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Has forestalled legislation on tobacco control

Analysis and comment
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The multinational cigarette companies act as a vector that spreads disease and death throughout the world. This is largely because the tobacco industry uses its wealth to influence politicians to create a favourable environment to promote smoking. The industry does so by minimising restrictions on advertising and promotion and by preventing effective public policies for tobacco control such as high taxes,[1] strong graphic warning labels on packets,[2 w1 w2] smoke-free workplaces and public places,[3] aggressive countermarketing media campaigns,[4 w3-w5] and advertising bans.[1] Unlike mosquitoes, another vector of worldwide disease, the tobacco companies quickly transfer the information and strategies they learn in one part of the world to others.[w6-w8]

Responding to this global threat, as of January 2006, 121 countries had ratified the World Health Organization's Framework Convention on Tobacco Control (FCTC), the first global public health treaty. The details of how this treaty will be implemented are just beginning to emerge. Two papers in this issue, about Uzbekistan in 1994 (p 355) and Mexico in 2004 (p 353), illustrate the tobacco industry's increasingly sophisticated strategies to prevent meaningful tobacco control and turn the FCTC to its advantage.[5 6]

The paper from Uzbekistan illustrates a blunt exercise of economic and political power.[5] In 1994 British American Tobacco (BAT) sought to purchase and expand Uzbekistan's inefficient, government run tobacco company. The company was surprised to find that Uzbekistan's determined Chief Sanitary Doctor had implemented "Health Decree 30," which banned advertising and created smoke-free public places, along with other policies that would make it more difficult for the multinational tobacco companies to spread disease in Uzbekistan. Like public health doctors tackling malaria, the Chief Sanitary Doctor had substantially drained the swamp.

In response, BAT successfully lobbied the president of Uzbekistan to overrule the Ministry of Health and "amend" the decree. The president agreed to replace the advertising ban with the tobacco industry's ineffective voluntary advertising code[7 w9-w11] and to scale back the smoke-free restrictions to cover only healthcare facilities and "kindergartens, schools, and other institutions for children." While publicly arguing that advertising was "not intended to increase the overall market,"[5 w12] BAT noted privately that further marketing activities would be crucial for increasing annual cigarette consumption by 45% between 1993 and 1999.[5 w13-w15] Repealing Health Decree 30 not only facilitated an increase in smoking in Uzbekistan[5 w16 w17] but also eliminated a strong positive precedent for tobacco control policies in the Central Asian countries of the former Soviet Union.

By 2004 the tobacco companies were working to build their images as "responsible corporations,"[8] and the bald intervention in Uzbekistan might have seemed inappropriate. They had also learned from their experience fighting the large state run programme of tobacco control in California[9] and agreeing to the Master Settlement Agreement with 46 states in America.[10 11] In California the tobacco companies nearly destroyed the state's highly effective tobacco control programme (funded by part of the tobacco tax) by creating an alliance with the California Medical Association and with advocates for immunisation for poor children to divert the money away from tobacco control to medical services. The fact that the industry had created this health constituency to support its interests made it much more difficult to defend the tobacco control programme than if the only opponent had been the industry itself.[9]

As the other paper in this issue shows, Philip Morris and BAT accomplished the same thing in Mexico in 2004.[6] They made an agreement with the Ministry of Health to make a "donation" to the Seguro Popular de Salud (a government health insurance fund that provides medical services to uninsured people) in exchange for the Ministry of Health abandoning tax increases and effective graphic warning labels on cigarette packages.[2 w1 w2] Indeed, the agreement makes the industry's donations contingent on no increases in tobacco taxes.

In Mexico Philip Morris and BAT will contribute 1 peso per pack of cigarettes to the insurance fund (about 1900m pesos ($180m; £100m; €150m) in 2006). This "donation" may seem large, but it is only a small fraction of the 30 000 million pesos annual cost to Mexico of tobacco induced diseases.[w18] Moreover, because this money will be considered a tax deductible "charitable contribution," 28% of this money will be offset by lower corporate income taxes on Philip Morris and BAT.[w19] Thus the people of Mexico will be subsidising the tobacco companies' payments by 530m pesos ($50m) each year. The government could, of course, have raised more than 1 peso per pack by

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simply increasing the tobacco tax from 110% to 125% without the payback to Philip Morris and BAT.

Health minister Julio Frenk explained the deal with Philip Morris and BAT on the grounds that the only way to ensure that the money went to Seguro Popular de Salud was as a "donation" from the tobacco companies.[w20] This argument ignores the fact that the government in which he served could simply have appropriated to the insurance fund the money that an increased tax produced. The Ministry of Health's agreement provided the tobacco companies with immunity from one of the most effective tobacco control strategies agreed in the FCTC: tax increases.

The Mexican government also agreed to having weak warning labels that do not meet the minimum standard in the FCTC (covering 30% of the front and back of the cigarette or tobacco package) and abandoned any effort to introduce highly effective pictorial warnings that are already in force in other Latin American countries (Brazil, Venezuela, Uruguay) and elsewhere (Canada, Australia, Singapore, European Union, and Thailand).[2 w1 w2] Mexico, like Uzbekistan, accepted the terms of the tobacco industry's voluntary code of advertising despite the fact that Mexico has ratified the FCTC and is obliged to pass a comprehensive ban on all tobacco advertising and promotion by 2009.

These experiences, as well as those in other developing countries,[w21-w26] make the future clear: the tobacco industry has adapted to changing circumstances with ever more sophisticated strategies to protect its profits and forestall the kind of meaningful legislation on tobacco control envisioned in the FCTC. When asked for a formal opinion by the National Institute of Public Health of Mexico, the World Health Organization expressed no opinion on whether the agreement violated the FCTC.[w27] This silence makes it crucial that the Conference of the Parties (the body created by the FCTC to enforce its provisions) emphasises that deals like the one between the tobacco industry and the Ministry of Health in Mexico are incompatible with the FCTC. Failing such action, the multinational tobacco companies will replicate the Mexican agreement elsewhere, creatively using the FCTC to consolidate their position and undermine global tobacco control.

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President Bush's proposals for healthcare reform

New plan offers "consumer empowerment" through rationing by socioeconomic class

In his State of the Union address last week, President Bush blessed the latest thing in American health policy: "consumer directed health care," also widely and inaccurately known by the acronym HSAs, which stands for "health savings accounts."[1] The idea is to "empower" "consumers" (formerly "patients") to function as agents of both quality control and cost control in health care, through two instruments.

Americans would be enticed into private health insurance with very high annual "deductibles"—out of pocket payments before insurance kicks in, from $2100 to $10 000 or more per family. In the words of Alan B Hubbard, director of the White House National Economic Council, the idea is to provide "people an opportunity ... to have more skin in the game."[2] And Americans would be empowered with user friendly information on the cost and quality of the health services offered by individual doctors and hospitals—an ambitious vision that, so far, remains largely on the drawing board.

Not ever mentioned in the marketing of this "consumer empowerment" are two important side effects. Firstly, the approach inevitably delegates most of the expected belt tightening in health care to families in the lower half of the nation's income distribution, whose decisions on health care are most sensitive to high out of pocket costs. In effect, the proposal seeks to ration health care by income. Secondly, the approach would shift more of the financial burden of health care from the chronically healthy to the chronically ill.

Previous American presidents have tried to control health spending with sundry regulatory controls that were only half heartedly implemented and ultimately decried as socialised medicine. President Nixon tried system-wide price controls. President Ford tried constraints on capacity through system-wide health sector planning. Presidents Reagan and Bush Senior imposed on the federal Medicare programme for the elderly a system of centrally administered prices that

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