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Blowing Smoke: Tobacco Companies, Anti-Tobacco Tax Policies, and International Security

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Abstract. This article illustrates how governmental tax policymakers are an insignificant threat to tobacco companies. Security implications are alluded to--viz., company relationships with illicit trafficking organizations, the health of populations, and tax policies towards illegal drugs if the last were to become legal.

Governments increase taxes on tobacco products for two significant and somewhat contradictory reasons: first, to dissuade people from smoking or smoking as much, given the assumption that as cost goes up, the number of people smoking and how much they smoke may go down; second, to increase the amount of money available for government expenditures, given the assumption that dissuading people from smoking will not be completely successful.

However, there are several problems with the above. People may be rich enough so that the taxes won't affect consumption. And if people are not rich enough, they may just forego other non-tobacco products and services. As well, tobacco taxes necessarily penalize the poor more than the rich--anathema at least to liberal democrats. (Conservatives might counter that the penalty ensures that the poor benefit health-wise from increased tobacco taxes more than the rich, although empirical data supporting this counter is sparse and instead seem to suggest that attitudinal elements of smoking may have more to do with starting, titrating, and stopping smoking.) Moreover, if governments come to depend on money obtained through their citizens' dependencies on tobacco, a conflict of interest arises that may result in at least implicit and/or unconscious complicity with the tobacco companies.

So higher taxes--if not good news for tobacco companies--may not be completely bad news. But higher taxes may be good news for these companies in another way. As taxes in one country become much higher than another, the companies may more than recoup any loss of profit in the former by aiding and abetting smuggling from the latter. And more than this: by aiding and abetting international trafficking organizations to exploit tax differentials as they rise and fall. Some of these organizations may be identical with or related to those that traffic in any illegal or illicit product or service: weapons, weapon technology, weapons materiel, illicit drugs, the slave trade, stolen art, and so on.

Of course, if--in recognition of the trafficking Issue--governments decrease taxes, the tobacco companies then have a lower-priced product to sell.

One might posit that in the current era of globalization, contacts between legal and illegal businesses may be becoming more likely for many of the same reasons IBPP has described for the viability of illegal businesses in last week's issue (4(18)). These contacts may best be characterized as further infiltration by illegitimate authority of legitimate authority that will result in less sustained and effective political momentum (ability and motivation) to eradicate all trafficking networks, the threat of these networks to the health of various national populations, and the likelihood that the legalization or decriminalization of drugs would have any bottom line positive calculus of tax money for governments and respect for the law versus drug-related harm to people.

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So, with low taxes, the tobacco companies win and people's health loses. With high taxes, the tobacco companies win, people's health may still lose, and other national security problems may be exacerbated. That is why tobacco companies' concerns about tobacco taxes are so much blowing smoke. (See Bonner, R. (May 8, 1998). Europe inquiry on smuggled cigarettes seeks U.S. aid. *The New York Times*, <http://www.nytimes.com>; Brimelow, P. (1997). The new outcasts-Tobacco as class warfare. *Forbes*, 160(4); Glynn-Morris, R. (1994). Tobacco tax controversy. *Canadian Medical Association Journal*, 150(7); Groups call for tobacco tax increase. (1993). *Journal of the National Cancer Institute*, 85(6); Heiser, P.F. (1997). The campaign to raise the tobacco tax in Massachusetts. *American Journal of Public Health*, 87(6); Joossens, L., & Raw, M. (1995). Smuggling and cross border shopping of tobacco in Europe. *British Medical Journal*, 310; Kaplan, R.M., et al. (1995). Marshaling the evidence for greater regulation and control of tobacco products: A call for action. *Annals of Behavioral Medicine*, 17, 3-14; Necessity as the mother of invention: International crime in an era of globalization. (May 8, 1998). *IBPP*, 4(18).) (Keywords: Policy, Security, Tax, Tobacco, Trafficking.)