



### Smoking Is Good For You – As A Taxpayer

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Article: Paul Harris

### Smoking Is Good For You – As A Taxpayer

By *Paul Harris*

[YellowTimes.org](http://YellowTimes.org) Column

([YellowTimes.org](http://YellowTimes.org)) – Well, maybe not for you personally but it is surely good for the economy. It's sure as hell good for Philip Morris. Apparently, it is good for government. At least that is the unequivocal conclusion of a superb study prepared for Philip Morris and presented to the government of the Czech Republic.

Let me start with whether smoking is good for you. Okay, I misled you with the title of the article because no one with more intelligence than, say, a pencil eraser would in their wildest dreams believe that smoking was good for you. Even if you don't accept that smoking causes cancer, there are lots of lesser diseases vying for top spot so even if smoking fails to kill you, it can still make you damn sick. It causes deaths due to house fires, traffic accidents because some moron has dropped a lit cigarette into his lap right next to the crown jewels; it causes no end of bitter arguments between the pro- and anti-smoking lobbies. In short, it's pretty hard to see that there is any personal benefit to smoking, unless, of course, you accept the basic premise of the tobacco companies that slowly killing yourself with their products is somehow 'cool.' But read on, we have all been mistaken about this.

Is smoking good for the economy? Before I get into the Philip Morris report, let's just look at the more obvious stuff. The largest producer of tobacco and tobacco products on the planet is the United States and there is no question that tobacco provides a huge number of jobs; the tobacco companies pay huge taxes (at least they do unless they've been able to duck out of them with some fancy accounting chicanery); and all the shippers, packagers, retailers who deliver these delightful products to the lungs of the world pay taxes and pay wages, etc. There is huge business in advertising tobacco products and huge business in advertising anti-tobacco messages along with 'stop-smoking' products and programs. Tobacco is a big industry! Sort of a homegrown weapon of mass destruction.

Is smoking good for Philip Morris? Well, duh!

While most of us realize that government derives taxes from tobacco, most of us have never considered the more obvious benefits that derive from tobacco and just how

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important this product can be. Most of us have assumed there are some health costs associated with tobacco but, according to the Philip Morris study, governments can save big money as a result of smoking.

The study was conducted for Philip Morris by Arthur D. Little International, Inc. and was presented to Philip Morris's Czech Republic division on November 28, 2000. Let me give you the short version of it: At the same time that Philip Morris is spending around \$100 million a year on public relations in an attempt to convince Americans that they are "Making a Difference," this study proves conclusively to the Czech government the tremendous social benefit of the Philip Morris products. The study shows beyond doubt that the 22,000 smoking-related deaths in the Czech Republic during 1999 saved the Czech economy \$27 million in pensions, housing, and health care. This translates into \$1,227 saved for each premature death from smoking. How can anyone reasonably argue with success like that?

To quote from the report: "The objective was to determine whether costs imposed on public finance by smokers are offset by tobacco-related tax contributions and external positive effects of smoking." Now I've been through this 22-page report pretty carefully but I can't figure out what they mean by "external positive effects of smoking." Nevertheless, this is a pretty compelling piece of work and it should shut up those pesky anti-smoking weenies once and for all.

The report states that Philip Morris asked Little International, Inc. to analyze the negative and positive effects of smoking on public finance in the Czech Republic in order to understand if smoking imposes a financial burden on the treasury of the Republic. The reason for requesting the report is that public finance implications have significant impact on legislative policy in regards to tobacco. No thought is given in this report to any private costs of smoking.

This was a very thorough study, the sort of excellent job that has earned Arthur D. Little renown as one of the "foremost management consulting firms, helping leading organizations world-wide create innovative strategies across the full spectrum of their activities" (to quote their modest self-appraisal). They considered such things as: customs duties, value-added taxes (VAT), excise taxes, corporate income taxes, normal health care costs, extra health care costs usually associated with smokers, health care savings (dead people don't need health care), pension savings, savings on housing for the elderly for those smokers who never get to be elderly, lost income tax, lost productivity due to early death or disability, absenteeism related costs, and smoking-induced fire costs.

To be sure, there are lots of costs associated with smoking but, at least in the Czech Republic, these are outweighed by the savings. The costs arise from fire damage, non-fatal health issues, accidents related to cigarette burns, property damage from minor burns, medical, hospital and pharmacological expenses, lost productivity due to illness, and dead people. The obvious benefits are that dead people don't need health care, they don't need jobs so

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openings are created, they don't need housing, they don't drive cars and pollute the air and, of course, the huge tax revenues that derive from those still breathing. No matter how jaded the reader, it is hard to dispute the obvious social benefits of tobacco.

The report is also helpful in that it outlines some of the diseases that patriotic Czech citizens can choose if they really want to do their part for their nation's economy. They can choose from some of the glamorous diseases such as cancer, emphysema, and various heart ailments or they can opt for one of the quicker but equally effective solutions such as falling asleep in bed with a lit cigarette. No matter how you look at it, the good Czech citizen will do his or her part to help. It is only the unpatriotic who will not at least try to give it their best.

Much of this study won't be as true in other countries where there are very limited public services provided by government (like Philip Morris' home country, for instance). Indeed, in those countries, the numbers get even better for the government because they get to realize the revenue without incurring the cost of dealing with all these nasty sick or dying people. It's much tidier that way.

I have to close with a confession: I am not a smoker. Now I know what you're thinking: how can this guy be so irresponsible? Well, you're right. I appear to have an underdeveloped social conscience and I have not been doing my part to help Philip Morris and the other tobacco companies keep the statistics favorable. I have selfishly sat around waiting for others to do the job for me with second hand smoke. I feel so ashamed.

*- [Paul Harris is self-employed as a consultant providing Canadian businesses with the tools and expertise to successfully reintegrate their sick or injured employees into the workplace. He has traveled extensively in what we arrogant North Americans refer to as "the Third World," and he believes that life is very much like a sewer: what you get out of it depends on what you put into it. Paul lives in Canada.]*

Paul Harris encourages your comments:  
[pharris@YellowTimes.org](mailto:pharris@YellowTimes.org)

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