to accept the Food and Drug Administration’s proposed ‘rule’ giving the agency jurisdiction over tobacco-related advertising.”

Patrick Reilly, “Blowing Smoke,” Capital Research Center, August 1998.

The Robert Wood Johnson Foundation continues to fund the TFK, and the TFK continues to employ its political attack-dog strategy, still pushing for FDA regulation of tobacco products, still demonizing the tobacco industry, still supporting smoking bans and abolition of tobacco advertising, and still attempting to intimidate legislators, governors and even the President of the United States and his cabinet.

Halos of Brass: Trading Logos for \$\$\$

“Businesses paid North American charitable organizations an estimated \$535 million last year for the use of nonprofits’ names for marketing...” “Attorneys general announce report on misleading product advertising,” AP report, printed in *The Milwaukee Journal Sentinel*, 4/7/99.

“SmithKline Beecham PLC, the big British-based drug manufacturer, will pay the cancer society [ACS] at least \$1 million per year in sales royalties for three years. In exchange, the society’s logo will appear on NicoDerm CQ boxes and advertising, along with a reference to the two as partners in promoting smoking cessation.” Steve Sakson, AP, “Cancer Society sells its name,” *The Miami Herald*, 8/17/96, p.1C.

In 1997 the American Lung Association was promised \$2.5 million to lend its name for two years for use in marketing Johnson & Johnson’s Nicotrol. Reed Abelson, “Sales Pitches Tied to Charities Attract Scrutiny,” *The New York Times*, 5/3/99.

According to a 1996 article in *The New York Times* (Milt Freudenheim, “Marriage of Necessity: Nonprofit Groups and Drug Makers, August 20), the American Cancer Society’s sale of its name and logo for marketing purposes to SmithKline Beecham was part of a growing trend of affiliations between drug companies and nonprofit organizations. It’s a brilliant marketing strategy on the part of Big Drugs, because consumers assume that use of a highly respected health charity’s name on a product implies that the charity has freely endorsed that particular product.

Initially the SmithKline Beecham ads ran with no disclaimer saying that the ACS had been paid in return for use of its logo, but 12 state attorneys general felt strongly that such ads were misleading to consumers and sued the drug company. SmithKline settled the suits for a total of \$2.5 million and agreed to run the words, “SB makes an annual grant to the ACS for cancer research and education for the use of their seal.” It was a small price to pay for such a profitable marketing deal, and the phrase about SB making a grant for cancer research even enhances the feel-good quotient of the company’s Nicoderm ads and buys priceless PR.

The use of non-profits' names to sell drugs isn't new and neither are the resulting lawsuits by state attorneys general. Back in 1994, The Arthritis Foundation accepted \$1 million from Johnson & Johnson's McNeil Consumer Products for use of the foundation's name in marketing an over-the-counter pain reliever. In that case McNeil settled with 19 attorneys general for \$2 million.

It's not as if the non-profits are unaware that the use of their name on drug products implies endorsement.

*“Some of the American Cancer Society's own research, for instance, suggests that consumers, who place an extraordinary amount of trust in charities, assume the charity is standing behind a product when its name is used. A 1994 study, sponsored by the Michigan division of the society, concluded after conducting focus groups and consumer interviews that the use of its logo ‘is considered an endorsement by the ACS by nearly all group members’”. Reed Abelson, “Sales Pitches Tied to Charities Attract Scrutiny,” *The New York Times*, 5/3/99.*

But these groups want the money, and they justify it by saying they are not actually endorsing the products, but are forming “educational” partnerships with the company. As one press release spins it:

“Evidence clearly shows that, when handled responsibly, educational partnerships like that of the American Cancer Society and SmithKline Beecham increase communication of helpful, and sometimes lifesaving, information to the broader public.” PRNewsire, 11/18/97.

The same press release goes on to tout the traveling ACS/SmithKline “NicoVan,” a 34-foot mobile smoking-cessation counseling center, “customized with colorful graphics to become the ‘world’s largest stop smoking brochure.’” The smoking cessation counseling is free, as is no doubt the information on smoking-cessation drugs.

As further evidence of how lucrative such a “partnership” could be for the ACS, when the Master Settlement Agreement was being discussed between the tobacco companies and the state attorneys general in 1997, SmithKline Beecham issued a press release supporting the ACS as administrator of any cessation funding generated by the settlement.

“However, any stop smoking treatment funded by the settlement must be administered by an organization with a proven commitment to, and experience in fighting tobacco addiction. Organizations such as the American Cancer Society and other public health agencies need to play a role in delivering the treatment to ensure that the complete range of smokers' needs are met.” PRNewswire, 6/20/97.

Just over a year ago a three-year breast cancer “collaboration” between the ACS and Johnson & Johnson subsidiary Ortho Biotech, a maker of cancer drugs, was announced. No dollar amounts were given in the press release, but there is little question that money changed hands in the deal.

There are connections between the ACS and the pharmaceutical industry on every level. Pharmaceutical executives even sit on the organization's board. Robert A. Ingram, CEO of GlaxoWellcome and member of the board of the Pharmaceutical Research and Manufacturers Association, is a member of the advisory board of the ACS, according to a 1997 company press release; David Bethune, past board member of the Pharmaceutical Research and Manufacturers Association and current director of St. Charles Pharmaceutical Co., was named a "founding trustee" of the ACS in January 2000.

"Partnerships" and commercial collaboration between organizations such as the American Cancer Society and the pharmaceutical industry will continue so long as the public continues to believe in the "purity" of the non-profits. And it is clear that the illusion of purity is just as much a saleable commodity as the smoking cessation drugs of the pharmaceutical multinationals.