

Imperial Tobacco Limited/Limitée



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August 1, 1979

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Dear Lionel:

Your letter of July 23 indicating the intention to have GR & DC program considered by Tobacco Executive Committee and then circulated by Mr. Sheehy to the No. 1s represents a most significant new development. It is very timely as far as I.T.L. is concerned because it provides a way for our new President to familiarize himself with R & D both locally and in GR & DC. As you can appreciate, a change at the top of a company inevitably results in a review of important policies and may cause appropriate changes, so that the organization moves in directions according to the views of the man who bears ultimate responsibility.

A letter from Ian Ayres inviting participation in a meeting intended to maintain consensus "throughout the Group on the aims and objectives of our biological programme" seemed to me to be slightly at odds with the procedure envisaged in your letter. At any rate, I seized the occasion to discuss both letters with our new President.

Mr. Mercier prefers to think at a level which is not "what it is we propose to do under the key task areas" but of why you undertake the tasks, in terms of business benefits of tangible, or even intangible but nevertheless rational nature. He has suggested that if the purpose of Mr. Sheehy circulating the Programme to No. 1s is one of consultation, you might consider circulating a draft prior to formal submission to Tobacco Executive Committee. Mr. Mercier is prepared to become personally involved in appropriate review and discussion here. I cannot over-emphasize the importance and significance of this.

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Your letter states that the program will not be changed in substance other than some modifications - presumably now identified - so we are somewhat at a loss to understand the purpose of Ian's meeting. If even the programs are fairly firm how can we review aims and objectives? If Ian's meeting is really intended to be a resurrection of the old Biological Research Committee which largely concerned itself with scientific detail, I see no point in sending delegates from Canada. You people have the competence to plan and execute research.

On the other hand if there is an intention to re-appraise the rationalization of your biological program then you will be dealing with a very high level topic indeed, one which I don't think has ever been thought through to the extent of complete mutual understanding and commitment on the part of scientists and top management alike. Perhaps the problem is one of communication and semantics as much as anything else, but when I look at sheets 2 and 3 of the program I find one statement of a business objective (actually in the form of a comment) "There is a need from Associate Companies for health-reassurance products" and ask myself two questions:

- 1) Will these programs ensure the realization of this objective? When?
- 2) Are all the programs needed to realize the objective?

It seems to me there are a number of other objectives behind the programs but they are not stated. In order for people at the top to become genuinely committed to R & D programs they must be perceived as following logically from desirable business goals. The area of biological research which is traceable to the smoking and health situation is very difficult for me to think through in the absence of appropriate high level policy guidelines that clarify the intended role of biological research. I suspect that people at the top are equally confused because the subject is not presented with the kind of rationalizations and in the language to which they are accustomed.

I think the real issue here is not the specifics of biological research but rather the more uncomfortable subject of the appropriate internal and external research response to smoking and health. An awful lot of money has been spent on S & H research within and outside the industry. What has been learned and where will future expenditure take us? Many research groups by several forms of assay have learned that the smoke from different tobaccos give moderately different results. The concept of trying to isolate and subsequently eliminate hazardous substances doesn't seem to have achieved much. No one seems to know why one tobacco is "safer"

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than another and to me this is the major barrier to any conscious program to achieve health-reassurance products. In the meantime tobacco companies all over the world are in fact developing and marketing what the outside world of health authorities deems to be safer viz. low tar, low CO etc., cigarettes.

I can subscribe to the notion of having suitable screening tests so as to avoid inadvertent harmful change through product modification. I've no doubt too that all other elements of GR & DC's program can be rationalized in some way or another. But if you started with a clean sheet and a set of business objectives or policies what would the program look like?

I believe that this is one of the most difficult topics confronting the tobacco industry, which seems to have given the scientists their head for a number of years but is now having second thoughts. The future will require a more genuine and informed meeting of business and scientific minds.

This is a long winded roundabout way of replying to the two letters. Perhaps after reading this you may wish to review the purpose of the biological meeting with Ian. If you feel representation from here would be beneficial, one or both of Bob Wade and myself would attend. The timing is not of the best, and I attach a schedule of events for Ian's benefit. I shall be on holiday during August but Mrs. Bobko knows how to reach me if need be.

With kind regards.

Yours sincerely,



R. M. Gibb

enclosure

cc Mr. J.L. Mercier
Mr. S.M. Candlish
Mr. R.S. Wade

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