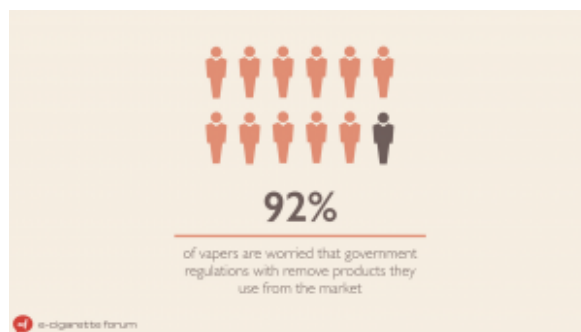


Big Tobacco's Little Helpers

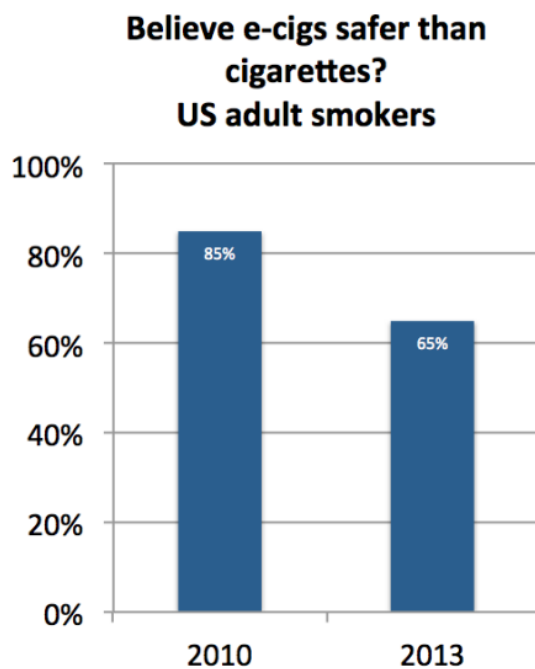


Public health disinformation encourages regulation that protects the cigarette trade

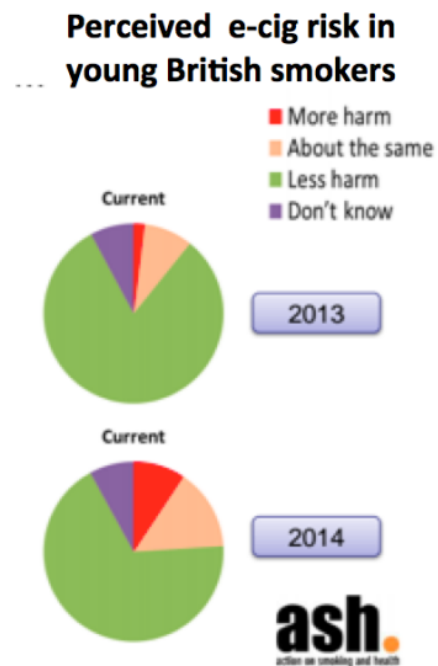
This is a guest post by [David Sweanor](#), Adjunct Professor of Law at University of Ottawa and lifelong public health campaigner, Starts here...

There has been a concerted effort by opponents of vaping to denigrate these products - see endless stories on [formaldehyde](#), [ultrafine particles](#), [poisoning](#), [third hand nicotine exposure](#), [gateway effect](#), [renormalisation](#) and the multiple violations of [fact and presentation by WHO](#) and its [ill-judged supporters](#).

Sadly, but not surprisingly, these efforts at misinformation appear to be convincing many people that vaping is not a good alternative to smoking lethal cigarettes. [Surveys](#) of beliefs about relative risk show that fewer smokers now see vaping as less hazardous than smoking, let alone understand that the risk differential is enormous.



Tan ASL, Bigman CA. E-cigarette awareness and perceived harmfulness: prevalence and associations with smoking-cessation outcomes. *Am J Prev Med* 2014; 47: 141-9.



Trends in electronic cigarette use in young people in Great Britain over 2013-2014 Arnott, Britton, Cheeseman, Dockrell, Eastwood, Jarvis, & McNeill ASH, CR-UK, PHE 2014

Widespread misperception - and getting worse

I am now hearing the same thing when talking with consumers; smokers who fear switching and vapers who are confronted by people telling them of '[some new study that proves vaping is more hazardous than smoking](#)'.

The point was driven home in the last few days in reading two comprehensive new reports from the Wells Fargo 'Tobacco Talk' retailer survey. The astute Bonnie Herzog, until now the most bullish Wall Street analyst when it comes to the ability of non-combustibles to replace cigarettes, is concerned about the momentum in the market, as the survey highlights the flow of misinformation on relative risks - one of the key reasons to switch from smoking to vaping. Simply put, there is a tremendous level of pseudo-scientific misinformation and scare stories that is feeding a moral panic about vaping. The inevitable result is that it is more likely that smokers will stick with deadly combustibles, more vapers will revert to smoking, smoking will decline more slowly than it otherwise would and the lucrative cigarette trade will have again been protected from a disruptive threat.

Bonnie Herzog, Wells Fargo, Independent Vapors Manufacturers Survey January 23, 2015:

While we estimate the industry will continue to grow robustly in 2015 (~40% topline growth), reaching retail sales of \$3.5B, we would be remiss if we didn't acknowledge the increased uncertainty we have observed among investors, our retailer/industry contacts, and consumers over the past 6-12 months. We believe this unfortunate trend is being driven by:

(1) mixed messages from the media;

(2) lack of FDA regulation or leadership; and

(3) lack of vapor industry or public health alignment, which are in turn driving worsening public perception of the vapor category. This is exacerbated by the fact that it is difficult for the industry to defend itself or make any modified risk claims (that their products could be less harmful than combustible cigs).

Comments from retailers:

"New ads on TV sponsored by the state, saying all sorts of negative things about e-cigs . . ."

"Public needs more awareness of vaping before regulations take hold and restrict use"

"The industry has basically let the anti-e-cig movement say what they want without rebuttal."

Comments from VTM (Vapor Tanks Mods) manufacturers:

". . . our stores grow 12% a month. EVERY MONTH. We just need more. Once the FDA regulations come out, all this spin that various parties keep throwing at this, the federal and state tax issue gets resolved; it is game over for conventional cigs. The issue facing the VTM's now is, stay alive till then, and trust me we get attacked from everyone, even Big Tobacco inside our own industry, and government at all levels. They have leveraged uncollected future cigarette taxes for the next decade that they are in EXTREME FEAR of losing and not being able to cover the debt service on that leverage that is at the core of the anti-Vape propaganda. Let's be honest, our US and State governments are in the cigarette business, Big Tobacco is just their supplier and marketing

company.”

“So much is focused on the “unknown” 20-50 studies...however, the media won't take a spectrum of risk approach despite the HUGE benefits to smokers' health TODAY - it's frustrating and transparent that those often quoted in the media do not have the best interest of the individual smoker in mind.”

“Mis-information campaigns funded by tax settlement dollars are taking their toll.”

“The largest negative impact is prohibitory regulation, since that completely skews the public perception, regardless of the science.”

“Majority of the general public has been consistently misinformed about the safety of vaping.”

Disturbingly, these attacks on vaping are nothing new in the realm of nicotine policy. There is a very long history of alternative products that appear to have the potential to challenge the market dominance of cigarettes by allowing consumers far less hazardous ways to get nicotine. In each case the threat has been seen off, leaving the tobacco companies free to continue their exceedingly lucrative and depressingly deadly oligopoly with its near-monopoly over the delivery of a very widely used dependence producing drug. We see several ways in which anti-tobacco activists have aided the cigarette business:

- banning alternative products (Advanced Therapeutic Product's nicotine inhaler, snus in the EU and several other jurisdictions, pharmacist-made nicotine lozenges)
- driving them from the market with adverse publicity and regulatory attacks (Star Scientific's ultra-low nitrosamine lozenges, various heat-not-burn products)
- over-regulating to the point that cigarettes get a huge marketplace advantage (massively constraining all forms of nicotine replacement therapy)
- misinforming consumers about relative risks or withholding candid information (smokeless, snus, NRT; nicotine in general).

The big cigarette companies are protected from competition from disruptive

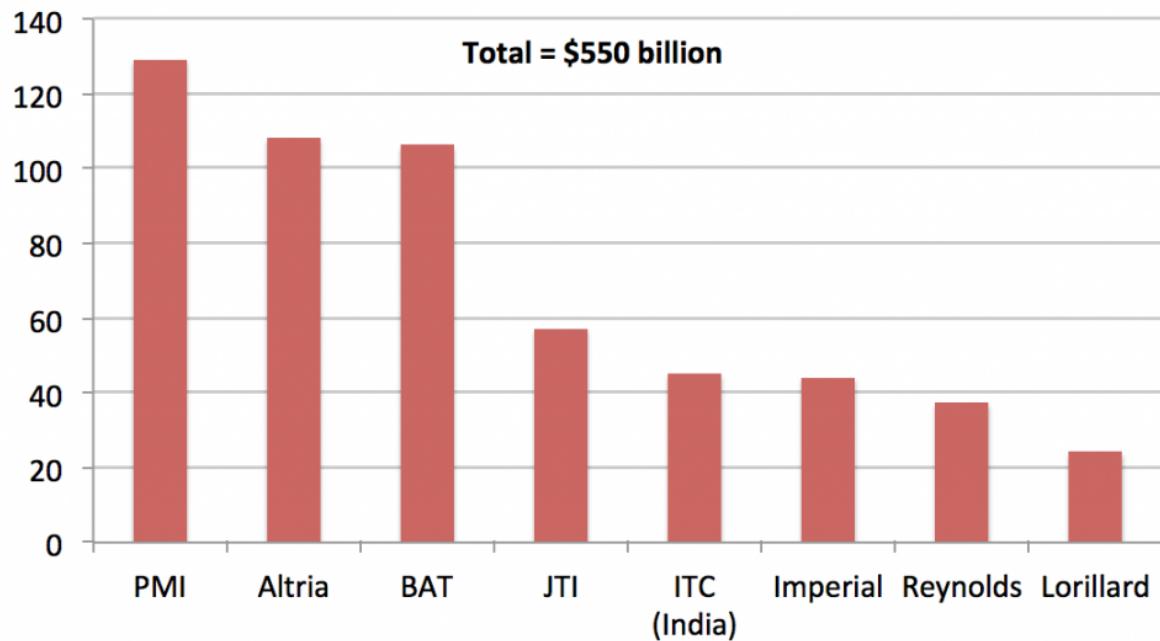
technologies that would otherwise thwart their ability to constantly increase their prices and profit margins. They are also sheltered from the regulation and litigation that would result from selling a product that is much more harmful than acceptable alternatives available in the marketplace (that is, after all, the basis for finding something to be 'unreasonably hazardous'). A result of seeing off these threats to the lethal cigarette is that Big Tobacco is now worth hundreds of billions of dollars more than at the start of the Tobacco Wars, despite having also gifted untold billions in dividends to shareholders during this time.



BAT's market value has grown dramatically during the most intense phase of the Tobacco Wars

The combined stock market market value of the cigarette companies on the Financial Times 500 now handsomely exceeds *half a trillion dollars*, and the sector was once again an incredibly lucrative performer last year.

Market capitalisation - January 2015 (billion US dollars)



Market capitalisation - the total market value of the company's shares - approximates the expected discounted flow of future profits/dividends after tax

Yet the ability of this industry to see off existential threats from alternative technology is not due to some cabal of evil geniuses in these companies. It is instead largely due to the unintentionally helpful actions of people who consider themselves to be sworn enemies of these companies.

It is often noted that Big Tobacco has few friends. But, with enemies like these, they hardly need any.