For Immediate Release

Public health expert warns from AUB: Tobacco companies use social responsibility programs as whitewash

Beirut, Lebanon- 28/01/2011 - Although businesses that adopt Corporate Social Responsibility (CSR) programs should be commended, the public should be wary of companies that use CSR to whitewash their harmful products, warned a public health expert from the American University of Beirut.

Yale lecturer Norbert Hirschhorn, a retired public health practitioner and an adviser to the AUB Tobacco Control Research Group, questioned whether tobacco companies can be truly considered CSR-compliant when they have been producing a product that results in disease and death and have knowingly misled the public about its risks for decades.

Corporate Social Responsibility, or CSR, is a business model that incorporates policies and practices that allow a company to produce an overall positive impact on society.

Hirschhorn presented his arguments during a January 12 seminar sponsored by the Faculty of Health Sciences and the Olayan School of Business and entitled "Corporate Social Responsibility and Controversial Companies: Where to draw the line?"

"There is no consumer product other than tobacco that kills half of its users when used as intended: five million deaths a year worldwide, and much disease besides," he said.

"No matter how well the companies perform in CSR, these facts alone… make true social responsibility impossible."

Instead, Hirschhorn advises tobacco companies to drop the veneer of CSR and adopt real social responsibility through a series of measures including: ending all tobacco advertising; using plain cigarette packaging with pictorial warnings that cover 50 percent of the front and back of the pack; raising tobacco prices substantially and accepting high taxes on the product; and funding an independent NGO to prevent youth smoking. Hirschhorn goes as far as suggesting to tobacco executives to get out of the business altogether.

"In 1992, Philip Morris executives actually debated getting out of the cigarette business," he recounted. "One wishes they had, and ridden off into the sunset."

Although many multinational corporations have been practicing CSR since the 1970s, Hirschhorn said that tobacco companies only started preaching CSR in 1999 after being hit by a barrage of lawsuits that cost them billions of dollars in losses, significantly tarnishing their public image.

Quoting a 2001 statement by Michael Prideaux, British American Tobacco (BAT) director of corporate and regulatory affairs, Hirschhorn said: "Social reporting [CSR]…will not only help BAT achieve a position of recognized responsibility, but also provide 'air cover' from criticism while improvements are being made. Essentially it provides a degree of publicly-endorse amnesty."

"Air cover" came in several forms, noted Hirschhorn. These included promoting smokeless tobacco, sponsoring relief efforts, launching youth smoking prevention and quit smoking programs, and embarking on human rights and environmentally-friendly initiatives.

"Whatever motive we ascribe to the [tobacco] industry's CSR, it has made a great difference in how tobacco companies are now viewed, especially in the courtroom," said Hirschhorn. "Stock prices are up, lawsuits down, fewer victories for the plaintiffs, more profit for investors."

For these reasons, Hirschhorn questioned controversial companies' rights to use CSR to gloss over their negative impacts, especially if they led to death and disease.

The seminar opened with an introduction by OSB Associate Professor Dima Jamali, who differentiated between altruistic CSR—which occurs when a company is expecting nothing or very little in return for its CSR activities—and strategic CSR, which reconciles shareholder value and competitive advantage with societal and ethical values.

Jamali also overviewed the history of CSR while discussing key drivers for company sponsorship of CSR activities, namely globalization and increased demand for transparency, the need for more sustainable practices, and the shaken public confidence in business which followed corporate scandals over the past two decades.

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Note to Editors

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Founded in 1866, the American University of Beirut bases its educational philosophy, standards, and practices on the American liberal arts model of higher education. A teaching-centered research university, AUB has more than 600 full-time faculty members and a student body of more than 7,000 students. AUB currently offers more than 100 programs leading to the bachelor's, master's, MD, and PhD degrees. It provides medical education and training to students from throughout the region at its Medical Center that includes a full service 420-bed hospital.

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