

A "modest proposal" from tobacco giant Philip Morris

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In a move that cries out for a response from a master satirist on the order of Jonathan Swift, Philip Morris, the New York-based tobacco giant, recently handed the government of the Czech Republic a study arguing that the Czech state had benefited from "health-care cost savings due to early mortality" resulting from smoking. According to the company-commissioned study, premature deaths from cigarettes saved the Czech government between 943 million koruna and 1.19 billion koruna (between \$23.8 million and \$30.1 million).

The report claimed that revenues from smoking deaths—savings on health care, housing and pensions—as well as gains from excise and other cigarette taxes far outweigh the costs of caring for sick smokers and others made ill or killed by secondary smoke or the loss of income taxes from deceased wage earners.

The majority of the cost to the government, estimated by the report at \$394 million in 1999, was due to health care treatment for smoking related illnesses, as well as lost working days, lost income tax and the cost of fires due to cigarettes.

Offsetting these "losses," according to the Philip Morris study, were the benefits from excise duty, value added tax (\$89 million), custom duty (\$ 9 million) and income tax from tobacco businesses (\$19 million).

"Our principal finding is that the negative financial effects of smoking—such as increased health care costs—are more than offset by positive effects—such as excise tax and VAT collected on tobacco products," the report stated.

It calculated that the net benefit to the government from its alive and dead smoking population in 1999 was 5.82 billion koruna (\$147.1 million).

The company commissioned the research company, Arthur D. Little International, to investigate the cost of

smoking in the Czech market in 1999, in response to a planned report by the Czech health ministry indicating that the state was losing money as a result of widespread smoking. The company also fears a hike in cigarette taxes as the Czech parliament squares its tax rate (42 percent) with that of the European Union (59 percent).

Philip Morris took over the state tobacco company, Tabak, nine years ago and now manufactures 80 percent of the cigarettes smoked in the Czech Republic. Marlboro is its principal product in a very lucrative market.

The British-based group Action on Smoking and Health (ASH) called the report "a sort of extermination program for the newly retired."

While the tobacco industry vehemently denied for decades that cigarettes cost lives, Philip Morris has recently publicly acknowledged their product's harmful effects. The Philip Morris International web site declares: "We agree with the overwhelming medical and scientific consensus that cigarette smoking causes lung cancer, heart disease, emphysema and other serious diseases in smokers. Smokers are far more likely to develop serious diseases, like lung cancer, than non-smokers. There is no 'safe' cigarette." Every cloud has a silver lining, as the Czech study suggests.

The *World Socialist Web Site* spoke with Dr. Kenneth Warner, a tobacco policy expert, from the University of Michigan's school of public health. "It's a little bizarre to think that there is a report that deals with people in this way.... I hold to the comment I made for *MSNBC*: 'Is there any other company that would boast about making money for the public treasury by killing its customers?'"

A physician and epidemiologist at the Charles University in Prague, Eva Kralikova, said the report

“very much underestimated” the costs of medical care for people suffering from smoking-related illnesses. Such illnesses account for 20 percent of all deaths in the Czech Republic (about 23,000 people a year). Dr. Kralikova stated that these statistics, as well as the cost of medical treatment, will rise as smokers age.

The company’s web site boasts that: “Philip Morris International is committed to making a difference in people’s lives by supporting the communities where our employees and consumers live and work.” Read in the wake of the exposure of Philip Morris’s marketing strategy in the Czech Republic, these words have an ominous ring.



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