

WALTER ADAMS

JAMES BROCK

The
Tobacco
arts

The Tobacco Wars

Walter Adams

and

James W. Brock



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“For thy sake, Tobacco,
I would do anything but die.”

— Charles Lamb,
A Farewell to Tobacco, 1830

“Tobacco is a filthy weed,
That from the devil does proceed;
It drains your purse, it burns your clothes,
And makes a chimney of your nose.”

— Benjamin Waterhouse

Preface

As a general proposition, one might say (to paraphrase James Baldwin) that the anguish that often overtakes an industry tends to come late in its life. It's a time when it must make the almost inconceivable effort to divest itself of everything it has ever expected or believed, when it must take itself apart and put itself together again, walking out of the world into limbo or into what certainly looks like limbo.

Today, the multibillion-dollar tobacco industry finds itself in that position. It is the focus of a fierce national debate—second, perhaps, only to controversies over gun control, affirmative action, and abortion.

The industry is accused of killing 400,000 Americans every year—more than AIDS, alcohol, car accidents, murders, suicides, and illegal drugs combined! Critics call smoking “history’s deadliest man-made epidemic.”

On the legal front, some 40 states have sued the tobacco giants, charging them with operating an illegal cartel to suppress price competition and to stifle research and development in the search for a “safe” cigarette. Scores of counties, cities, and health organizations have joined in this parade of litigation.

In Washington, Congress and the White House have engaged in a bitter, multipartisan struggle to fashion legislation to deal with the industry—especially the problem of youth smoking.

Aficionados of the theater of the absurd¹ would find the character of the debate intimately familiar. There is an absence of communication—a terrifying diversity of utterances, with the

¹ See Martin Esslin, *The Theater of the Absurd* (New York: Anchor Books, 1961). For specimens of the genre, see plays by Samuel Becket, Arthur Adamov, Eugene Ionesco, and Vaclav Havel. For a pioneering venture by an economist as playwright, see Leonard Silk, *Veblen: A Play in Three Acts* (New York: A.M. Kelley Publishers, 1966).

actors on stage listening only to snatches and fragments of the dialogue, and responding as if they had not listened at all. At times the dialogue consists of statements that are in and of themselves perfectly lucid and logically constructed but lacking in context and relevance. At other times, absurd ideas are proclaimed as if they were axiomatic truths. In this dialogue of the deaf, advocacy takes precedence over consensus.

Above all, there is a degradation of language—a recourse to verbal banality. In an age of mass communication, language has run riot. Words border on the meaningless and lack authentic content. Does the correlation between smoking and lung cancer, emphysema, and heart disease *prove* that cigarettes are the *cause* of these maladies? Is smoking a free consumer choice, a *habit* like drinking coffee, watching television, or eating gummy bears; or is it an *addiction* that makes the very notion of free choice ridiculous? To resolve such issues requires more than ossified clichés, empty formulas, and popular slogans.

Why did we write this book? Why this choice of genre? Primarily to put the tobacco controversy in perspective. Primarily to lay bare the states of mind and images that constitute the hidden assumptions in the debate—to provide an intersection between what is visible and what is under the surface, to expose the latent content that forms the essence of the controversy, and to expose the disguised meaning of the words used by the protagonists in the debate. Our dialogue finds absurdity not in the depths of the irrational, but in what on the surface appears to be the very essence of rationality. It seeks to demonstrate that “a false vocabulary systematically places the debate on false ground and makes it practically impossible to analyze the concrete reality.”²

The setting for our “play” is a five-part public affairs television series in which representatives of the pro- and antitobacco forces debate the central issues of the current tobacco wars. Our purpose

² Milan Kundera, “Candide Had to Be Destroyed,” in Jan Vladislav, ed., *Vaclav Havel, or Living in Truth* (London: Faber and Faber, 1986), 261.

is to make the audience think about these issues analytically and dispassionately. Our hope is that people will take this form of television theater seriously and that, in turn, this form of theater can perform a serious educational function.

Walter Adams
James W. Brock

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I. The Antecedents

MODERATOR: Good evening, and welcome to the first program in our five-week series, *The Tobacco Wars*.

Next to debates over affirmative action and abortion, smoking is one of the most fiercely debated issues in American public policy:

- Public health researchers blame tobacco for killing 400,000 Americans every year—more than die from AIDS, alcohol, car accidents, murders, suicides, illegal drugs, and fires combined¹—and call smoking “history’s deadliest man-made epidemic.”²
- The Office of Technology Assessment claims that smoking is responsible for some \$70 billion in health care costs annually.³
- According to a Florida court, “No cocaine cartel, gambling empire, or white-collar scheme has even approached the damage allegedly done” by the tobacco industry.⁴
- Recent decades have seen an explosion of No Smoking bans—in restaurants, on commercial airline flights, in offices and workplaces, and even in bars and taverns.
- Television and radio advertising of tobacco products has been banned, while cigarette packs and other forms of advertising must prominently feature government-ordered statements detailing the hazards of smoking.

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Tobacco is the basis for a multibillion-dollar industry that is dominated by a few large firms. Cigarettes account for over 90 percent of spending on tobacco products in the United States, and last year American consumers smoked about 24 billion packs. Smokeless tobacco, cigars, and pipe tobacco are also produced by the tobacco industry. In 1995, U.S. spending for all tobacco products totaled about \$49 billion.

Five American companies—Philip Morris, R. J. Reynolds (a subsidiary of RJR Nabisco), Brown and Williamson (a subsidiary of B.A.T. Industries), Lorillard (a subsidiary of Loews), and Liggett—produce almost all of the cigarettes sold in the United States. Two companies, Philip Morris and R. J. Reynolds, account for more than 70 percent of industry sales. About 36 billion packs of cigarettes were produced by U.S. firms in 1997, with about 12 billion packs exported to other countries and about 280 million packs shipped to U.S. territories and to U.S. armed forces stationed overseas. The rest were consumed by domestic smokers. Cigarette revenues totaled about \$46 billion in 1996.

Smokeless tobacco products are also produced by only five domestic manufacturers: U.S. Tobacco, Conwood, Pinkerton, National, and Swisher. Over 120 million pounds of chewing tobacco and snuff were produced in the United States in 1996; in 1995, smokeless tobacco companies posted revenues of \$1.7 billion. Cigars and pipe tobacco are produced in a market that is less concentrated in a few companies. About 2.5 billion large cigars and cigarillos and 14.2 million pounds of pipe and roll-your-own tobacco were produced by U.S. companies in 1995.

The United States is the second largest tobacco producer in the world, falling well below China in total production. In 1996, tobacco was grown on over 124,000 U.S. farms, producing a crop valued at \$2.9 billion. The Department of Agriculture administers a system of marketing quotas, which supports the price of tobacco, as well as a loan program for tobacco producers. The quota system has no significant costs other than those of administration. Over time, the loan program is intended to pay for itself.

The tobacco industry supports over 600,000 jobs for people who produce and deliver tobacco products. In addition, 625,000 retail outlets distributed cigarettes and tobacco products in 1992. Convenience stores and gas stations sold about \$12.7 billion in tobacco products that year, with vending machines adding \$2 billion in sales.

Source: Congressional Budget Office, The Proposed Tobacco Settlement: Issues from a Federal Perspective, (Washington, DC: GPO April 1998).

- Despite 30 years of warnings, ad bans, and ever more restrictive prohibitions, however, public health officials report an alarming upsurge in the number of young smokers. “Joe Camel” ads have been blamed—and banished—for contributing to this trend.
- On the legal front, numerous states have sued the tobacco companies, charging them with operating an illegal cartel to eliminate competition and demanding compensation for the health expenses that the states say they’ve incurred to treat smoking-related sicknesses.
- In Washington, a proposed mega-billion dollar settlement between states and the industry has sparked political infighting in the Senate and the House as Congress and the president wrestle with the economics and politics of tobacco policy.

Tonight, to provide an overview for our series, we are joined by two distinguished guests: Our first panelist is one of the nation’s leading economic historians. She has published numerous articles on the industry, and her latest book is considered the definitive history of tobacco. Professor, welcome and thank you for being with us.

HISTORIAN: Thank you. It’s a pleasure to join you.

MODERATOR: Also with us tonight is the former chief executive of one of the world’s largest tobacco companies, a person who literally grew up in the business, and who in his retirement continues to follow events in the field. Welcome, sir.

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EXECUTIVE: Thank you for inviting me.

MODERATOR: Professor, let's begin with you. In your recent book you write, "The tobacco industry is unique in the persistence and passion of the controversies it has engendered." Would you explain the basis for that statement?

HISTORIAN: Certainly. Every grade school child learns that Columbus arrived in the New World in 1492, and that he and other voyagers found this new world a remarkable place.

Of all the astonishing things they encountered, however, one of the most frightening and intriguing was the natives' custom of breathing smoke! From Brazil to Canada, the early discoverers encountered indigenous peoples who cultivated and consumed dried tobacco leaves. In fact, some native tribes called their smoking implements "tobocas"—from whence the word "tobacco" is derived. And there seemed no limit to the variety of ways they consumed their tobacco: smoking, chewing, drinking, licking, snuffing—even tobacco enemas.⁵ Some tribes even tracked time in terms of pipefuls of tobacco consumed.

MODERATOR: Yet you write that the tobacco wars commenced from the very outset. Why?

HISTORIAN: Those early explorers, including the priests who accompanied them, believed the smoke exhaled by these fire-breathing creatures to be evidence not only of savagery but, more alarming, of possession by the Devil! They exhorted their troops to resist the evil weed,

and tried strenuously to dissuade them from smoking it. One cleric warned: "As the devil is a deceiver and knows the virtues of herbs, he showed them the value of this plant so that they might see imaginary things and fantasies which it reveals to them, and thus he deceives them."⁶

Alas, such warnings were futile because, as Columbus himself observed, once his troops experimented with tobacco, "It was not within their power to refrain from indulging in the habit."⁷

MODERATOR: And that irresistible attraction accompanied the transfer of tobacco back to Europe?

HISTORIAN: It certainly did: Tobacco joined coffee, cane sugar, peanuts, and maize as an immensely popular gift from the New World.

MODERATOR: Controversy also accompanied tobacco's trip back?

HISTORIAN: Absolutely. Legend has it that when one of Columbus's scouts returned to Spain and lit up the first cigar, terrified townspeople ran immediately to the local priest! The first non-Indian smoker had clashed with the first antismoking group—in this case, the Spanish Inquisition—and the fellow was thrown in prison.⁸

Curiously, it was what Europeans believed to be the medicinal benefits of tobacco that greatly enhanced its early appeal. A 1577 work entitled *Joyfull Newes of our Newe Founde Worlde*, for example, glowingly described the virtues of tobacco for curing

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“griefs of the head,” “griefs of the stomach,” “griefs of the Joints,” “venemous Carbuncles,” “old Sores,” “worms,” and “cuttings, strokes, pricks, or any other manner of wound.” It also reported the plant’s mysterious power for allaying hunger and thirst as well as removing the weariness of labor.⁹

Intrigued by its mystical healing virtues, a French ambassador to the Portuguese court, Jean Nicot—from whose name the term *nicotine* is derived—smuggled tobacco seeds back to France. Once cultivated, the leaves of those seeds were pulverized and presented to the king’s mother to sniff as a cure for her chronic headaches!

Some clerics also began to revise their initial spiritual condemnations of smoking. Some of them began to reason that “smoking expelled the humors from the brain and body, with the result that smokers were less liable than others to the temptations of the flesh.”¹⁰

Regardless, tobacco consumption spread like wildfire throughout Europe and most of the rest of the world. Within two generations, smoking was generally considered a panacea for almost every ailment—preventing the plague, serving as laxative and disinfectant, warding off depression, even enhancing memory!

MODERATOR: So far it all sounds positive enough. Why did the controversy persist?

EXECUTIVE: Since I too have studied this aspect of tobacco’s history, may I respond to your question?

MODERATOR: Certainly, please do.

EXECUTIVE: I believe the controversy continued because smoking, like anything new, is always viewed suspiciously by the powers that be: Christian religious leaders denounced it as a pagan act of heresy, while in the Middle East and Orient smoking was condemned as a subversive Christian trick. Popes threatened to excommunicate smokers, while Russian czars banished them to Siberia. The lips of Hindustan smokers were cut; Chinese tobacco traffickers were executed; and Persian smokers were condemned to having molten lead poured down their throats!¹¹

As I point out to my antismoking friends today, they're neither original nor very imaginative.

HISTORIAN: In fact, some four hundred years ago, in his 1604 *Counter-Blaste to Tobacco*, England's James I articulated what would become the classic case against smoking. He deplored it as "a custom loathsome to the eye, hateful to the nose, harmful to the brain, dangerous to the lung, and the black stinking fume thereof, nearest resembling the horribly Stygian smoke of the pit that is bottomless"—and he raised tobacco import duties by 4,000 percent in order to discourage its consumption!¹²

MODERATOR: With all those condemnations and ghastly punishments, how was it that tobacco consumption flourished?

EXECUTIVE: I think for two reasons: First, and most obviously, people enjoyed it immensely. . . .

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MODERATOR: The focus of next week's program. . . .

EXECUTIVE: And the second reason for the great expansion of tobacco consumption, I believe, was that governments found it to be an incredibly lucrative business—to conduct and, especially, to tax. The Spanish government might have imprisoned smokers early on, but by the mid-1700s the Royal Tobacco Factory at Seville had become Spain's largest employer.¹³ Although he railed against tobacco consumption, James I was astute enough to declare it a British royal monopoly in order to capture the profits thrown off by a product that sold, at times, at a price equal to its weight in silver. Even the Vatican eventually launched its own tobacco factory.¹⁴

By the time of the American Revolution, tobacco accounted for three-quarters of all goods exported from Virginia and Maryland; in fact, Ben Franklin was able to borrow foreign funds to finance the Revolution by pledging Virginia leaf tobacco as collateral.¹⁵

Today, 50 million Americans spend approximately \$50 billion annually on tobacco products. Tobacco also is one of the few American export success stories: U.S. tobacco exports exceed imports by a factor of 20!¹⁶

MODERATOR: What about tobacco as a source of tax revenue today?

EXECUTIVE: Tobacco is one of the most heavily taxed of all commodities: By 1875, taxes on tobacco accounted for one-third of all government revenue in the United States.¹⁷ Today, federal

and state taxes average over 50¢ a pack and generate some \$13 billion in annual tax receipts.¹⁸

MODERATOR: Is there any variation among the states in their taxation of tobacco?

EXECUTIVE: Quite a bit—as you can see on Graphic 1-1.

MODERATOR: Hasn't there been an explosion of cigarette tax hikes in recent years?

EXECUTIVE: Yes, indeed. Since February 1997, at least ten states have increased their cigarette tax levies. The following amounts give you some indication of the trend:

- Alaska from 29¢ to \$1, effective October 1, 1997
- Hawaii from 60¢ to 80¢, effective September 1, 1997
- Illinois from 44¢ to 58¢, effective December 15, 1997
- Maine from 37¢ to 74¢, effective November 1, 1997
- New Hampshire from 25¢ to 37¢, effective July 1, 1997
- New Jersey from 40¢ to 80¢, effective January 1, 1998
- Oregon from 28¢ to 68¢, effective February 1, 1997
- Rhode Island from 61¢ to 71¢, effective July 1, 1997
- Utah from 26.5¢ to 51.5¢, effective July 1, 1997
- Wisconsin from 44¢ to 59¢, effective November 1, 1997¹⁹