

Tobacco and the Third World:  
**Tomorrow's  
epidemic?**

**Mike  
Muller**

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War on Want investigation into the  
production, promotion and use of  
tobacco in the developing countries.

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TOBACCO AND THE THIRD WORLD:

## Tomorrow's Epidemic?

A WAR ON WANT INVESTIGATION INTO THE PRODUCTION,  
PROMOTION AND USE OF TOBACCO IN THE DEVELOPING  
COUNTRIES

by Mike Muller

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## About War on Want

War on Want is a campaign against world poverty and for social justice. It works with groups of the organised poor in the Third World.

Its prime role is to discover — and help others to discover — some of the factors which create poverty, so that actions can be directed towards its defeat, not perpetuation.

A registered charity, War on Want is governed by an elected Council of Management. Its head office is in a converted warehouse in Holloway, North London from where it administers its programmes at home and abroad. Around the country, War on Want is supported by thousands of individuals, as well as local groups and charity shops.

Membership is open to all who agree with the basic aims of fighting poverty and injustice by investigating and exposing its causes and by giving support to organised groups of the poor striving for self-reliance, power and dignity. Members receive mailings about War on Want's activities and are invited to participate in campaigns. They are entitled to vote (or stand) for the Council of Management, to attend general meetings and help determine policy.

The annual membership fee for individuals is £3.50 or £1.00 for students, claimants and OAPs.

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## Introduction

“There is a real danger of this deadly habit being exported to the younger countries of Africa and Asia and the Western World has a responsibility to see that this is not done,” said the British Medical Journal in 1971, in an editorial on the Second World Conference on Smoking and Health. “We have already produced millions of slaves to cigarettes in our own land. To export this slavery to the developing countries would be very wrong.”[1]

That was seven years ago. Today, Britain hosts the world's most successful cigarette seller, British-American Tobacco. Since 1970, BAT's tobacco turnover has trebled. This year it will top £4,000 million. Much of that increase has come from the Third World where, unlike in Europe and North America, its sales efforts are not hampered by restrictions on advertising or health warnings.

Why, given their immense problems of poverty and disease, do Third World governments allow the burden of smoking to be peddled to their peoples?

Bribed by big tax revenues, governments are conned into believing that tobacco is good for them. A good cash crop for the farmers, a product which the people want, a commodity which the country can export.

In fact, cultivator, consumer and country are getting a uniquely raw deal. The farmers, hooked by the help and advice which the tobacco companies lavish on them, end up growing a crop which takes more labour than any other — for diminishing returns.

The smoker is callously, if not criminally, being sold cigarettes packing twice the punch of cancer-causing tars as that of the rich world's cigarettes. The international brand names are the same but there are seldom health warnings on the wrapper.

Third World governments are encouraged to grow tobacco for export, to use cigarettes to raise taxes. The new cigarettes coming from the tobacco company laboratories are going to make tobacco a very expensive way of collecting taxes. And in most countries, the tobacco they grow will be smoked within their own borders.

Only in selected countries, often where a small rich minority reap the benefit, is export encouraged. The President of Malawi for instance, probably gets as much per pound of pipe tobacco as the peasant who grows it.

With the support and encouragement of companies like BAT — and sometimes, inexcusably, aid organisations as well — a hungry world is

every year devoting some 10 million acres of valuable land, 1,000 million person-days to growing the tobacco crop which is then ceremoniously burnt, at considerable risk to life.

BAT — and Britain too — must take some responsibility for this huge waste of resources and for the epidemic of preventable disease which it will bring. Is it a responsibility we are happy to accept? If not, what are we going to do to tackle it?

War on Want believes that the time to answer these questions is long overdue.

## PART I

### The Background

## Going up in smoke: Cigarette consumption

All over the world, more and more people are reaching for a Rothmans, Calling for a Kool, Switching to State Express. That's the advertising line. But the people who are "trying Winston, the great taste of America" are not Americans; those enjoying Embassy Menthol's "whole new world of freshness" are from an old familiar world of poverty and hunger.

The facts of tobacco today are that the countries where consumption is growing fastest are the world's poorest and hungriest.

"Between 1965 and 1975, world consumption rose at about 3%-4%," says the FAO (United Nations Food and Agriculture Organisation). In 1975 and 1976, this rise slowed down in the rich world. "On the other hand, in the developing countries, production of cigarettes has continued to rise rapidly, by about 5% annually."<sup>[1]</sup>

This trend is well established.<sup>[2]</sup> The detailed picture is more complex, however. There is a big difference between smoking rates in Africa, Asia and Latin America. Estimates by continent are helpful:

	1970	1980	% increase
Africa	.33	.44 kg/year per person	33
Latin America	1.35	1.68	24
Asia and Far East (excluding Japan)	.78	.96	23
Compared with:			
North America	3.21	3.33	3.7
Western Europe	2.23	2.52	13

[3]

Data on national consumption is crude. To find out just who smokes in each country is even more difficult. Medical literature abounds with information about the smoking epidemic in the rich world. But facts about the poor world are hard to find.

The people who know work for tobacco companies. They keep their knowledge to themselves. Says Dr K.S. Rao of the World Health Organisation (WHO) about the Middle East: "There is little accessible published information on the extent of smoking and the precise smoking habits of the people in the different countries of the region."

He draws some general conclusions however: "Cigarette smoking is spreading to younger age groups and teenage indulgence in the habit is

becoming a daily sight. Even the customarily conservative womenfolk of the region seem to be resorting to smoking, particularly among the higher strata of the society." [4]

In Latin America, a detailed survey has been made in eight cities: "The proportion of current smokers in the eight cities taken as a whole was 2½ times greater in males than in females," it found.

The study also indicates that the better their education, the more likely people were to have started smoking. [5]

Jamaican men were more likely to smoke than British men according to another study. This found seven out of ten between the age of 20 and 34 smoking regularly—a quarter getting through more than 15 cigarettes a day. Only 14% of Jamaican women smoked however, compared to 43% of British women in 1975. [6]

In Africa, surveys have revealed a tremendous variation between town and country. In Nigeria for instance: "The prevalence of smoking is higher in urban than in rural populations, highest in Lagos the national capital, higher in men than in women and with a peak prevalence in the third decade." In the countryside, only 2% of people smoked. In Lagos, it was 40% of adult men. [7]

Further south, researchers in South Africa obtained approximate smoking figures for men over 35. They concluded: "Urban Africans smoke commercial cigarettes, or, if less affluent, commercial pipe tobacco, either in pipes or rolled in brown paper or newspapers and smoked as cigarettes ... almost 80% of those interviewed were smokers, and of the smokers, almost 80% used pipe tobacco, alone, or with commercial cigarettes." [8]

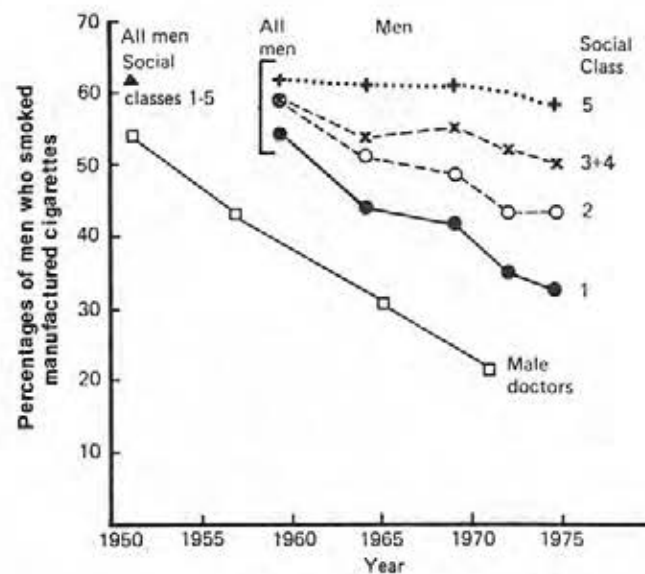
In Asia, there is a more complicated situation with smoking taking many forms: In an Indian rural area, only 3.5% of the men smoked cigarettes, 4% "beedis" (cheap, handrolled cigarettes). But half the women and one in four of the men smoked tobacco in "chuttas", another local smoking device. [9]

This high proportion of women smokers is not matched in Muslim Pakistan: "Smoking tobacco is considered to be a man's privilege in Pakistan. Currently female smokers constitute only 2% of the total smoking population." [10]

From this welter of piecemeal information, an identikit portrait of Third World smokers can be pieced together. They are mainly men. The better educated and the wealthier they are, the more likely they are to smoke. So town people smoke more than country people—if only because they earn more.

This picture is almost the reverse of that in Britain today. If more education and wealth draw the class lines, smoking does not. The higher your social class, the better your education, the less likely you are to smoke. In an age of equality, women have the dubious privilege of smoking nearly as much as men.

FIG. 1



Percentages of men in Britain who were smokers of manufactured cigarettes by social class, 1958 to 1975. The lower social classes smoke most.





Lipyuti Mwamakula – a tobacco farmer in Zambia.

## Turning over to the golden leaf: Tobacco production

Lipyuti Mwamakula was helping a friend to hack a clearing in the Zambian forest for his first year's tobacco crop when I met him. Lipyuti himself is a veteran farmer — of two seasons — on the Tobacco Board of Zambia's Kabile Settlement scheme. But while he and his friend are pioneers in their country, the path they are carving has been cut by millions before them.

Throughout the poor world, farmers are turning over to the golden leaf. In India, 750,000 farmers nurture 450,000 hectares of tobacco fields to produce 8% of the world's tobacco — and US\$100 million worth of foreign exchange for their country.[1]

In Malawi, 100,000 peasant families grow small areas of tobacco on their tiny farms. Thousands more work as labourers on privately owned tobacco estates. Production has leapt from 17,000 tonnes in 1965 to about 44,500 tonnes in 1977. It brings in 56% of the country's export earnings.[2] & [3]

In Brazil, thousands of small farmers have helped to push the country's tobacco production up from 204,000 tonnes in 1965 to 298,000 in 1976. In Thailand, the area under tobacco has trebled to 143,000 hectares in ten years.[3]

### *A world's resources*

According to the FAO, 4,447,000 hectares of the world's scarce arable land were devoted to tobacco in 1976. 5,687,000 tonnes of tobacco were produced. Forty per cent of that came from the developing countries — more like 57% if China and other Asian "centrally planned" countries are counted as part of the developing world.[3]

It's not just land that's used. Tobacco is perhaps the most labour-hungry of all field crops. Malaysian figures show that it takes 250 person-days to grow and harvest one hectare of tobacco. Almost as much time goes into curing, grading and sorting the tobacco once it is off the field.[4]

This figure is higher than in the highly mechanised United States and similar countries but lower than that for many other developing countries such as Tanzania [5] and Ghana[6].

It is a staggering figure. Look at it another way. Every year one adult in every two in the world, spends a day in the field, getting the

tobacco crop in. To be carefully dried and cut up, wrapped in thin paper and ceremoniously burnt.

The problem is not just the cost of the labour used or the fact that it could be more usefully diverted elsewhere. It is mainly needed in short, sharp peaks which thus disrupts care of other crops and leaves workers idle for much of the year. Tobacco is also an expensive crop for Third World farmers who have to build curing barns and grading sheds and provide fuel to cure the tobacco as well as the usual costs of seed, fertiliser and implements.

If these resources were used by poor countries to grow tobacco for the rich world, there might be some logic to the process. The proceeds could help feed, house and provide health care to the poor world. But the frightening fact is that the bulk of the developing countries' tobacco is burnt inside their own borders.

#### *Export hopes*

Many countries hope to become tobacco exporters—and that is one reason why they encourage tobacco farmers. Lipyuti Mwamakula's Zambian settlement scheme was established, with World Bank Aid, to produce tobacco for export to Europe.

"Tobacco is Zambia's big hope," said Rural Development Minister Nephas Tembo, predicting that tobacco and other agricultural products will overtake copper as the country's major foreign exchange earner.[7]

Zambia's tobacco production has been static since a dramatic decline after independence. Today's stagnation conceals important changes taking place in the countryside.

"The whole industry is reorienting towards the smaller producer," explains Tobacco Board of Zambia General Manager, Hugh McEnery. "We inherited an industry with no Zambians in it—except as labourers." Today, 25% of Zambia's production comes from smallholders, another 25% from larger farms run by Zambians. The smallholders' share is expected to rise rapidly and, with it, the country's total production.

#### *A crop for the small man*

In most Third World countries—and, until recently, in the USA—tobacco has been a small farmer's crop. British-American Tobacco encouraged Third World farmers to grow tobacco: "With only a very few exceptions, tobacco is produced by small working farmers and not by large units supervised by farmers and operated with hired labour." [8]

Kenya is a tobacco importer. By 1982, however, the country should be self-sufficient in tobacco production thanks to BAT. Mr B.M. Gecaga, BAT (Kenya) chairman, explained to me how the company had

brought a new cash crop to his country's farmers. It is a story which has been mirrored worldwide.

"We as a company do not grow tobacco. It is not our policy to actually own plantations," says Mr Gecaga. "What we do is to encourage and assist farmers to grow the crop. Our field staff then go in and show the farmers what to do—how to plant and tend the crops, what fertilisers to apply and so on, a complete extension service."

The company's assistance goes well beyond this. They also administer and guarantee the loans from Kenya's Agricultural Finance Corporation to enable farmers to invest in curing barns, fertilisers and other needs.

"When the farmer's crop is ready, he brings it to us and we buy it direct from him ... as you can expect, we pay him promptly." With other crops—and with tobacco before BAT took over the administration—farmers often had to wait for many months before they saw their payment.

The company's aid has dramatically increased production. This is hardly surprising. As Mr Gecaga points out: "BAT people have done this elsewhere; these problems of extension are known from experience in other parts of the world so expatriate agronomists bring with them this knowledge and experience—which they pass on to our Kenyan staff."

The extent of that experience is massive. "Through its manufacturing interests, the BAT Group has helped to encourage local production in more than 50 countries," writes leaf manager J.W. Drummond.[8]

This tobacco is not intended for export however. BAT's philosophy, as Mr Drummond emphasised to me, is to grow tobacco for local consumption. "We have never gone in to develop exports first," he says.

#### *THIRD WORLD TOBACCO PRODUCERS AND EXPORTERS*

1976 Production and Exports[3]

	<i>Production</i>	<i>Exports</i>
	<i>(000 metric tonnes)</i>	
China	1,051	44
India	347	80
Brazil	298	101
S Korea	108	49
Argentina	93	25
Philippines	89	28
Rhodesia	85?	23?
Indonesia	80	20
Burma	77	—
Pakistan	61	9
Colombia	54	1
USA	961	266
World	5,687	1,273

Any exports would be a happy by-product of producing for local smokers.

The distinction is important. The developing country governments which want to export tobacco, as well as satisfying their home markets, could be doomed to disappointment. Companies like BAT want tobacco to be smoked in the country which produces it.

## Turning over to the golden leaf: The Zambian case

Lipyuti Mwamakula is very grateful that Britons smoke — whatever the health problems. Because he is doing very well from his tobacco.

In his first year on the Kabile Settlement Scheme, he cleared and planted 1½ acres of tobacco and an acre of maize. His tobacco yield was an exceptional 1,800 kg. He had also grown enough maize to feed his family. Profit, after deductions for help with ploughing and fertilisers from the Tobacco Board of Zambia, was Kwacha 1,259 (£925). That in a country where the minimum wage is only K1 per day.

In 1977, he harvested 2,143 kg of tobacco from 2½ acres, he said, handing me the TBZ chits to prove it. He also sold 30 bags of maize in addition to the 14 he kept for his family.

Target for the next year is four acres of tobacco. If he reaches that and keeps his yields up, his income could approach the average British wage. The main problem will be to find enough help at harvest and curing time. His wife and 5 young children, even though they will have to work 16 hours a day at peak time, will not be enough.

Lipyuti is an exceptional farmer on the Kabile scheme. He learnt his tobacco growing in Tanzania. His tall rectangular curing barns are very different from the stubby round type favoured by his neighbours.

"To me, these are more favourable economic-wise," he explained. "They have three spaces where you can hang the tobacco. At the top, you can put the tobacco which has to be dried. When the green tobacco at the bottom ripens and turns yellow, you can move it up. It gives a very good cure. With short barns, you can't get good tobacco." TBZ staff with me laughed and agreed that he produces fine tobacco.

More typical was another tenant, Benson Muyangana. With a friend, he was outside his home, mending the bicycle bought with the proceeds of the first harvest. From half an acre of tobacco and 1½ acres of maize he had cleared K290 (£210) in pure profit, though more from maize than tobacco.

Before moving to Kabile, he'd been a labourer in a TBZ factory. How did the standard of living of his family (a wife and two children) compare now?

"Working in the city is money," he answered. "Money is involved in everything. You have to pay rent, the things you need to live are expensive. Here, I look after myself; I have my food and chickens; I pay no rent."

Two success stories, yes. But an expensive success. These Zambian "family farm" schemes cost about £2,000 per family to establish. Water supplies and roads have to be provided; grading sheds and staff houses built.

And to run the Kabile scheme takes about 70 TBZ workers. They supply farmers with tobacco seedlings from a central nursery, with seed and fertilisers (on account, which needs bookkeepers) and operate a tractor hire service. All this for a scheme with, in 1977, only 84 families settled.

But these are the people who could benefit from tobacco.

## Profits are growing at a healthy rate: The tobacco companies

Power in the tobacco industry is concentrated in a handful of companies. They have market power—just seven companies dominate the world tobacco business outside those countries where the government has a monopoly. They also have financial power and technological power—which is helping them to take a cut in the communist world's cigarette business.[1]

Number one is British-American Tobacco. BAT is the product of classic 1900 divide and rule compromise. The company was created to end the trade war between US tobacco baron James Duke and his American Tobacco Company and British Imperial Tobacco.

Their truce was simple. The whole world was divided into three parts—Britain, America and the rest. American Tobacco agreed to stay home and rule America; Imperial to stay home and rule Britain. Together they created BAT to rule the rest. When US anti-monopoly laws broke up the American Tobacco empire, its share of BAT came to Britain.[2]

Today, BAT is Britain's third largest company—after Unilever and British Leyland. It ranks 43rd by sales among the world's industrial companies.[3]

The Third World has always been an important market for BAT. The company's president, Sir Richard Dobson, tells of the early days of expansion: "They say that the American Mr J.B. Duke, when they brought him a machine that would make as many cigarettes in a minute as a man had hitherto made in an hour, said 'bring me the atlas'. When they brought it, he turned over the leaves, looking not at the maps but at the significant figures at the bottom, until he came to the legend. 'Population: 430,000,000. That', he said, 'is where we are going to sell cigarettes'. When they told him that the Chinese don't smoke cigarettes, he said he supposed they could learn. In the best season I can remember, our company sold six thousand five hundred million cigarettes in China in a month." [4]

When the revolutionary government of 1948 China took over BAT's property, it represented 25% of the company's total business. The company hardly noticed. Always forward looking, the loss had long been anticipated and other Third World markets were already firmly grasped.[5]

PROFITS	(1976)		Employees	Control in
	(*)Sales	Profits		
Company	000s US\$			
BAT	6,668,243	323,541	148,000	UK
R J Reynolds	4,291,149	353,893	37,926	USA
Phillip Morris	3,134,496	265,675	51,000	USA
Imperial	3,321,595	147,648	96,700	UK
American brands	2,671,559	121,492	54,800	USA
Rothmans (**)	768,242	37,248	24,000	UK/S Africa
Universal Leaf Tobacco	706,087	17,989	12,300	USA

\*Sales exclude government taxes and excise on cigarette sales.

\*\*Tabacalera (Spain) is larger by total sales but is a national monopoly operating almost exclusively within Spain.

### *The third world is our world*

Today the health of the Third World has to be sacrificed for the health of the tobacco industry.

That is the message from a firm of London stockbrokers. In Europe and the USA, they reported, companies are battling against health campaigns and stagnant sales. "Elsewhere, prospects remain favourable, particularly within developing countries, where the rate of growth in demand continues to advance at a relatively rapid pace." [6]

It was left to The Times, reporting Rothmans' "burgeoning Third World and Mid East sales", to talk crassly of the resulting "healthy gains in exports ... which helped 6 months profits to rise 30 percent." [7]

BAT no longer has the run of the poor world. American companies, faced with stagnation at home, are turning abroad. Between 1966 and 1976, the total return on investment in US tobacco companies was higher than that in all other industries except oil. By 1976, however, they were facing severe problems. Sales were growing slower than in any industry except the nose-diving aircraft business. Profits were growing slower than almost all other business sectors. [1] The choice was simple: Get out of tobacco — or get into more profitable tobacco markets.

Some have chosen to get out. The Lorillard company for instance has sold many of its foreign interests to BAT. Others are staying in, notably Philip Morris and R.J. Reynolds.

"Health propaganda has certainly contributed to a decidedly sluggish trend in the major world cigarette markets but an important part of the price which the industry has paid has taken the form of an escalation of competitive pressures ... As the domestic market has grown more competitive, the leading American companies have looked more and more to international avenues of expansion.

"In consequence they are increasingly invading world markets, once largely the province of BAT," says another firm of stockbrokers. [8]

US Philip Morris and South African controlled Rothmans are both active in the Third World. But BAT is, for the moment, still clearly number one. Developing countries provided 31% of its sales and 34% of its profits according to the company's 1976 annual report.

BAT subsidiaries are market leaders in Brazil, Nigeria, Malaysia, Argentina, Pakistan and Ghana — to mention a few. In some countries, like Kenya and Malawi, it has a complete monopoly. "We sell over 500 billion cigarettes a year, or, to put it another way, one cigarette in five smoked in the free enterprise world is a BAT product," boasts the company.

Making that many cigarettes means that BAT uses a large proportion of the world's tobacco — 12% says the company. [9] In fact, the company buys almost 20% of the tobacco produced in what it calls the free enterprise world.

### *Concentrated power*

BAT and the other five big international cigarette companies, together with Universal Leaf which trades in raw tobacco, control perhaps 75% of the "free world's" tobacco production. That concentrated control has important consequences for Third World farmers and smokers alike. It means that many of the laws of supply and demand can be ignored. As we will show, they are.

Cigarette making is also a money-hungry industry. An enormous amount of money is concentrated to provide relatively few jobs. It is the second most capital intensive industry in the world according to Dr Frederick Clairmonte of UNCTAD. [10] Capital invested per production worker in the United States is a massive \$108,200. Third World cigarette factories use similar machines — at similar cost.

The simple concentrated structure of the industry is concealed in a confusing network of subsidiary companies. It confuses even people inside the industry — a popular product from one tobacco journal is a big chart showing how the various companies are related. [11]

### *That special brand of disguise*

The concentrated power of the tobacco industry is concealed from smokers in another way. Company identities are hidden behind a welter of other company names.

Companies happily swap individual brands — and even whole country markets. That golden package of Benson & Hedges bought in Britain is made by Gallahers, a subsidiary of American Brands. Buy it

elsewhere and it will probably be made by a BAT subsidiary. Except in the USA where Benson & Hedges is a Philip Morris brand. And in Japan, where it is made by the Japan Tobacco and Salt Public Corporation. The cigarettes too will be made from completely different tobaccos.

The same story applies to many other brands. Kent is made by Lorillard in the USA, but by BAT in most overseas markets. Embassy is made by Imperial Tobacco in Britain, by the Tanzanian Cigarette Company in that country and by BAT in most other markets.

Cigarette packs are also an exercise in consumer confusion. Often they conceal the fact of a tobacco monopoly. So State Express in Kenya is made, according to the pack, "Under Authority of Ardath Tobacco Co Ltd". Rex are "Goods of the Successors to Lambert and Butler, England". Sportsman are "Goods of the Successors to Ogden, England". In Malawi, Life is sold "By the Successors of Brown and Williamson", Ascot "by arrangement with the successors to W.D. & H.O. Wills". In fact, all are made by BAT. Who would guess it?

## The essential facts: Smoking and health

The case against smoking is overwhelming. Since the publication in the early 1960's of two major reports on smoking and health in the UK and USA[1] evidence of the dangers of cigarette smoking has become increasingly clear. These dangers are now recognised by governments and health authorities around the world.

### *Diseases related to smoking*

Research has shown that smoking is directly related to cancer of the lung, mouth and throat, to heart disease and to bronchitis and other conditions such as stomach ulcers. The UK Government estimates that in Britain alone 50,000 early deaths annually are caused by cigarette smoking.[2]

### *Smoking and cancer*

Standard tests (to determine the cancer danger of chemicals) have shown that tobacco smoke contains substances which cause cancer. Lung cancer is now one of the commonest forms of cancer in developed countries. In 1974 it accounted for over 37,000 deaths in the UK; 14,500 of these in people under 65[2], and there is a wealth of evidence to link its incidence with cigarette smoking. (See Fig. 2 on page 28.)

### *Smoking and heart disease*

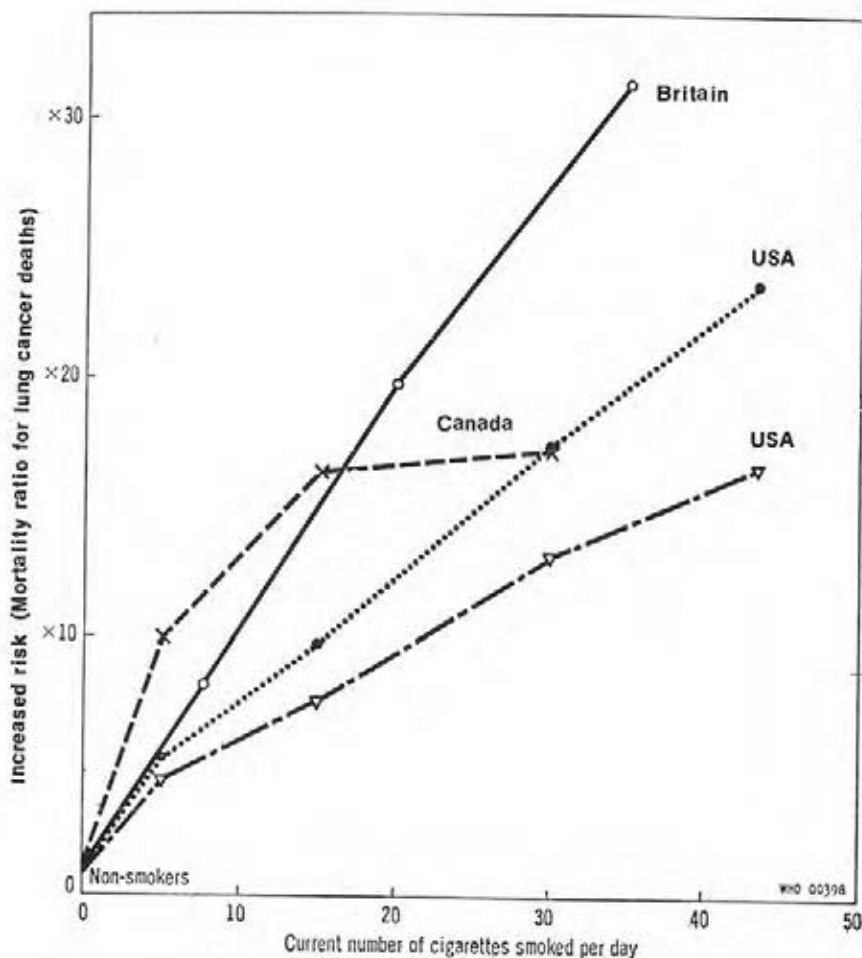
Two important constituents of tobacco smoke, carbon monoxide and nicotine, are known to have a harmful effect on the heart and circulatory system. Coronary heart disease is now the leading cause of death in many developed countries and studies have shown that the risk of dying from it is substantially raised by smoking. In 1974, 31,000 men and 8,000 women between the ages of 35 and 64 died from coronary heart disease in the UK. Over 9,500 of these deaths could be attributed to smoking.[2]

### *Smoking and bronchitis and other conditions*

Cigarette smoking is the chief cause of chronic bronchitis in the UK and death rates from this disease are related to the number of cigarettes smoked. Gastric or duodenal ulcers are twice as common and twice as likely to cause death in smokers as in non-smokers. Diseases of the teeth and gums are also more common in smokers.[2]

Doubts about the link between cigarette smoking and disease exist

FIG. 2



Mortality ratios of deaths from lung cancer in men from four large prospective studies.

only because the tobacco industry works overtime to cultivate them. It pays scientists to provide the material to do this.

"The challenges presented by this controversy have led the tobacco industry to respond ... by supporting scientific research to produce counter evidence to unfavourable findings, or to at least keep the scientific question open, since the major impetus for regulating smoking is based on scientific evidence," notes a student of the industry.[3] & [4]

The few findings these scientists raise are then given international impact by the industry's powerful public relations machine. In the USA for instance, two Tobacco Institute staff made more than 500 appearances on radio and TV in just two years to put the industry's "case".[5]

The industry's doubts are not however shared by the world's scientists. British doctors, in an experiment with themselves as guineapigs, disproved the wild suggestion that addiction to tobacco and susceptibility to cancer are inherited at birth. Over twenty years, half the doctors involved in the study stopped smoking — and their rate of lung cancer deaths dropped dramatically.[2] & [6]

The more honest tobacco executives now admit a possible connection between smoking and serious disease. Imperial Tobacco's research director for instance: "The only dose-response data I find convincing so far are consistent with the hypothesis that something in the particular phase of cigarette smoke ... may cause carcinoma and non-neoplastic damage such as bronchitis."[7]

The harmful effects of cigarette smoking are largely the result of the development this century of the modern cigarette. Unlike other forms of smoking, this allows smoke to be inhaled into the lungs. Many of the diseases associated with smoking have been widespread for only a few generations — mainly in the rich countries of Europe and North America. For the poorer developing countries, smoking-related disease is still tomorrow's epidemic.

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Front page of BLAISE computer search for articles relating smoking and health in the developing countries.

## Tomorrow's epidemic: Smoking and health in the Third World

"In most developing countries, consumption of cigarettes is very low, in some cases very low indeed — in India, to take an extreme case, the per capita consumption is less than one-third of one cigarette per day — and there is, as far as we know, no statistical association between smoking and ill health in these countries."

That was the considered view of Sir Richard Dobson, then chairman of BAT, answering questions at his company's Annual General Meeting in March 1976. BLAISE, the friendly computer, says that Sir Richard is ill-informed.

BLAISE provides information services for scientists. It stores details of all the world's medical literature, subject by subject. So we asked it: "What do you know about smoking and health in the developing countries?"

In answer, BLAISE churned out hundreds of references. Just a few of the titles tell their own story: "Nicotine poisoning and cancer of the larynx in Morocco";[1] "Smoking habits and their relationship to chronic lung disease in a tropical environment in Papua New Guinea";[2] "Cigarette smoking and irreversible airways obstruction in the West Indies";[3] "Chronic bronchitis in beedi smokers".[4]

There are more than a few papers on the relationship between tobacco smoking and disease in the poor world. Take India. BAT claim that because India has a relatively low consumption of cigarettes, the harmful effect of smoking will not be found there.

### *Arrogant unconcern*

The company is apparently unaware of the long history of Indian cancer research. Indian scientists have made unique contributions to the study of tobacco and cancer. They have shown, for instance, that different forms of smoking and chewing tobacco produce cancers in different parts of the mouth and throat. Their experiments have been carried out on large — up to 50,000 person — samples. And they began before the first major smoking and health campaigns in the rich world.[5]

Richard Haddon, BAT's London Public Relations manager, says he believes his chairman's statement. There is no statistical association between smoking and disease because, he says, "none of these countries have the sophistication of data collection and autopsy reports which



would enable such things to be put together." That is not just ignorance. To choose India as an example reveals a depth of arrogance and unconcern about Third World health — and Third World scientists — that is shocking for a company which proclaims itself "truly multinational".

The Indian evidence on smoking and health, however, extends beyond cancer.

"Survey of smoking habits and chest complaints:

- Number of smokers conformed to the diagnosis of chronic bronchitis were 17% and 20% in urban and rural survey respectively. Non-smokers had 5% and 7.5% in urban and rural population respectively.
- The prevalence of chest complaints was found to increase with increasing degree and duration of smoking." [6]

As in the rich world, smoking has been shown to be a risk factor for heart disease too: "The most common risk factors operating in Bombay seemed to be cigarette smoking and hyperglycemia." [7]

That's India, smoking little, but with health problems — already. On the other side of the world, in Latin America, the picture is clearer: "Disease related to smoking (cancer of the lung, cancer of the larynx, coronary heart disease, emphysema and others) are on the increase in Latin America. Indeed the Inter-American Investigation of Mortality has shown that in the early 1960s, such diseases accounted for some 20% of all the fatalities in 10 Latin American cities. Since then, a variety of indicators have suggested that the prevalence of cigarette smoking was reaching unusually high levels in many countries." [8]

So smoking related disease is found on two continents. What about the third, Africa?

In South Africa, research into factors associated with cancer of the throat found a strong link between smoking and cancer in black men. [9] In East Africa, lung cancer is something of a rarity — as was cigarette smoking until quite recently. So the first ever report on lung cancer in Tanzania is significant: "In the present survey, it was found that all five patients in whom an accurate smoking history was obtained were found to be moderate to heavy smokers. While this finding does not permit any definite conclusion ... further studies are desirable on the past and present smoking habits of African populations. These could test the hypothesis that the main reason for the low incidence of lung cancer in Africa is that smoking has not been as common there as in industrialised countries." [10]

Six years earlier, another researcher concluded: "The results obtained in this study provide strong evidence in favour of some kind of association between bronchogenic carcinoma (lung cancer) and smoking among Rhodesian Africans." [11]

BAT's Richard Haddon says that because Third World smokers smoke fewer cigarettes each, there is less cause for concern: "Even

medical men say that you have to smoke a certain number of cigarettes — perhaps in excess of 15 a day — to possibly be at risk from smoking."

Once again, BAT's "facts" are quite contrary to the scientific evidence. Dr Gio Gori of the US Government's National Institute of Health has collected evidence from many studies. The conclusions are clear. (see table). [12]

*NUMBER OF CIGARETTES WHICH, IF SMOKED DAILY, INCREASE THE RISK OF DEATH FROM DIFFERENT DISEASES.*

Columns 1, 2, and 3 represent the lowest, average, and high critical values obtained from among all corresponding studies.

<i>Disease mortality</i>	<i>Studies (No.)</i>	<i>Cigarettes (No.)</i>		
		<i>(1) Low</i>	<i>(2) Average</i>	<i>(3) High</i>
Cancer of the oral cavity	3	7-8	8.8	10
Cancer of the pharynx	1	2-3	2.5	2-3
Cancer of the esophagus	2	4-5	7.3	10
Cancer of the larynx	2	3-4	6.8	10
Lung cancer	10	0.7	5.7	10
Cancer of the bladder and kidney	2	9	9.5	10
Coronary artery disease	3	3-4	4.2	4-5
Coronary heart disease	1	3-4	3.5	3-4
Emphysema, bronchitis, or both	1	10	10	10
All causes for current smokers	4	1-2	2	3-4

Smokers of only two cigarettes a day are likely to die younger than non-smokers. In all the studies, for all the diseases, smokers of more than 10 cigarettes a day are more at risk than non-smokers. Smokers of six cigarettes a day, for instance, are more likely to die of lung cancer than non-smokers. Just four a day puts you at more risk from heart disease.

The message for the Third World is clear.

Smoking related disease may not be a major health problem today. But the seeds have been sown for tomorrow's epidemic.



## Traditional (and other) smoking

Cigarette companies are not bringing tobacco to the Third World for the first time. That's been done for them already. While African slaves got the American tobacco industry onto its feet, slavers were spreading the seeds of addiction throughout the world. By the end of the 17th century, tobacco had been spread to most parts of the world, principally by the Portuguese and Spaniards who first found American Indians using it.[1]

The original tobacco is nothing like today's mild leaf. Nor are today's traditional methods of smoking it. The main difference is that smoke from traditional tobaccos is rarely inhaled into the lungs. High nicotine levels allow the drug to be absorbed through the mouth instead.

What BAT and its fellows are doing is making it possible for the world to inhale. Helping it to transform the relatively rare cancers of the mouth into the epidemic cancer of the delicate lung.

British evidence suggests that once the habit of inhaling is learned with cigarettes, it tends to be maintained even after switching to pipes and cigars.[2] So it is no surprise to find researchers in Papua New Guinea concluding: "The wider use of bought tobacco is likely to increase the habit of inhaling and this will probably lead to an increase in lung disease due to smoking." They had already found that, paradoxically, more smokers with chest complaints used the relatively mild bought tobaccos while those who stayed with the coarse and strong local "brus" tobacco (rolled in cigars) were relatively less affected.[3]

Similar findings have been made in India: "Cigarette smoking was found to be associated with more persons with chest complaints than hookah or beedi smoking. Beedi smoking caused the least above-mentioned chest complaints." [4]

It is not just the absence of inhalation that protects smokers who use traditional smoking materials and methods. Some of these offer their own protection, the most obvious being the water-pipe, hubble-bubble or hookah: "... in considering the effects of smoking on health, with most of the traditional pipes, tobacco smoke is drawn through rather lengthy tubes, interspaced with a contraption that forces smoke to pass through a water trap," says Dr Rao of the WHO Eastern Mediterranean Region. "The advantages of this mode of smoking are: lesser consumption of tobacco, cooling and humidification of smoke and, above all, significant reduction of tar and nicotine, the widely recognised suspects as health hazards in smoking." [5]

Sure enough, there is evidence that water-pipe smokers are less vulnerable to smoking-related disease. Moreover, the water-pipe, like

many traditional smoking instruments, requires special preparation and discourages frequent habitual usage. As an Egyptian doctor notes approvingly: "... its use can only be during leisure time rather than during working time as practised by cigarette smoking." [6]

At the moment, the hookah accounts for a large proportion of total tobacco consumption. In Pakistan it accounted for as much as cigarettes. [7] But as cigarette consumption rises, so the hubble-bubble, for all its health advantages, is disappearing.

#### *Marijuana — a bad business*

We do not advocate the use of marijuana. Nor do the tobacco companies. Yet there is less health evidence against marijuana smoking than against tobacco. A recent detailed study of habitual "ganja" users in Jamaica found that the only damage to smokers' lungs was done by the tobacco with which they mixed their drug.

The study paid special attention to the work performance of the marijuana smokers. It was not found to affect their productivity. [8]

A recent editorial in "World Tobacco" helps to explain the tobacco companies' position on marijuana. It deplored the spate of press stories about tobacco company plans to set up marijuana cigarette making as soon as the drug was legalised.

"This is transparent nonsense," says the editorial. "Any level of post-prohibition consumption of factory-made 'reefers' which could be foreseen would hardly keep one major cigarette factory busy for two days a year, to satisfy total national demand. That is exactly the sort of uneconomic low-volume line which manufacturers like to abolish, not inaugurate." [9]

A long-standing director of Tobacco Securities Trust (a joint BAT-Imperial Tobacco company) and valued assistant to BAT was Sir Harry Greenfield. He was also, for 21 years, president of the International Narcotics Control Boards.

## PART II

### Some issues

*Smoking is more than a way of life it is also*

## A very convenient way of death

“So you stop people dying — what do they do then?” asks Raymos Lyatuu, Tobacco Authority of Tanzania’s General Manager as he stubs out his third John Player Special (15% Tanzanian tobacco) of the morning.

That is a useful starting point. And, to begin our examination of the problems of tobacco, we will take it a little further.

Consider how smoking could positively help the Third World. The cigarette could bridge the gap between rich and poor. Picture it. Poor peasants in the Third World toil in the fields to grow tobacco. They sell it, at a good price, to the rich world. Rich world citizens know the risks. They smoke and die years younger than they need to. They consume years’ less scarce food and energy.

Inside Third World countries, it is the rich élite who smoke the most. They will also die earlier — population control too! — after paying at least tobacco taxes to their governments. These taxes will finance development — water supplies, education and other basic needs for the poor, tobacco-growing peasants.

Socialism in a cigarette packet? A real transfer of resources? It’s a nice notion — but a pipe dream.

The assumptions raise more questions than they answer:

### *The rich will smoke more?*

If anything, Western Europe and North America will smoke less tobacco in the future. For the industry to stay healthy, it has to expand. We’ve already shown that the expansion is happening in the poor world.

### *Tobacco, food and famine?*

Today’s world is a hungry world. Does tobacco displace food? It is a demanding crop — in land, labour and money. Can the resources be spared? Should other crops be grown?

### *Is the price right?*

Tobacco can be a very profitable crop. But in some countries it is not. How are prices fixed? Does the farmer reap the benefit or are too many other pockets lined along the way?

*Do they know the risks?*

The tobacco industry spent £80 million in 1975 persuading Britons to smoke despite the risks. The poor world also gets gold-plated treatment — but most get no warning of the dangers. Are they given a chance to make the choice?

*Who will grow tomorrow's tobacco?*

Some Third World countries hope to supply the world's growing demand for tobacco. They hope to nibble away at the USA's position as the world's leading exporter. Can they successfully compete with the new technologies for growing tobacco?

*Do the taxes get paid?*

Cigarette smoking is good for governments. It yields cigarette taxes as well as tar. But will those taxes be paid? Not in countries where smugglers supply the market.

*A preventable epidemic*

These are important questions which we will examine at length. But health is our first concern. The spread of cigarettes through the Third World marks the start of a global epidemic. An epidemic of cancer and heart disease.

*It's a preventable epidemic.*

The doctors know this. Indian cancer scientist Dr L.D. Sanghvi puts the case straightforwardly: There is, he says, "increasing evidence that a very large majority of human cancers are of preventable nature. India has laid a firm foundation for high quality scientific work in this field and a concentrated effort is likely to pay off high dividends in the prevention of cancer — a sensible and comparatively inexpensive approach for a developing country." [1] The prevention of smoking related disease is however being largely ignored in the Third World.

"Tanzania has no policy on smoking and health at the present and there are no plans to introduce one in the immediate future," Dr A.D. Chiduo, Director of Medical Services in Tanzania's Department of Health told me. "Smoking related diseases are not regarded as a matter for concern at the present time."

That brief telephone interview is typical of the attitude of health ministries in other countries. While health officials in rich countries have seen the damage and now — too late — take action, those in the poor world do not.

In 1974, a so-called "resumé of oppression", tables showing which countries restricted cigarette marketing, was published in "World Tobacco". [2] Nineteen out of 20 rich developed countries but only 11

out of 45 poor Third World countries had taken some action to curtail the "freedom" of the cigarette pushers.

*Why this failure to take action?*

"I did on a number of occasions discuss the question of Government policy on smoking and, basically, the feeling was that the profitability of growing tobacco was crucial to the rural development programme at the time, and they did not want to upset the tobacco industry. They were not prepared to be deterred by any possible long-term effects," a doctor in Tanzania told me.

Health workers have an uphill job persuading government to take action on smoking. Because, in more ways than one, tobacco seems too valuable to be tampered with.

*Expensive lives*

The problem is that smoking appears to be good for governments whatever its effects on their people. The state benefits from tobacco taxes. It may also benefit when smokers die. Because, bluntly, people cost a lot to keep. And in countries which pay old age pensions, a habit which shortens life reduces the pension pay out.

This is simplistic however. In Britain, the money saved by smokers' early deaths has been balanced against the cost of caring for victims of smoking related disease and the cost of days lost from work. [3]

When only health costs were investigated, it appeared that smoking saved the government money. A 40% reduction in smoking would, after 30 years, increase health care costs. The reason however was simple. There would be an extra 250,000 people alive to go to the doctor about other health problems!

The cost of lost production — smokers take more time off work for sickness — was estimated at £168 million (at 1971 prices). But against that could be put the loss of cigarette taxes if less cigarettes were smoked.

The tobacco industry is always quick to point to the value of taxes collected from cigarette sales. Particularly when health warnings are proposed, as in the Philippines where leaders of the tobacco industry "reminded the government that cigarette and tobacco taxes contribute 47% of government revenue". [4]

The influential Action on Smoking and Health organisation have concluded that the costs of smoking to the British government now outweigh the income it generates. The tax problem can be overcome by increasing taxes to reduce the country's smoking, a recent study points out. [5]

In the Third World, however, where smoking related disease is only beginning to spread, the health costs of smoking are still low. Third

World governments do very well out of smoking — today. And this helps to shape their policies.

*Sitting by the mortuary slab*

So what can Third World health workers do? Sit at the mortuary slab and count the bodies? In 20 years time, they will be able to write learned scientific papers about the epidemic they watched in the making. Their countries will have suffered one of history's most grotesque experiments — the use of millions of people to prove, yet again, that smoking is harmful.

Those who reject the idea of using Third World people as guinea pigs have a battle ahead. But, in the poor world, they have a good case. Providing cigarettes for the smoker is becoming more costly and controversial. Tobacco growing will become more difficult to justify given the many other needs of the poor world. And that we believe is as strong an argument as the indisputable health case.

The myth is that smoking is a very convenient way of death. That myth has to be dispelled.

## BAT, smoking and health: The case of Kenya

Kenya is regularly singled out in BAT reports for special praise. With cigarette consumption growing at between 5% and 10% per year BAT (Kenya) is highly profitable — particularly since it has no competitors.

The company operates without any of the restrictions on cigarette advertising and marketing that trouble its parent company in the USA and Europe. Although it has no competition, it is Kenya's fourth biggest advertiser — spending nearly as much as Coca-Cola at the height of its war against other cold drink companies.

No health warning defaces the side of Kenyan cigarette packs. Film adverts — which can reach right into the country through mobile shows — shock Europeans no longer accustomed to their blatant promises. Sportsmen appreciate "Sportsman". Pretty girls and big cars are the reward for smoking the right brand.

There is concern about smoking however. Professor Joseph Maina Mungai is a Kenyan surgeon, former vice chancellor of the University of Nairobi and Dean of the Medical School. As a public educator, he has repeatedly expressed his concern about the impact of purely commercial advertising on young Kenyans. He is concerned about the discrepancy between the practices of cigarette companies in their home countries and developing countries such as Kenya.

"I am concerned about the need for industry in general to tell the public about the side effects of cigarette smoking. In particular, I am concerned about the moral obligation of a developed country to tell the truth about the products it sells to developing nations," he told me.

"In the UK, manufacturers warn about the dangers of smoking on their packets. Are these dangers only applicable to Britons? I think manufacturers have a moral obligation to put the same warning on their packs in developing countries."

Professor Mungai's concern does not appear to be shared in government circles. There is certainly no move coming from Kenya's Ministry of Health to warn smokers about the dangers they face.

"It's not even worth asking them," other doctors told me. "There is no policy, not even a committee thinking about the need for such a policy."

Is this because Kenyans are somehow immune from the harmful effects of smoking? As yet, the effects have still to be found. Kenyans are, after all, first generation smokers. Smoking related disease is however being awaited with keen anticipation.

*Counting cancers*

Professor Gatei is a pathologist who specialises in histology, the study of cells. In Nairobi's Kenyatta National Hospital, I found him sitting at his microscope with a technician. Methodically, he was examining a series of microscope slides made from human samples, searching for abnormalities associated with diseases like cancer.

One of Prof. Gatei's responsibilities is to maintain the Kenyan Cancer Registry. That's not a grand office, simply a few thick books and a tray full of index cards. Every confirmed case of cancer diagnosed in Kenya is recorded there.

Lung cancer is a rarity in Kenya. To medical students, it is a curiosity, a special treat. With only four cases or so a year up to 1967, that's understandable.

It's changing however. The number of lung cancers is definitely on the increase. It could just be due to better diagnosis at this stage. But Professor Gatei and his colleagues confidently predict an increase in lung cancer deaths as a result of cigarette smoking, in line with the European epidemic. Meanwhile, they work patiently at their microscopes, watching, counting — and waiting.

Outside the histology department I met a white-coated group of young Kenyans, hurrying off to lunch. One was smoking. Was he a medical student I asked. No, a technician. Did he think that smoking was harmful for him?

"No, I've been smoking for twenty years, yes, since the age of six, and it hasn't affected me." He smoked six or seven cigarettes a day — so, he pointed out, did some of the doctors at the university hospital.

Yes, he had heard that in the United States and Britain cigarette packets carried a health warning. So why did he think there was no health warning on cigarettes made in Kenya by British companies?

"Perhaps they hope we will all get sick so they can come out here to work in our hospitals," he joked. And why did the Kenyan government do nothing to warn about the dangers? Laughter all round. "Do you know who the boss of BAT in Kenya is?" his friend asked.

*In the family way*

Chairman of BAT (Kenya) is Mr Bethuel Mareka Gecaga. He is also chairman of the University of Nairobi Council. He has also married into the Kenyatta family which has systematically taken over much of Kenyan business.[2]

Mr Gecaga talked to me about tobacco and smoking in Kenya. And he was frank about likely developments on the smoking and health issue.

"It is true that we are free from the restrictions on advertising and

that kind of thing to which companies in both Europe and the United States are subject, but that, I do not think, will always be the case. I'm sure these things which are happening in Europe and the United States are bound to reach us in the future. We ourselves keep abreast of all scientific knowledge available in the tobacco industry and prepare ourselves for those days. In other words, we don't just sit waiting."

*We say: come off it Mr Gecaga!*

Mr Gecaga, by his very presence, inhibits any moves to restrict smoking. Professor Mungai is one of Kenya's best respected academics and doctors. It is inconceivable that Mr Gecaga is unaware of his views.

But no-one in Kenya chooses lightly to throw down the gauntlet to a nominee of Jomo Kenyatta. Is that not, perhaps, the reason he was selected by BAT to head its Kenyan subsidiary?

The fact is that every extra year in which BAT can promote smoking unhindered and establish its place in the culture of the new Kenya, the more profitable will the market be when it matures. And the greater will be its damage to the health of Kenyans.



Professor Gatei at work, watching for the spread of cancer.

## The unpleasant taste of success: Selling smoking

Cigarettes and patent medicines fight incongruously for space on Third World shop shelves. They compete for attention in shrill radio adverts. Their advertising billboards jostle shoulders, promising a better life to the inhabitants of the shanty towns and slums below.

The way cigarettes are sold to the Third World tells something of the reasons why people smoke them. The story is tragic and shameful. It is a story of needs — unmet; of opportunities — tragically wasted. And of the shameful way in which sober men in dark suits, not five minutes from Westminster, keep Britain fat by making promises they can't keep.

The message that sells smoking in the Third World is simple. Cigarettes come with promises of success and status.

That "king-size cigarette of international success" offers just what the young man in the city is least likely to achieve. But it's there, available. The less fortunate are selling cigarettes, one "stick" at a time, to the lucky man with some spare change.

The cigarette offers instant evidence of a man who is doing a little better than just getting by. A man with a packet is really ahead of his crowd. Even if he bought it only half full.

People may want real status — but cigarette status is all they can hope for. It's like the good health they are offered in the useless pills and potions of the patent medicine merchants. Illusory — but available.

### *Advertising causes smoking?*

The message of success comes from advertising. But does it work? Do advertisements really persuade people to smoke?

The companies certainly believe that it does. That's why they spend so much money on it. In Malaysia, another cooperative computer has been keeping an eye on the amount spent there on cigarette advertising. It reveals that in 1977, the companies, mainly BAT and Rothmans, were spending M\$12 million (£2.9 million), approximately half of all advertising on radio, TV, cinema and in print, to encourage smoking. That is around £1 per year per man. In a country where the GNP is under £400 per person.[1]

The advertising was concentrated on the rich. But the poor were not forgotten. Nearly 10% of the money was spent on radio advertising. That penetrates to the heart of the country, to the poorest people. They too get the message: "State Express: That Special Taste of Success".



*Big spenders*

Malaysia joined the minority ranks of Third World countries which have restricted cigarette advertising in 1977. For three years before, cigarette companies had been spending so much money on advertising that other companies found it difficult to buy time and space, according to trade sources. Was the heavy advertising a last fling before the end, companies battling for a bigger share of the market?

The public position of the companies is that advertising does not encourage smoking. It merely encourages smokers to buy their brands: "Strange as it may seem, advertising is not a factor in encouraging people to smoke. By and large, advertising is a process whereby manufacturers try and retain their existing smokers through reassurance or win smokers from their competitors," says Richard Haddon of BAT.

Sure enough, in Malaysia, BAT and Rothmans are battling for the right to damage Malaysian health.

But what, then, about Kenya? There, BAT (Kenya) is the only company selling cigarettes. No competition, no advertising? Not likely. BAT is the country's fourth largest company advertiser.[2]

Why, I asked Mr Haddon, does BAT advertise when there are no competing brands?

"Advertising in Kenya is much less than at a time when there was competition ... it is not exclusively designed to persuade people to do something. It is designed to inform them."

So just what information does BAT give its Kenyan smokers? "Embassy Menthol: a whole new world of freshness," says one advert, with a picture of high speed boat in the background. "555 — that very special taste of success," says another, simply.

*A botched cover-up*

The idea that advertising does not encourage smoking is nonsense. It is used, like the health arguments, to divert criticism. Just occasionally though, the true face of BAT peeps out from behind the heavy velvet public relations curtains.

Dr Mumtaz Ahmad works for the Pakistan Tobacco Company, a BAT subsidiary. He travels to international conferences and writes for tobacco journals. Clearly, he knows the tobacco business.

In 1976, he went to the 6th International Tobacco Scientific Congress in Tokyo. He sent an advance note telling them what he would be saying. In it was the fascinating snippet: "Female segment of the smoking population shall remain small despite advertising efforts, constituting 8% by 1980."[3]

What was he suggesting? Did he mean that advertising would

persuade women to smoke? Intrigued, we obtained a copy of what he actually told the meeting. All was as promised. Except for one sudden change in style and content: "Currently female smokers constitute only 2% of the total smoking population. Cultural norms preclude development of a sizeable female smoking sector. There is going to be, however, an increase to 5% by 1980 as a result of urbanisation and female emancipation."[4]

Whatever happened to the "advertising efforts"?

In between writing the summary and talking to the conference, it seems that BAT's blue pencil had been at work. Censoring Dr Ahmad's talk to maintain BAT's public face intact.

*How smoking spreads*

If "advertising efforts" help to increase smoking, how do they work? Does advertising alone create new smokers?

Will Third World villagers lay down hoe and hookah and light up to "Join the Smart Set" because that's what the tough cowboy does at the local cinema when he rides into "Marlboro Country"? The ads certainly drum home the message "You're Smart to Smoke", that it helps you "Enjoy that Fine Clear Head Feeling". "That Very Special Taste of Success" is a nice idea but do they really believe that Player's Gold Leaf is only "For Very Important People"?[6]

The cigarette usually arrived before the advertisement. It might come first as gift from a white boss to a black servant. Or it returns home from the city with a prodigal son.

Cigarette advertising works best in communities where smoking has started. It then helps to spread it. Once all the people who might smoke have started, it can only reassure them — and keep them smoking. That at least is the theory of Dr Daniel Joly, one of the few people to study Third World smoking in detail. He concluded: "It is possible to view the evolution of the smoking habit within a cohort or a community over time in terms of separate processes of diffusion (spread of the habit) and maintenance (continuance of the habit). In general, such analysis suggests that unabated diffusion does not continue indefinitely, that commercial advertising and social norms of behaviour have their greatest influence on the extent and rate of diffusion and that once diffusion has reached its peak, continuation of the habit depends mainly on the prevailing patterns of behaviour that make cigarette smoking socially acceptable."[7]

If that analysis is correct, then advertising is far more important in the developing countries than in the rich world. It means that every year that advertising is allowed, the firmer the hold the cigarette habit will take. It suggests that once the habit is established, it will be carried on by

imitation and social custom — as well as simple addiction.

This means that restrictions on advertising have to be imposed early if they are to prevent the spread of smoking.

It is not just ordinary advertising that helps the cigarette habit to take hold. The tobacco companies use all opportunities to spread it. In the rich world, we take the shop on the corner, the slot machine in the street for granted. In the poor world, things are different. Putting a packet of cigarettes on a rural shop shelf can be a major undertaking. It can also be just about the best advertising of all for a cigarette. Which is why companies like BAT devote huge resources to making sure that their brand of success is available, everywhere.

### *The frontiers of smoking*

You need four-wheel drive to travel BAT's Kenyan distribution network. And even a Landrover will not get you to the furthest flung cigarette sellers. Bicycles, donkeys and even camels are the last links in the chain. Ensuring that cigarettes are on the shelf when some lucky peasant has two cents to spare.

The job of the network of independent wholesalers, dealers and sub-dealers is to service the 33,000 tiny shops in all parts of the country. Many of these "dukas" are beyond any road. To reach them, the dealers must use whatever form of transport is appropriate to make their weekly — or more frequent — visits. Often, it is only to deliver a single pack of cigarettes. That's where the bicycles, donkeys and camels come in. The dealers are paid a regular allowance for transport to ensure they can cover their territory. It is a complicated system, leading to some unlikely tales. Like that of the disappearing donkey.

In the remote north-east of Kenya, a dealer was found claiming a donkey allowance five years after his unfortunate animal had been eaten by a lion. The BAT man who discovered this accused the old dealer of fraud. A more senior staff man took over the case — and there was a happy ending. The dealer was given, not a jail sentence, but five years extra allowance to pay for the bicycle which had replaced the donkey.

The story may be fiction, but it makes the point. Some in the tobacco business believe that BAT takes its distribution efforts too far. The cigarettes would sell from the factory gates they say. But that is not how BAT became the world's largest cigarette seller.

BAT has always been at the frontier. Former chairman Richard Dobson describes how, during his apprenticeship in China: "The chief of our Chinese office staff ... came back from a trip to the backward province of Kweichow, where he had been prospecting for business on behalf of the restless, never satisfied, company." [8]

The value of these efforts becomes clear many years later. As today,

in Brazil where BAT is: "The only company with full national distribution. As a result, protection should be afforded against the competitive activity of two new entrants." [9]

BAT is still looking for new frontiers. Northern Kenya is largely desolate semi-desert, inhabited mainly by camel-herding nomads. BAT is there. Direct sales from a Landrover were successful, reported the company in 1976. "A further trial scheme will soon be initiated with a view to developing our sales on the same lines in the North West." [10]

In the poor world, the unemployed can't choose a job. The homeless can't choose a house. Many of the sick cannot choose the most basic health care. One choice is always available. They can choose to smoke. The problem is not just the poverty of the people, but the poverty of their choices.



Top photo: Nigerian cigarette advertising — The cigarette industry makes promises it can't keep. Bottom photo: Cigarettes penetrate the Third World faster than roads and bridges.

## Tar stains: The industry's guilty secrets

Some cigarettes sold to the Third World deliver twice the cancer causing tar as the same brands sold in the rich world.

So the smokers with least information about smoking's hazards are put most at risk.

If the ethics of selling cigarettes to the Third World are dubious, there can be no question about the ethics of selling the most dangerous products to the least informed consumer. It is unethical, if not criminally dangerous. Smokers' lives are being knowingly endangered.

BAT has in the past publicly refused to give details of the tar delivery from the cigarettes it sells to the Third World. The blends were constantly changing. And different standards are used in different countries, they said.[1] What about variations in the tar from the same brand bought in different countries? "They are not substantially different," says the company. Figures from the Philippines demonstrate just how dangerous a situation they are hiding.

TAR YIELDS: milligrams/cigarette

Brand	Philippines	UK	USA	Australia
*Kent (BAT)	[2] 33	[3] 13	[4] 16.5	[5] 15
*Kool (BAT)	32	—	18	15
*Marlboro (Ph. Morris)	25	15	17	14
*Chesterfield (L & M)	31	16	19	18
Average	31.75	15	17.5	15.5
Range of all cigarettes tested	24-44	4-34	2-31	5-22

\*Where there is more than one variety of same brand, an average has been taken. "Low-tar" varieties have been excluded from the USA, UK & Australia figures.

### Notes

Cigarettes in the Philippines are manufactured under license by national companies associated with the brand owner. While Kent in Britain is in the 25% lowest tar cigarettes, Kent Menthol in the Philippines is in the top 13% by tar content.

In general, BAT's Richard Haddon agrees that the tar content of Third World cigarettes is higher than that of European and US products. The reason is, he says, that smokers indulging in only a few every day, want a strong cigarette. "When you've smoked it, you want to feel that you've enjoyed it, that you've got something from it."

*A question of facts — and censorship*

BAT say they advertise so that they can give their consumers information. What information do they give about their products? What do Third World smokers know about the dangers of smoking?

"All I get from smoking is pure pleasure," said 20 year old truck-driver Grayson Sewa as we bumped down through Malawi's tobacco country towards Lilongwe. "I don't believe that it is harmful."

No, he did not know that in rich countries, packets had health warnings on the side; that advertisements warned about the health risks. As BAT admits, Grayson Sewa is typical.

"Do you feel that Third World consumers have the same knowledge about the health risks of smoking as rich country consumers?" I asked the company.

"To say that they do would just not be so," was the reply, "because communication itself just isn't as effective."

So does BAT use its potent advertising budget to give its smokers just a hint of the health risks that others see in their products? Quite the opposite.

"I don't think necessarily that you could expect tobacco companies to put forward the arguments in a strong way which are against the industry," says Richard Haddon. "I think on the other hand that the industry has the right to counter charges ... I think our role is to correct inaccuracies, to make certain that people understand what the issues are. We're not trying to cloak or hide the issue."

No? I met a Third World magazine publisher with a different story. He had printed a humorous anti-smoking article in his journal. He won't do it again. Visits from BAT's local advertising agent and marketing manager convinced him that he would be more sensible to avoid such articles in the future — if he wanted their valuable advertising. "We're very vulnerable to such pressures," he said regretfully.

## Let them chew tobacco

"Does the company use tobacco grown on land which could otherwise have been used for the production of food crops?" Sir Richard Dobson was asked at BAT's 1976 Annual General Meeting.

Tobacco, replied the remarkable Sir Richard, is normally grown in rotation with other crops. "If tobacco were not grown in its turn, the land would normally lie fallow for a season."

That is rubbish. As BAT's own experts admitted to me — in private. Beyond the lie however, the company has a second line of defence which must be examined. For in it is a key to the enthusiasm with which Third World countries have turned to tobacco.

"I believe it is safe to say that more food is produced because of the presence of tobacco than would be grown in its absence," continued Sir Richard. And that position is supported by a surprising diversity of people.

"We're producing something like one third of the maize for the whole country," says Hugh McEnery of the Tobacco Board of Zambia. And that wouldn't happen without tobacco he claims.

"We're using tobacco, as most countries do, not just as a cash crop but as a land development crop, a pioneer crop. It's a teaching crop with which you can teach other kinds of farming. It's hardly possible of maize, because maize is so routine. When you're dealing with illiterate subsistence farmers, it is the tobacco which gives them the fantastic increase in knowledge. If they miss doing something to tobacco on the day they're supposed to, they get a dramatic drop in return. With maize they can go away for two weeks. Yes, it is a teaching aid."

But there are other "teaching crops" — cotton and groundnuts for instance. And it is simply not true that growing tobacco has no effect on food production. It was a BAT man who suggested that Zambia's tobacco smallholdings are not producing as much as they ought because the maize price has been set too high. But then Zambia's priority is to feed itself — and food *does* compete with tobacco.

In Tanzania, the effect has been demonstrated quite clearly. An agricultural economist has shown that farmers growing virginia tobacco for BAT were producing less food than neighbours who were growing other cash crops. True, their *yields* were better, but total food *production* was less.[1] A few years later, Tanzania suffered drought and serious food shortages. A situation certainly not helped by tobacco growing.

Dr Napoleon Padilla of the FAO put the food versus tobacco argument into a broader perspective. He told the 1975 World Tobacco

Symposium that events at the earlier World Food Conference posed a real threat to the tobacco industry: "The situation is so critical that the agronomists who were attending the conference stated that, unless mankind is wise enough to design better food systems, we may be seeing the beginning of the end of this civilisation.

"There is going to be a big problem in food production competing with tobacco production. Now, the priority of the world is food. What is going to happen then when the merchants want to produce more tobacco or move land into tobacco, or spend money needed for other things on tobacco instead? I do not know." [2]

### *Food first! then what?*

Food first. It's an emotive slogan and an important one. It signifies a change in attitude to the problems of the world's hungry.

Eat up, remember the starving in India. Put a penny in a collecting can to help a hungry child — that Victorian charity element of 20th century development aid is out. Many now believe that the Third World can, disasters excepted, feed itself. This has focused attention on cash crops, particularly where countries have chosen — or been persuaded — to grow them for export. They should rather help and encourage their people to feed themselves first. [3]

There have been studies on tea — where plantation workers die in poverty for the sake of the British cuppa. [4] On bananas, grown in Central America to feed the faces of fat Europeans while local children went hungry. [5] On cocoa in West Africa where the pot bellies of kwashi-orkor in plantation villages show what happens when we feed chocolate to the rich instead of grains to the poor. [6]

But food first is simplistic. The Third World also needs cash crops. If developing countries are to progress, it will be on the backs of their farmers. They will produce the raw materials, as cash crops, for new industry to grow on.

This is where tobacco comes in. It is a cash crop which can be grown with food crops to bring the farmer an income. But on two important grounds, tobacco is a bad cash crop.

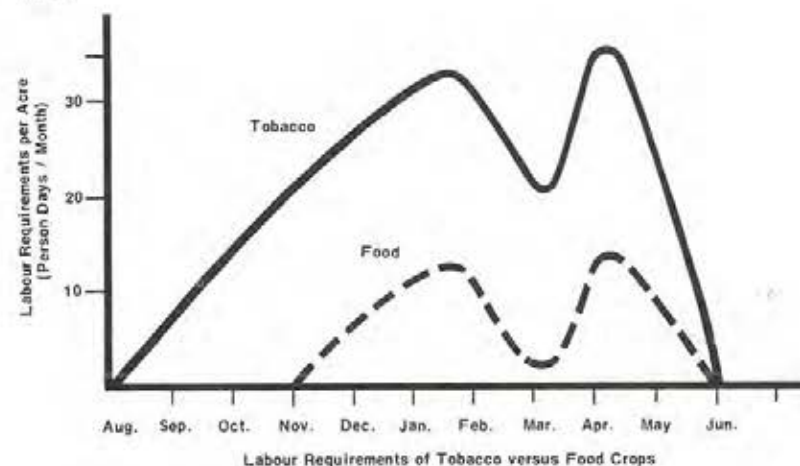
First, its labour requirements are disruptive. A crop with high labour inputs can be good for Third World countries with problems of chronic unemployment. But tobacco demands labour in short peaks — at planting and harvest times. These peak labour demands clash with those of other crops (fig 3). [7] Tobacco therefore discourages the production of other crops. And it helps to create a pool of unemployment for much of the year.

Malaysian farmers can, for instance, reap two harvests a year from most crops. With tobacco, however, this is impossible if the farmer does

his own curing. And attempts to set up private curing stations have severely disrupted production and led to unacceptably low quality tobacco and low prices. Meanwhile, BAT's Malaysian subsidiary tells blithely of its efforts to increase food production — ignoring the curing problem. [8]

Second, tobacco does provide jobs off the field — the jobs of sorters and graders and those of cigarette factory workers. But what kind of jobs? As we will see, the graders and the sorters are amongst the poorest paid in very poor communities. With little prospect of conditions improving.

FIG. 3



Jobs in cigarette factories are well paid. But they are very few. And the cost of providing a job in cigarette making is higher than in any industry except oil refining. [9]

"If tobacco is not grown, what would be?" is therefore not the only question. As important is, if *cigarettes* were not made, what could be?

*There are choices*

"I do question what would happen if we had put all that money into other cropping systems. There is no reason why we wouldn't have gone other ways," a senior Zambian agricultural official told me. "Tobacco has no unique advantages."

Yet, with Britain and the World Bank's multi-million pound assistance, Zambia is committed to rebuilding its agriculture on the back of tobacco.

Zambia has at least made the choice. In many other countries, it goes by default because the encouragement of tobacco growing is left to the tobacco companies. They only want tobacco. So they put all their management resources behind it. The cost however is being paid by the country. The farmers' finance comes from national banks and government credit schemes, not from the companies.

In Kenya, BAT administers the loans from the national Agricultural Finance Corporation. Suddenly, the farmer gets paid on time. The extension service comes not just from the overstretched, undertrained state organisation, but from the company too. Its experts have one objective — to grow tobacco. They are not worried about getting the best crop mixture for the country. Little wonder that the farmers are now keen to grow tobacco, whereas under government administration, they held back.

The picture is the same in many other countries. In Brazil, tobacco companies vie with one another to sign up farmers. They deliver a package — advice, finance and markets. Other crops, without the same efficient system, cannot compete. Despite the fact that tobacco yields only a sparse living and snares the farmer in a net of company debt.[10]

The conflict of interest is clearly shown in Nigeria. In 1966 an agriculturalist explained the basic reasons for tobacco's success in the country: "First, the crop has proved financially attractive to farmers who have had the *unique advantage* of knowing the season's prices in advance and had had clear financial incentives through price differentials for different grades to produce a good quality crop ... secondly, the Nigerian Tobacco Company has made available to growers, advice, supervision and both long and short term credit on a far more generous scale than government departments have been able to provide for other crops as well as continuity of management and personnel which is so desirable when a crop is being introduced to a conservative peasant community ... Lastly, the Nigerian Tobacco Company has been very careful to pave the way for future expansion by experimental work and by field investigation of suitable areas." [11]

Just why is tobacco so favoured? The consequences, nine years later, are clear: "No other commercial crop in the savanna zone of

Western Nigeria receives such a highly coordinated package of assistance. Although the Marketing Board provides a ready market for seed cotton, and the Fibre Company at Badagry provides a ready market for kenaf, the assistance cotton growers obtain from the Ministry of Agriculture, and the assistance kenaf growers obtain from the Fibre Company do not parallel the assistance tobacco growers receive. The result is that individual farmer and group production of cotton and kenaf have both failed woefully." [12]

BAT, through its assistance to farmers, has helped Nigerians to put cigarettes before cotton shirts; to decide that smoking is more important than food storage in kenaf bags. Is that the choice Nigerians would have made, given the chance?

All over the world, BAT has encouraged countries to put tobacco first. In the same gentle way. So nicely that they hardly notice.



Tobacco worker in Zambia: could she be working in a textile factory instead?

## Tobacco's energy crisis

Smoking cigarettes can cause deserts. It aggravates the poor man's energy crisis. These side effects of tobacco consumption are, like the health questions, not attracting as much attention as they should.

The fact is that for every 300 cigarettes made from Third World tobacco, a tree is burnt. For every acre of flue-cured Virginia tobacco grown in developing countries, an acre of woodland must go up in smoke.

In some countries, the need for fuel with which to cure the leaf is more of an obstacle to expanding tobacco production than the need to grow more food.

The process by which green tobacco leaf is cured to become that familiar yellow requires the leaf to be kept at high temperatures — up to 160°F — for about a week. At this temperature, the fermentation reactions take place. This fermentation develops the characteristic flavour as well as the all-important nicotine which keeps smokers hooked.

Curing demands an extraordinary amount of energy. While on rich North American farms, oil and gas burners are used, in the Third World they are too expensive. The obvious alternative is wood from natural forests.

But supplies of wood are limited. In 1977, the Director of the United Nations Environment Programme warned that shortage of firewood was rapidly becoming the poor man's energy crisis.[1]

The shortage of firewood can have a devastating impact on the environment, he said. "In semi-arid regions, the ecological consequences of firewood consumption contribute to the process of desertification."

The problem with tobacco is that many of the Third World's tobacco growing areas lie on the edge of dry country. Tobacco does well in dry sandy conditions where few other crops prosper. That makes it an apparently attractive option.

"In the case of Eastern Kenya, tobacco thrives in the margins of the country's arid area where other crops grow with difficulty," British-American Tobacco's Kenyan chairman, Mr B.M. Gecaga told me. His company encourages farmers to grow tobacco there.

These are also however, just the areas most vulnerable to the spreading desert. Eastern Kenya, for instance, has already been severely denuded by demands for wood to fuel the cooking fires of Kenya and Kuwait.

Even where deserts are not an immediate threat, tobacco growing is

making unacceptable demands for firewood. In Malawi, Africa's leading tobacco producer, the secretary of the Tobacco Control Commission, Mr R.G. Buckingham, says that shortage of firewood is a major obstacle to the expansion of the industry. "Land is the first constraint, but then comes timber," he told me.

Foreign aid organisations have tried to cope with the problem. "We insist that all our aid projects have built into them a provision for afforestation," explained a British aid official in Lilongwe, Malawi's capital. "We are aware that it could become a major problem."

President Hastings Banda has however encouraged Malawians to go into tobacco. Ministers and civil servants have followed their leader into the lucrative world of the golden leaf. Now they leave their private farms to cut firewood from communal tribal land, according to another aid source.

While official policy in many tobacco growing countries is to grow forests to provide curing fuel, this is often not implemented. "Where are your trees?" I asked at a tobacco settlement scheme in Zambia, after hearing assurances from the management that tree planting was compulsory on all new settlements.

"We have not been able to grow them," was the answer. "Too many problems with termites."

The fuel wood problem means that tobacco production is being moved from the arid lands to more fertile areas where it now displaces other crops. In Western Nigeria, "the tobacco farmers are at loggerheads with the forest guards whose object is the preservation of the forest," reports Dr Kolawole of Ife University.[2] Now, tobacco production is being developed in the east and centre of the country instead, where wood is not, yet, in short supply.

The dilemma is not confined to Africa. In Pakistan too, tobacco growing has been encouraged in arid regions, particularly in the North West Frontier Province. There, about 250,000 maunds (1.5 million cubic metres) of wood are used each year for tobacco curing.[3]

So serious has the shortage become that government researchers have started investigating ways of using expensive imported fuel to cure the crop. So far, liquid petroleum gas is the hot favourite.

Elsewhere, other solutions are being tried. In Kenya, a group of expatriate entrepreneurs has designed a solar powered curing barn. Their problem is that the sun cannot provide enough guaranteed heat on its own. While the "Solakura" barn saved up to 90% of firewood needs[4], some still has to be burnt.

To get the most from the sun, a small petrol driven fan circulates the hot air — though there are plans to use methane gas generated from animal and human wastes.

The tobacco companies' own experts are dubious about the

practicality of the "Solakura" however. While it is quite simple, it is much more expensive than the average farmer's mud and wattle curing barn. And the companies claim that it will also be too complicated for Third World peasant farmers.

Unless some expert finds a simple new way for the Third World to cure tobacco without heat — and there is no sign of that — timber will remain the most important fuel for the Third World tobacco farmers.

That means that tobacco will continue to place heavy demands on the poor man's energy source — and his environment. Perhaps every cigarette packet should carry a dual health warning: "Smoking can seriously damage your health — and your land."





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**LTR**

## The shape of cigarettes to come: The tobacco industry's new technology

The smoking and health controversy could prove the best thing for the tobacco industry since the invention of the cigarette machine.

At one stroke it is creating a demand for new products and processes and a solution to old problems.

In the 1950s, the trend to the filter tip began in earnest. The filter was sold with the hint that it could reduce the health risks of smoking. To the tobacco industry, it was a heaven sent opportunity to cut the tobacco content of their cigarettes by a quarter and, at the same time, to put up the price.[1]

The technology for making the new cigarettes is just as convenient. It will free tobacco companies from a painful dependence on foreign suppliers. It will reduce the price they have to pay for tobacco. And it will help to beat the labour problems that have crippled American tobacco exports.

Almost incidentally, the new cigarette may be slightly less harmful than today's model — to the smoker.

The damage it will do to the Third World could, however, be massive. And we believe it is time for those consequences to be spelt out.

### *Flavoured lavatory paper — tomorrow's cigarette*

Two names hint at the shape of tomorrow's cigarette. One is Kimberley-Clark — better known as makers of Kleenex tissues and toilet paper. The other is Givaudan, the Hoffman la Roche chemical and flavour subsidiary which gave the world the poison cloud disaster at Seveso.

Kimberley-Clark has perfected the process of taking tobacco stems and stalks, floor-sweepings and other waste and putting them into "fine Virginia tobacco" cigarettes. Givaudan is one of the many chemical companies clamouring for the chance to help put tobacco flavour back into the resulting product.

The Kimberley-Clark process is just like making lavatory paper. Take tobacco offal (as the industry call it), pulp it up with water. Separate the fibrous solids from the liquid solution. Form the fibres into a thin sheet. Then add back the liquids and dry the "paper". Roll it up and put it on the shelf.

The pulping process is called "homogenisation", the end product "reconstituted tobacco sheet". Developed around 1955, the technology is not new. What is new is the use to which it is being put.[2]

First developed simply to save money by saving scrap tobacco, it is now the key to the manufacture of the "safer" cigarette.

The smoking and health campaign has focused mainly on the "tars" in cigarette smoke and the damage they do. And the industry has for many years hinted that, if only the "noxious ingredients" of tobacco could be found, they would be happy to take them out.

They still deny that they have found noxious ingredients. But tar delivery is being systematically reduced—for those smokers fortunate enough to live in the rich world.

It is not made clear just how this reduction in tar is being achieved. The companies hint that low tar cigarettes are made from low tar tobaccos. They suggest that the solution lies in the mysteries of "blending". But the "tar content" of world tobacco has not changed significantly; meanwhile the "tar content" of the rich world's cigarettes is being halved. How?

The answer is, of course, technology; chemicals and machines. The same agribusiness story that is so familiar in the food business, where any connection between the industry's products and good nutrition is largely coincidental.

Maybe it was luck, maybe design, but reconstituted tobacco produces less "active" cancer causing chemicals than plain leaf when burnt.[3] And once the tobacco had been pulped up, the cigarette business turned from farming to chemical engineering.

In the good old days, the aim of sophisticated factories was "to do as little processing as possible so that the tobacco in the final product retains all its original characteristics," says Michael Barford, editor of the prestigious journal "World Tobacco".[4]

That is yesterday's world. Today, the tobacco engineer has available "most of the techniques to turn the original raw material into cut tobacco whose flavour, aromas, colour, filling capacity, chemical (including 'tar' and nicotine) composition, burning characteristics and other qualities are markedly different from those of the original materials," he adds.

These technologies can work on whole leaves. But once that tobacco has been pulped into a soup, anything can happen. Stir in magic plastic balls and, Presto! a whole range of nasty chemicals is gone.[5] Want to take out other undesirables? Try a sly dose of methanol/cyclohexane azeotrope.[6] You can just soak the leaves in it but it works better in the soup.

The soup solution also helps to answer the flavour problem. Once the soup is made, flavours can be extracted and replaced. Some of

tobacco's flavour actually comes from the components which cause cancer. Too bad, add a few new chemicals instead.

The tobacco processing engineer is left with a metaphorical shelf full of bottles. A dash of yesterday's extract and a dollop of last week's and you have tomorrow's flavour.

It's happening today. At Philip Morris, USA who: "... identified most of the flavour ingredients of tobacco and with the removal of the unwanted elements, these high flavour components were reintroduced back into the blend," according to Tobacco Reporter.[7]

At Reemtsma, in Germany, with their "flavour transfer" process: "In this process, various flavour components are extracted selectively from strong tobaccos and sprayed onto mild tobaccos." [8]

### *The great substitute smokescreen*

The tobacco substitute affair has provided a very successful smoke-screen for these other activities. There is no need for tobacco substitutes to reduce tar delivery—in the USA, cigarettes derived entirely from tobacco delivering as little as 1mg of tar (5% of the average cigarette) are already on the market.[9] The "substitute" cigarettes launched in Britain deliver more tar than all-tobacco brands already on the market.[10]

The main purpose of substitutes is to save on expensive tobacco. If you are making paper, why use handpicked tobacco leaves when trees will do?

The first generation of tobacco substitutes were basically wood pulp paper. They were made separately from tobacco. That is inefficient. It means that there are two paper making processes in the production line, one for reconstituted tobacco sheet, the other for substitute sheet.

Real "progress" for the industry will be to make a single sheet of tobacco + substitute from a soup of tobacco and wood pulp. BAT already has patents to do this.[11]

That's a hint of the chemical background to the rich world's new cigarettes. Little wonder that BAT offers "challenging" "varied" work to chemical engineers.[12] Little wonder too that the industry has yet to challenge their smokers with the smell of the chemical factory.

"Low Tar. Natural Tobacco. Real Taste." is the line selling Imperial Tobacco's Embassy Number One.[13] As natural—as a dead fish in a polluted river!

The natural image is too valuable to be sullied by telling the truth. So valuable that some companies have already prepared new brands for the backlash when people find out for themselves just how unnatural smoking has become: "Taste the only cigarette made with 100% virgin all-leaf tobacco," shouts Liggett and Myers in their USA test-advertising. "Just the tender 'filet' of the leaf. No tobacco by-products. No reconstituted tobacco. No added stems." [14]

*New technology and the third world*

What does this new technology mean for the Third World?

First, it is not for them. Not for a generation anyway. They are condemned to smoke cigarettes too dangerous to be allowed in the rich world. When the time is right, the health risks will be raised. Then the Third World too will have to switch to the new technology.

The cost will be high. The processes are expensive, designed for big factories, not small plants. It's a cost to be measured in jobs too. Chemical processes require little labour. And the cost of the technology will mean less money to provide jobs in other industries.

The farmer too will lose. Today, African tobacco producers feel safe in the knowledge that their tobaccos are used in particular brands of cigarettes. The old wisdom is that once your tobacco is in a cigarette, it can only be phased out gradually: "I expect to hold up my market by ensuring continuity of supply to companies who use our tobacco in their blends," says Raymos Lyatuu of the Tobacco Authority of Tanzania. And he hopes to gain by producing quality tobaccos. "Our tobacco has taste. It's not what they refer to as filler tobacco like that produced by India and Pakistan."

The new technology puts paid to security. It despises quality. So the Lipyuti Mwamakulas of the world, working painstakingly to improve the quality of their hand tended crop, will lose. Already, the secretary of the Malawi Tobacco Control Commission confided to me, the really high quality tobaccos are failing to fetch the price premium they once did.

Little wonder. With the new technology, the industry has "learned how to make use of qualities of tobacco ... which a few years ago would have been rejected as unacceptable." [15]

## Changing the rules of the game: New technology on the tobacco farm

"It's changing fast this 'bacca business," says Ralph Daniels, tobacco farmer, North Carolina USA. He should get together with the Lipyuti Mwamakulas, the small farmers of the Third World. For their future is happening to him today.

The spectre is mechanisation. In 1973, 300 elephantine machines lumbered into North Carolina tobacco fields. Carefully they stripped the low nicotine bottom leaves from the plants. Then they returned for the nicotine rich upper leaves.

Those machines and their successors promise to end forever the problems of labour shortage and high wages at harvest time [1] which have threatened to price US tobacco out of world markets. But they bring new problems for the small farmers who, until recently, were the backbone of the US industry.

"Gonna be hard on us small growers," says Ralph Daniels. "Be good for the big fellas though — them with the machines. They'll grow it and they'll git it t' market ... way things are going, small farmer ain't got no chance no more. Them big fellas, them an' the companies, they run the system. Compared to them, we're just like ants on an elephant." [2]

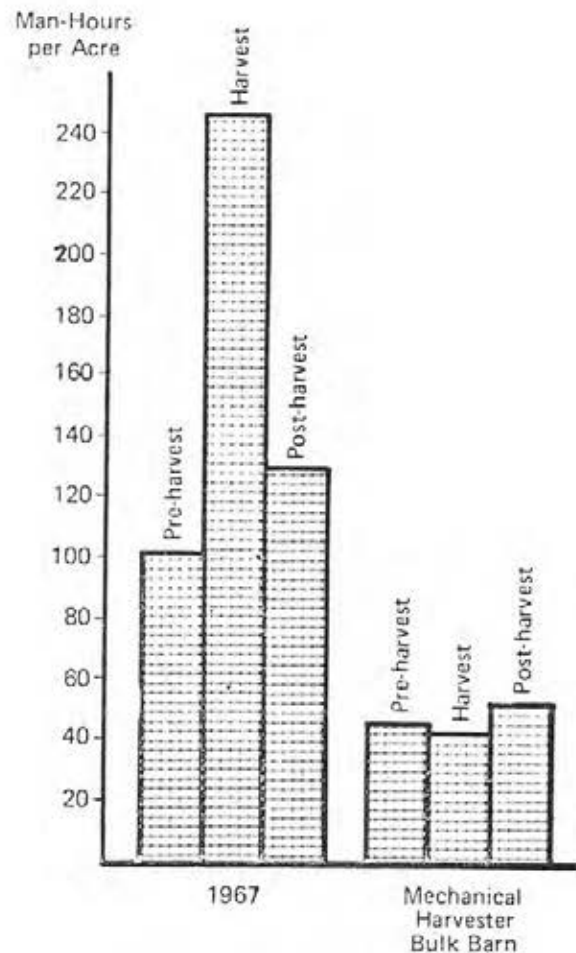
At the start of the 1970s, the average size of a US tobacco allotment was three acres. Mechanised farming only becomes economic at around 30 acres. Those simple figures spell disaster for America's small farmers, already a rapidly dwindling breed.

The change in the face of US tobacco farming has already come to many other crops. But, for a while, it looked as though the problems of mechanising tobacco might allow Third World farmers to steal a march on their American counterparts. Today though, the outlook is not a cheerful one.

The mechanical harvester is only the beginning of a whole new tobacco growing technology. It starts at planting time, with tobacco seeds wrapped in foil to be planted directly into the field — no more transplanting. It comes after the harvester. "Bulk curing barns" mean that tobacco leaves do not have to be strung up individually before being hung up to cure. They slash curing labour from 125 to 50 hours per acre. Mechanical harvesting reduces harvest labour to 15% of the original 240 hours per acre. It cuts out completely the peak demands for seasonal labour which so disrupted US production.

Mechanical harvesters and bulk curing barns are already standard

FIG. 4



Impact of mechanisation on Flue Cured Tobacco's labour requirements in the USA

equipment in the USA's tobacco country. The next step in the technology is coming shortly. This will do away with curing as we know it altogether. Green tobacco will be harvested mechanically. It will be chopped up in water. Microbes will be added to the soup and the chemical fermentation which we call curing when it happens in whole leaves, will take place.

That cured soup will then be fed straight into the tobacco factories' homogenised sheet process. The production line will have reached down to the farm.

This process has yet to be introduced commercially. But it is ready to go: "Generally, the lag time between a new technological discovery and its adoption on a widespread scale has been 5-10 years. However, a small commercial plant to produce HLC from tobacco grown in a given geographical area could be set up within a few years." [3]

BAT is in there as a front-runner. Its patent was filed in 1972. [4]

#### *Food from tobacco!*

The HLC (homogenised leaf curing) process not only reduces labour to a minimum. It has an unexpected by-product — food. Tobacco leaves, like those of all plants, contain protein. This leaf protein has often been suggested as a source of protein for tropical countries. It can be extracted. But the process has never proved commercially worthwhile.

Leaf protein can be extracted from the tobacco soup during curing. And, fancy that, its removal "may correspondingly reduce the formation of many undesirable constituents in smoke, and thus result in a smoking product of better quality and improved usability." [5]

Protein yield will be small — it "may be as high as 400 lbs per acre". And it will not help the malnourished of the Third World as suggested by a US scientist. [6] The search for new protein sources has been widely discredited as a solution to problems of hunger — it has in fact been called "the great protein fiasco" [7] as nutritionists realised that the hungry simply needed more ordinary food at a price they could afford.

So "food from tobacco" is a gift to the industry's public relations men rather than to the world's hungry.

#### *Changing the rules*

The impact of the new farming on the Third World could be disastrous. And they have been warned: "While the developing countries are still struggling to attain modes and refinements of tobacco production fashionable quite recently, the advanced countries are changing the rules of the game." Not the words of an ill-informed speculator but the considered view of "World Tobacco" editor Michael Barford, talking of the likely impact of the new technology.

"To the farmer, the capital cost of all the technical equipment needed to operate such a system would be extremely high. It is only likely to be financially tolerable in countries whose farmers have access to large amounts of capital ... It is only likely to be financially tolerable at all, anywhere, because the processes of the future would not only mechanise what is at present done to tobacco but also eliminate a lot of processes entirely."

"What would then become of the traditional rites of tobacco growing in which the farmer went to infinite trouble, virtually tending each individual plant, to produce leaf of the highest quality? What of the tradition by which growers devoted to tobacco more hand-labour ... than goes into the production of virtually any other non-livestock farm product? These customs would go into the history books, alongside traditional ideas on quality and desirability in tobacco." [8]

So just as USA tobacco production moves into a new slim-line go-ahead phase, based on its new technology, the Third World is being encouraged to get into tobacco. To produce the old way — and supposedly benefit from high American prices.

The new technologies are hurting America's small farmers and farm workers. Up to 200,000 people could lose their seasonal jobs, though this is causing little concern because "workers most likely to lose harvest job opportunities are young persons and women". [9]

#### *Bitter-sweet warnings*

What will they do to the Third World? "Are you worried?" I asked African tobacco executives, "about the trends towards mechanisation in the USA?" They were not.

"What of the possibility that African producers' cost advantages could be whittled away by the new technologies?" I asked a World Bank official in East Africa. "These might cause concern in the future, but in terms of the investment horizons we are working to, they are not too much of a problem."

The Third World tobacco men who doubt the danger should speak to their sugar producing colleagues. Mechanisation of sugar beet production has kept Third World cane sugar out of Europe. And in just five years, a new biochemical technology which converts maize starch to sugar substitute syrups has swept the market. It has cost the Third World sugar producers the loss of substantial new markets in the USA and Japan — because the USA has a maize surplus ready to use. No-one took any notice when that technology was on the drawing board either. [10]

## Who will produce?

The new technologies raise one simple question. If the world continues to smoke tobacco, who will produce it?

Tobacco is a crop which both rich world and poor world farmers can produce. The FAO classifies it, in one document, among the "competing export commodities of temperate and tropical zones". [1]

Over the past ten years, the Third World has been winning in that particular competition. The United States has seen its share of world tobacco trade slip away. In 1970 it had 50% of the world flue-cured tobacco exports. By 1975 that had fallen to 38%. Similarly, its share of the burley tobacco trade had fallen from 38% to 28%. [2]

But US tobacco exports are still worth around US\$1,000 million a year — ranking sixth in the list of its farm exports in 1975. [3] Confronted by massive balance of payments problems, the USA is not willingly going to give up its share of the world market.

The new technology is being developed to hold on to it: "We in ARS research, are interested in improving the outlook for a commodity that has a long-term association with American agriculture," says Dr Donald De Jong, research chemist with the United States Department of Agriculture. [4]

#### *Who decides — and how?*

Predicting which countries will produce tobacco for the world's export trade is difficult for the best equipped organisation. In 1973, the FAO predicted that exports from Brazil and India would decline substantially by 1980. In 1976, those countries were the Third World's biggest exporters, selling more rather than less tobacco (see table). The Economist Intelligence Unit made the same mistake: [5]

Cost is, theoretically, the reason for foreign buyers looking elsewhere for their tobacco. "The high price of the United States leaf caused a continuing search in importing countries for alternative sources of supply." [6] But life in the world of tobacco is not that simple.

Tobacco commentators are always speculating about the impending "world shortage" of leaf. "Elaborate studies ... indicate that by 1980 the world will need about 1,000 million lb more tobacco than it is currently producing. Who is going to grow it? Where? At what price?" [7] The industry's main problem, in fact, is usually to keep production *down*.

The normal laws of economics got out of the window when so few companies buy so much of the world's tobacco. "Talk of supply and

## TRENDS IN TOBACCO EXPORTS - THIRD WORLD (000 Metric Tonnes)

	[5] 1970	[14] 1976	Estimate [5] 1980
Brazil	60	101	42
India	60	80	31
S Korea	19	49	73
China	18	44	70
Malawi	16	34	41
Philippines	33	28	39
Paraguay	16	27	29
Cuba	17	22	29
Indonesia	14	20	27
Pakistan	78	9	24

demand in an industry where the bulk of the world's production is controlled by a handful of companies is not very helpful," an UNCTAD economist warned us. And investigation reveals a range of methods available to the companies to control production.

*Farmer registration:*

In countries like Malawi, Malaysia and the United States, government limits the number of farmers who are allowed to grow tobacco. In other countries — Brazil for instance — only farmers signed up to produce for companies can sell their tobacco.

*Trade agreements:*

Some countries, like India, have negotiated duty free trade deals with the EEC. Some African producers enjoy duty-free privileges automatically. In any negotiation however, the tobacco companies, as ultimate customers, are able to say how much of a country's production they want. In Britain for instance, they are represented by the high-powered Tobacco Advisory Committee.

*Disorganisation:*

In some Third World countries, the companies successfully limit tobacco production by just leaving it to government organisation. Unless the package of help, money and marketing is supplied efficiently, tobacco rapidly loses its attractions.

*Price:*

If all these controls fail to affect the flow of tobacco, price policy offers a last resort. There is no world price for tobacco. And prices vary widely from country to country as the following table shows.

## 1974 PRICES FOR FLUE CURED TOBACCO (US cents/lb)

USA	105 [8]
Malawi	75 [9]
Tanzania	72 [10]
Brazil	67 [8]
India	64 [8]
Zambia	57 [11]
Zambia (commercial farmers)	61 [11]

Quality is the usual reason given for these price differences. In some cases it is. But Indian and Brazilian tobacco is not regarded as better quality than that from Zambia. The leaf produced by Zambian commercial farmers is said to equal the best Rhodesian leaf. So why should Zambian tobacco fetch such low prices?

Zambia's attempts to get a better deal from its tobacco are probably largely responsible. A large tobacco processing factory was built to handle local leaf — one of the most modern in Africa, agree the tobacco companies. But the tobacco was loaded onto trucks to be processed in private plants in Malawi.[12] So Zambia abolished the auction system and insisted that local tobacco be processed in its factory. Could low prices be the result?

If prices paid in Zambia were at the same level as those paid in Malawi, production from the commercial farmers would begin to grow again. That was the view of an official of the Virginia Tobacco Association of Zambia. So it is tobacco company price policy as well as government encouragement that is helping to put small farmers at the forefront of the Zambian tobacco industry.

Kenya and Tanzania provide another example of the way in which tobacco companies can switch production on — and off. Tanzania for many years supplied Kenya's tobacco needs — from a BAT factory. This was good business for BAT which got maximum use of the factory, good too for the East African Community.

Kenyan suggested attempts at tobacco growing in their country. BAT experts said there was no suitable land. Left to government management, hardly any tobacco was produced. Then, Tanzania nationalised the BAT operations in their country. The East African Community began to totter. Suddenly, in 1973, the company announced "successful experiments" which meant that tobacco growing in Kenya was possible after all. The machinery of production was started and the traditional BAT success story began.[13] In ten years, Kenya will be among the top ten African tobacco producers — it used to be 31st of 36.[14]

... and why?

Why should tobacco companies want to switch tobacco production from one country to another? What advantage is there to them in paying any more than they need to for their tobacco? What are their objectives?

Exports are a bargaining counter. The big companies can offer governments export markets in return for cooperation in the domestic market. This could explain a curious development in the Indian cigarette business. In 1975, India was given an astonishing choice by 40% BAT owned ITC Ltd. To export more tobacco, the country must smoke more cigarettes. "If exports are to be maintained ... and expanded, there should be an expansion of the domestic base for tobacco," a company spokesman is reported as saying.[15]

That anyway, was one excuse given when the company suddenly halved the price and boosted sales of two popular brands. The true situation was somewhat more complicated. BAT had just been forced to give up its majority shareholding in ITC Ltd. ITC now also controls the Indian Leaf Tobacco Development Co Ltd, formerly owned by BAT, via the Isle of Man.

The Indian Leaf Tobacco Co. controls much of India's tobacco exports. ITC was always happy to boast about how, as a subsidiary of BAT, it could help boost these exports. Especially when the company came under attack from wholly Indian-owned cigarette makers.[16]

The 1975 price cuts were achieved mainly at the expense of Indian tax receipts — and the all-Indian cigarette makers. It is hard to avoid the conclusion that the price cut was part of a package deal which included exports. India was after all just about to launch a complex round of trade negotiations with Europe in which BAT could offer key assistance. Is this why India's tobacco exports stubbornly refused to decline according to the prediction of the "experts"?

Is there any objection to industry encouraging countries to go into tobacco export? If the price to be paid includes an increase in domestic smoking, the answer must be yes. And this is not the only objection.

As we have shown, Malawi is one of the countries to benefit from industry encouragement. Production has been encouraged by preferential prices. What's in it for the companies? And what's in it for Malawi's tobacco farmers? Surely, they will benefit.

As we said, life in the tobacco business is rarely simple.

## Who reaps the Rewards — Malawi?

Harvest time 1977 was not particularly happy for farmer Lester of Lilambwe village, Malawi. He brought his last 50 kg of tobacco to Lumbadzi market, resigned to accepting less than a quarter the price which foreign buyers were willing to pay. The balance disappeared into other pockets. Whose?

In the dim half-light of the grading shed at the market, 150 men squatted on the floor, surrounded by small piles of tobacco. Leaf-by-leaf, they were sorting tobacco by leaf length and quality, before baling it.

For this monotonous unpleasant work, they were paid 25p a day. "Good workers" could, I was told, progress to 37p. Clearly, they were not reaping the rewards. So who benefits?

### *A President's gold-lined pocket*

Evidence collected in Malawi suggests that the country's autocratic life president Dr Hastings Kamuzu Banda is systematically diverting the money earned by his country's peasant farmers into his own pocket.

Malawi is one of Africa's poorest countries. But it is enjoying a tobacco boom. Production has risen from 43 million pounds in 1967 to 111 million in 1977.

Ten years ago, the bulk of the tobacco was grown by peasant farmers. Today, the balance has swung to big estates which produce cigarette tobacco as opposed to the "fire-cured" pipe tobacco grown by the small farmers. It is partly to finance these developments, in which Dr Banda has a substantial private interest, that the peasants' income has been appropriated.

The small farmers have to sell their tobacco to ADMARC, the state Agricultural Development and Marketing Corporation. ADMARC then sells this tobacco on the auction floors in Limbe. Large commercial farmers are allowed to take their tobacco direct to the auction.

Some of the commercial estates work on the same basis. Press Farming is a company owned by President Banda. It produces exclusively burley tobacco. The organisation is interesting. The tobacco is actually produced by "tenants". "They have a written agreement that the tenant sells to the estate—if he doesn't, he breaks the law,"

the Company which will be numbered P1 to P1,409,797 (inclusive) shall be a full discharge to the Company for all the principal moneys and interest secured by the Debentures (including the arrears recited in Recital (B) above) and for the indebtedness of the Company to Admarc in the sum of K67,033.89 (Sixty-seven Thousand and Thirty-three Kwacha and Eighty-nine Tambala) under the said current account.

3. The said Preference Shares shall be issued as fully paid in consideration of the surrender and discharge of the Debentures hereinbefore contained and in full satisfaction of the arrears of interest and the debt on the current account as hereinbefore mentioned and the Company shall be at liberty to cancel the Debentures.

4. The Company shall cause this Deed to be duly filed with the Registrar of Companies in accordance with Section 88 of the Companies (Consolidation) Act, 1908 as applied to the Republic of Malawi by the Companies Act, Chapter 46:03 of the Laws of Malawi.

The COMMON SEAL of GENERAL FARMING COMPANY LIMITED was hereto affixed in the presence of:-

..... Director  
*[Signature]* Secretary

The COMMON SEAL of AGRICULTURAL DEVELOPMENT AND MARKETING CORPORATION was hereunto affixed in the



explained Mr Buckingham of the Tobacco Control Commission. The reason for the system is simple. "With paid labour, the profit margin on growing Burley is virtually nil."

Compulsory sales arrangements are not unusual in Africa. What is unusual is the huge cut taken as pure profit. The average price paid by ADMARC to the small farmer for fire-cured tobacco in 1977 was 17 tambala (12p) per pound. On the auction floor in Limbe, I saw it being sold at well over 80 tambala.

Allowing an estimated 7p per pound for grading, transporting and marketing expenses, ADMARC profits should be around 16 million Kwacha (£11.2 million). The annual report for 1976 acknowledges profits of K15.345 million from all crop sales — and that includes losses on maize trading.

"No one knows precisely what happens to ADMARC's profits," a senior aid official in Lilongwe, Malawi's new capital, told me. Other members of the diplomatic community agreed.

The situation is by no means as unclear as they suggest. For in recent years, large sums of money have been channelled directly to a company called "Press Holdings". ADMARC's 1976 report shows an "unsecured loan" of K17,590,659 to the company.

Principal shareholder in Press Holdings — according to the company return filed in July 1977 — is His Excellency Ngwazi Dr H Kamuzu Banda, occupation physician who holds 499,000 of the 499,001 issued shares. The other is held by his sometime-successor-apparent, A.K. Banda.

Existence of a substantial loan is no evidence of intention not to repay. Allegations of the vast extent of Dr Banda's personal business have long been made by exiles from Malawi.[1] But they have not provided concrete proof.

*A funny little business*

We have documented one specific diversion of ADMARC funds into President Banda's personal company which shows that national resources are being turned into personal wealth.[2] This involves a series of transactions within the intricate group of companies under the Press Holdings umbrella.

General Farming is a company started in 1969 as a joint venture between Press Holdings and ADMARC. It is reputedly one of the largest producers of flue-cured tobacco in the world. Tobacco Control Commission officials in Malawi say that it produced 10 million pounds in 1977.

ADMARC loaned K1.225 million to the new company in 1971. In 1973, this loan was converted into 1,410,000 "preferential shares" under



an agreement by which ADMARC would receive an annual 10% preferential dividend until the loan had been repaid. They would then become ordinary shares.

This preferential dividend was in arrears according to the most recent most recent accounts available. Nevertheless, in 1977, a meeting of General Farming, with Dr Banda in the chair, decided to convert the ADMARC preferential shares to ordinary shares immediately. Even if the dividends had been paid up to date, General Farming would have received an effective K850 thousand gift. A new share issue brought the Press Holding back up again.

#### *Britain's involvement*

In 1977 Britain's Ministry of Overseas Development announced a £26 million aid programme for Malawi.[3] Much of this will go into desperately needed rural development projects to provide roads and water supplies for new settlement schemes.

In some of these, tobacco will be a major cash crop, according to aid officials. If the present low prices continue to be paid to the peasants (and 1977 prices were only 1.4p/lb up on 1976) the benefits will not go to the producers.

In some cases, officials added, the "settlers" will be farmers displaced by the expansion of private tobacco farms. "It must be admitted that there have been people dispossessed in the consolidation of these large estates," said one. "Some of these have been resettled in these rural development schemes." The expansion of President Banda's financial and tobacco empire must raise questions about the continued support which he receives from Britain.

Imperial Tobacco and UK-based Gallahers both have big tobacco buying operations in Malawi. They each spend around £8 million annually.[4]

## Who reaps the rewards?

In the profitable world of tobacco, it is important to ask: who reaps the rewards? Because, as the case of Malawi shows, it is not always those who ought to.

And Malawi, which we examined in detail, is not exceptional. Worldwide, we find that farmer, processing worker and even government are not getting their fair share from tobacco.

Farmers are paid prices well below the international market value of their crop. Processing workers are being squeezed out of their jobs by machines. And governments are losing tax revenue because of the connivance and complicity of major cigarette companies in the smuggling business.

#### *Farmers in poverty*

Brazil has become a major tobacco exporter. But on whose backs? BAT claims to have brought prosperity to Brazilian farmers. But that's not the view of independent observers.

In a glossy brochure, BAT describes tobacco's benefits to the Brazilians. "Life for a farming family is quite hard," says Isolina Mueller, one of their model farmers, "but each year we advance towards a better life. Without tobacco there would be little to spare." Conveniently, Isolina Mueller and the other model farmer own big farms — 56 and 90 acres respectively.[1]

Most farms in the area are in fact less than 20 acres. And the farmers are much poorer. In Brazil, tobacco growers are "tied" to individual companies. They must sell their tobacco to the company, at the company's price. Most are heavily in debt to the companies — and "gentlemen's agreements" between companies prevent the farmer from looking elsewhere for better prices. So their returns are well below the £23 per month which, officially, the tobacco price should give them.

Prices could be much higher. "In 1975 for example, BAT bought some 100,000 tons of tobacco from 38,000 producers in Santa Catarina and Rio Grande do Sul for which they paid £25 million. Just 12,000 tons when exported, fetched £13 million." [2]

This suggests that the farmers were paid only a quarter of the true value of their crop. So Souza Cruz, BAT's local subsidiary, makes huge profits — £50 million was paid to BAT in Britain between 1965 and 1975 although the company's total external investment has been less than £2 million in sixty years.

This form of exploitation is possible wherever the companies have direct control over the production of tobacco and its purchase—a situation common in the Third World.

Meanwhile, in Britain, the Financial Times sympathises with the problems of BAT, “a classic example of the large and successful company in a mature industry ... that generates more cash than it knows what to do with.”[3]

#### *What about the workers?*

An advantage of tobacco is supposed to be that it is a labour intensive crop. The problems this causes in the fields have already been shown. And it is certainly not true in the cigarette factories. At the moment, tobacco does provide jobs between field and factory for those who grade the leaf—jobs like those at Lumbadzi, Malawi. This is minimum wage only work. But at least it is a job. The question is, for how long?

“The commercial grader is a parasite. There is absolutely no need for him. We get the farmer to do it.” That, brief and blunt, is the view put to me by Mr Drummond of BAT. It holds out little comfort for the tens of thousands of processing workers in the Third World.

Grading is not the only hand labour left in the tobacco business. Traditionally, the stem of each leaf was removed by hand. Today, modern practice is to use a threshing machine instead. But, in BAT factories in India and Sri Lanka, in the Tobacco Authority of Tanzania’s factory in Morogoro, hundreds of women (“the nature of the work is very closely related to the kitchen task of stemming vegetables”)[4] still do the work by hand. This work too is dispensable.

“It does employ a large number of people. But we regard it as some sort of anachronism,” says Jim Drummond.

#### *Out of sight—out of mind*

News item in “World Tobacco,” October 1976, about the supply of a new threshing machine from Belgium to an Indian tobacco merchant: “*This company did not hand-strip tobacco in the town (the work was dispersed at distant buying points) so the issues of abolishing hand work are largely avoided.*”

#### *Cigarettes cost dollars*

Low copper prices have brought economic crisis to Zambia. There is a dire shortage of foreign currency to pay for imports. And one victim is the tobacco industry.

You thought tobacco was an export earner? Well, the shortage of

foreign currency means that there is not enough to buy paper and packaging to make the country’s cigarettes. There is a nationwide shortage and street sellers are making a killing.

The Zambian situation highlights one of the hidden costs of smoking—and the hidden profiteers. All the material for making the cigarettes, apart from the tobacco itself, has to be imported. Complicating the issue is the fact that it can’t all be bought from one source. Central Cigarette Manufacturers, Zambia’s only cigarette makers, is owned 70% by Rothmans, 30% by BAT. So the packaging materials have to come in that proportion. 70% from Rothman’s owned International Cartons and Packaging, 30% from Monterey Printing and Packaging which is owned by ... BAT.

It might seem inefficient to have two sources of supply for a particular item—and indeed, problems with import permits which have to be applied for twice are one cause of the Zambian cigarette shortage.

The advantage of the system is clear however. Since there is no easy alternative source of supply, prices can be set to suit the companies.

“It’s a glorious set-up ... everything is imported through a separate company here ... owned by someone out of the country ... in this manner, they can move money backwards and forwards quite legitimately,” a trade source in Zambia told me. Perhaps it’s significant that, over the border, the rebel Rhodesians stopped the same companies imports of packaging material for cigarette packets—to save foreign exchange.

Similar deals happen in the tobacco export business. Zambia abandoned the auction system of tobacco selling because it was losing the country money: “We had no control over export values,” says Hugh McEnergy. “You could get a buyer for instance buying one million kwacha worth and exporting 800,000—there was no control over that. I’m not saying they all do it, but we were always surprised at the very low level of exports we were getting.”

Another cost of smoking is the “royalty” paid by local companies to their parents for the right to use their brands—this is worth nearly £1 million annually. The Zambians find this particularly unacceptable: cigarettes are 100% Zambian tobacco. We know what it is because we blend it,” says Hugh McEnergy.

Costs of royalties, paper and packaging, under-priced exports and the agricultural goods needed to produce tobacco put Zambia’s tobacco industry in a new light: “We often say that tobacco is a great export earner. At our level of production, if you take the costs of production, the items that are imported at a foreign exchange cost, and our exports, the net was virtually zero,” he said.

Zambia has now taken action. The auction sale has been scrapped and TBZ negotiates directly with the tobacco companies on prices. To

control the cost of local smoking, the local cigarette will probably be nationalised. With all these hostile actions, perhaps it's understandable that Zambia's tobacco prices are so low.

### *Smugglers trade*

Governments are sometimes robbed of their rightful tobacco revenues rather more directly. Tobacco companies would not risk official support by cheating on the tax returns. Smugglers need not be so circumspect.

High taxes are bad for cigarette companies. They reduce smoking far more effectively than health warnings. So the companies like to see them low. Sometimes, governments have different priorities. They may wish to put them up to raise more money, to discourage smoking or both.

What happens? The same thing as if the government foolishly wants to save royalty money by producing local cigarettes instead of international brands.

Colombia and Nigeria are two countries bedevilled by the smuggling problem. Colombia has tried to limit cigarette making to local enterprise — with little success. They have been beaten by smugglers.

Illicit trade forced the government into a licensing agreement with Philip Morris to make Marlboro. Meanwhile observers watched "to see what effect this will have on the contraband trade which has been estimated to cost the nation enormous sums annually in tax revenue".[5]

Three years later, local manufacturers could report: "marked sales improvements ... achieved in face of huge contraband traffic". But they were having problems. Contraband brands were actually being advertised: "Colombian manufacturers complain about 'heavy publicity campaigns' for foreign cigarettes, through the press and on television, the latter often in connection with sporting events."[6]

Off the Colombian coast lie the Netherlands Antilles, a sparsely inhabited chain of islands. These distinguished themselves in 1975 by importing \$29.5 million worth of cigarettes for their 240,000 people.[7] If every man, woman and child in the islands smoked 60 cigarettes a day, they could not cope with the influx.

Who, then, were the cigarettes for? Clearly, the Colombians. And where did they come from? 95% from the United States of America, where production is dominated by the big five.

Panama borders Colombia. Panama also has large cigarette imports from the USA[7] — about 1 billion a year. Yet, according to market research, at least 98.4% of the 1.2 billion cigarettes actually smoked by Panamanians were made by local companies.[8] Who were the imports for?

"What", I asked Richard Haddon, "does BAT do to limit illicit trading?" His view is that there is very little the company can do.

"It's done by traders over whom you have no direct control and even if you try and control it, they will find ways and means of getting round it. If you limit your shipments to Mr. X, it's perfectly possible to buy from a ship's chandler or wholesaler in a third country over which we have no direct control."

In Nigeria, an estimated 130 million cigarettes were being smuggled into the country every month.[9] Wherever could they have come from? Trade statistics are helpful here too. Two of Nigeria's close neighbours are Togo and Benin (formerly Dahomey). Both are big importers, \$15 million worth in 1975.[7] Yet they have tiny, poor populations. Whatever would they do with approximately 130 million cigarettes a month?

file 25-11-70



BRITISH-AMERICAN TOBACCO COMPANY LIMITED

PO Box 424 Westminster House 7 Millbank London SW1

Telephone 01-491 2221  
Telex 940000 British American Tobacco Ltd  
Telegrams British American Tobacco Ltd

1st October, 1970.

The Secretary,  
B.A.T. Kenya Ltd.,  
PO Box 21, 00100  
Nairobi, Kenya.

Dear Sir,

MEMORIAL AND ADVISORY SERVICES

We have to inform you that the charge to your Company for the services and advice which we propose to make available and provide for the year to 30th September, 1971 will be at the rate of £35,000 sterling.

Should your Board agree to this charge, will you kindly signify your agreement by signing the duplicate of this letter and returning it to us.

Yours faithfully,

*John A Macrae*  
Accountant

Certified true copy

*A. Banks*  
Chairman  
B.A.T. KENYA LIMITED

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Profits are not the only way in which the cigarette companies can take money from Third World countries.

## Wants and needs: A question of choice

The trouble with multinational companies is that they are too good at doing the wrong things. Nowhere is this more clear than in the Third World tobacco business.

Tobacco gets special treatment, as we have seen. Hungry countries allow cigarette companies to teach their farmers to grow the crop. In chronically sick communities, the companies are encouraged to deliver, not health care, but high tar cigarettes.

Why do governments allow the promotion of the smoking habit — irrespective of its harm to health, regardless of the resources it wastes?

One answer lies in the very efficiency with which the tobacco industry works. It succeeds because it is allowed to make choices for government. Cigarette companies help farmers to choose tobacco as their cash crop. They help consumers to choose cigarettes to get rid of their surplus cash. Government is asked for minimal help in the field. Half the cash collected from the consumer is delivered in taxes — painlessly collected.

The industry does not finance the tobacco growing itself. Through local banks and government loan schemes, it is the country which pays. But the industry makes the choice. Just as, under tobacco industry guidance, countries with millions of unemployed choose to spend money on expanding cigarette factories which employ less people per pound spent than any other.

Some governments give the industry a free hand, grateful for the taxes which it brings in. The tobacco companies profit handsomely from their commission.

What about those countries which attempt to control smoking — or the tobacco industry? They highlight a wider problem. Because a huge demand has been created for the foreign cigarette.

Not, notice, a demand for nicotine. The smoker has been taught to want, not just the drug, not just tobacco; rather it must be tobacco rolled in the right paper, packed in the right packet, just like the advertisement.

The spread of cigarettes to the Third World is part of a wider problem — some call it "Coca-Cola colonialism". The problem of a Third World persuaded that, when it's thirsty, it wants, not the water it needs, but a Coke.

So long as Third World consumers can be persuaded to want Western products instead of fulfilling their domestic needs, multinationals will thrive.

They do business efficiently and well — provided they are allowed to choose what they produce. They can only succeed if their public is

persuaded to want what they make. But persuasion is just another industry.

Because their business starts in the rich world, the multinationals encourage: "... behaviour and consumption patterns that do not reflect the conditions of developing countries but rather the wants and abundance of developed countries," says Karl Sauvart of the United Nations Centre on Transnational Corporations.[1]

The companies sell only what they're good at selling, what's profitable to sell.

It may be baby milk for African mothers who don't need it; who may kill their babies by abandoning breast feeding.[2]

It's useless vitamin pills for poor communities where clean piped water is what's needed to bring life back to listless children.[3]

It is the "tonic" foods, the Ovaltine, Milo, Bournvita sold to the Third World with promises of nutrition and health; the real nutrition message is that more cheap, simple, local food is far more valuable.[4]

It could be Coca-Cola — or their chemical Fanta Orange — sold in countries where fruit trees grow wild. It could even be cigarettes.

As long as the product is profitable, there is a company that will sell it. That will teach people to want it and then provide — efficiently. If you stick to the same business, efficiency is easy. Remember Mr Gecaga, in Kenya: "BAT people have done this elsewhere; these problems of extension are known from experience elsewhere in the world."

These products have one thing in common. They waste scarce resources to supply *wants* rather than *needs*. And, conveniently, "for the time being these wants can only be satisfied through continued economic inputs from abroad."

"Economic dependence on countries and institutions that can help fulfil these foreign oriented wants continues and is reinforced. At the same time, scarce domestic resources are siphoned off and squandered for production and in processes that do not provide for basic goods and services to the great majority of the population."

"The initiative for breaking the pattern of dependence ... has to be taken by the host countries. They have to reorient their consumption patterns towards local conditions," concludes Sauvart.

What choices are open to Third World governments on the smoking problem? There are no easy answers. But the first choice must be to recognise that, at the moment, tobacco, cigarettes and smoking are getting an undeserved priority.

After that? Cigarettes may rank low on the list of local needs but they have been pushed high on the list of wants. The hooked smokers will continue to demand their daily drug. Should the effort be to prevent smoking from spreading?

Choosing to take a strong line against smoking is not easy. Governments, like smokers, are hooked. Hooked on the money they get from tobacco.

## Hooked — by a highly questionable helping hand: The role of aid

The United States government has given away over \$700 million worth of tobacco since 1955 as "Food for Peace" donations.[1] That's one example of how international aid helps world health!

The self-interest of this particular US aid is obvious: "These sales are especially important because historically, they have developed new markets for American tobacco," said Senator Jesse Helm of North Carolina, arguing (successfully) against attempts to throw tobacco out of food aid programmes.[2]

Recent recipients of US tobacco "aid" read like a roll-call of American foreign policy problems: South Vietnam, Philippines, Cambodia, Thailand and, lately, Egypt and Syria. The tobacco has been used to win friends and maintain governments. Keeping US farmers happy at the same time by buying their surplus.

This great tobacco give-away shows blatant disregard for the future health of the poor world. But many other organisations are helping to hook the Third World onto the weed.

### *The World Bank ...*

The World Bank is investing in ill-health. It is supporting projects to expand tobacco production in Third World countries. In Tanzania, funds for two tobacco projects are being loaned. \$9 million (at 1970 prices) has been used to expand production in ujamaa villages; another \$8 million (1973 prices) is being spent to expand and modernise tobacco processing facilities.

In Zambia, a massive \$17 million loan was arranged to enable the Tobacco Board of Zambia to expand smallholder tobacco production.[3] This financed roads, water and other facilities needed for schemes like the Kabile Settlement. In Sri Lanka[4] and Malawi[5], agriculture and agro-industry projects include assistance with tobacco production.

All these loans were made in a decade during which the World Bank committed itself to helping "the poorest of the poor" — and to including health projects in its investments.

### *WHO — looking after number 1*

The World Health Organisation put its own interests first in the smoking

health argument. Its first official action on tobacco was to ban smoking in all meetings of the World Health Assembly and its committees.[6]

Since then, its stand has been firmly against smoking. Its report on the problem is uncompromising: "Smoking is one of the greatest health hazards of modern times and yet is avoidable." [7] Member governments have been encouraged to identify present and future problems associated with smoking — and to take action to control and prevent the spread of smoking.[8]

In 1978, a group will be meeting to consider specific action which can be taken to control smoking. The WHO is also working to ensure that standard techniques are used when studying tobacco, smoking and health so that countries can share their experience.

The WHO can only recommend action to its members however. And many countries, particularly in the Third World, have chosen to ignore their advice. But the WHO has also failed conspicuously to influence its important fellow institution, the Food and Agriculture Organisation.

It took seven years to organise the 1977 meeting between WHO and FAO officials to discuss the tobacco problem. The WHO is anxious for the FAO to investigate alternative crops to tobacco. But FAO say that until people stop smoking cigarettes, farmers will keep growing tobacco and any examination of alternatives would be academic.

#### *The two faces of the FAO*

"FAO is well aware of the health hazards involved in smoking and tobacco is not among the commodities actively promoted for production expansion," an FAO officer told us. "However, as part of the Organisation's regular work, advice is given to countries requesting assistance."

Behind the scenes, however, FAO officials have offered the organisation's services to help tobacco companies penetrate Third World countries.

In 1975, a "World Tobacco" symposium was held in London to discuss "The World Tobacco shortage". A principal participant was Dr Napoleon Padilla, an FAO tobacco adviser. He made a breathtaking offer to the assembled representatives of the industry.

Companies sometimes had difficulty in penetrating countries where they wanted to start projects he pointed out. "Imperial Tobacco, American Tobacco are international monopolies that want to exploit the people," was one response, he said.

"I believe that when they need something, there is a solution through international organisations," he continued. "We have in FAO a trust fund assistant programme; there we are facing government departments, not a company. This could be a solution for many of the needs of the manufacturers."

"The companies and the enterprises are not involved directly in this problem but in the end it will be for his benefit," he concluded.[9]

The FAO is already in trouble about its relations with big business. The famous example is the delegation they helped to visit Ethiopia in 1974, immediately after the famine. Object: to study possible development of the cattle industry — to make petfood.[10]

"At issue are dozens of investments projects in low-income countries that today can operate without any standards of economic and social usefulness being applied to them," warns the International Union of Food and Allied Workers.[11]

They want to see the "Industry Co-operative Programme" of the FAO dissolved. The evidence of the organisation's double standards on tobacco can only add weight to this demand.

It is not then just the tobacco companies that promote their crop as an easy option. Development aid agencies, particularly those keen to see profitable results rather than socially useful ones, have happily encouraged the Third World to get into tobacco. Their responsibility for the consequences is as great.

#### *Britain too*

Britain's Ministry of Overseas Development is also helping the Third World to choose tobacco first — as in its Malawi development projects. It also controls the Commonwealth Development Corporation which has found that tobacco offers a useful outlet for "commercial" aid. CDC has developed tobacco smallholder schemes in Malawi and Zambia. The best known is the Malawi Kasungu Flue Cured Tobacco Authority where a few lucky farmers get 180 acres of land, four years training and a bright future.

More recently, the CDC has recognised the need "... to bring the benefits of a remunerative cash crop to the largest possible number of people" and started a new style scheme. On this, there will be more farmers with less land — farms of only 30 acres of which only 1½ will be for tobacco.

In Zambia, early CDC efforts were disastrous. Now their scheme is being used as a pilot for the big World Bank projects.

Britain's first responsibility, however, is British-American Tobacco. BAT is British. Today, it is seen as a national asset — bringing home valuable dollars. But they are dollars earned, some say, peddling death. The business might be legal. But how many would call it ethical, or honest, in its dealings with Third World smokers?

The tobacco industry has so far escaped legal action for damaging the health of its consumers — one reason for now putting health warnings on its packages. But we live in a changing world. Will BAT's activities be tolerated in 20 years time?

*Corporate crimes tribunal*

There is a growing awareness of the damage which some multinational companies are doing in the Third World. It is damage which they are not allowed to perpetrate in their home countries. Be it the drug industry selling dangerous medicines for purposes outlawed in their home markets; or the tobacco companies, selling, without any caution, cigarettes which in Britain warn "Cigarettes can Seriously Damage Your Health".

The issue is the same. A double standard. A criminal double standard which could mislead consumers to their death. But who will stand in the dock at the Corporate Crimes Tribunal in 1999? Who will pay for the damage done? It could be Britain.

## Bonds of dependence: The high cost of tobacco taxes

One of the first acts of Vietnam's Provisional Revolutionary Government on entering Saigon in 1975 was to take over the tobacco trade. Posters instructed that no cigarettes were to be sold in the streets; only in "licensed establishments".[1]

Socialist concern for the health of the people? Perhaps. There were also regulations against smoking in public transport or in government offices. Prime concern however was to control the money generated by tobacco. A year later, foreign factories were being closed, not to restrict production, but to "expand facilities designated by the government".[2]

The socialist countries are a good place to start in demonstrating just how powerful the attractions of tobacco are for governments — regardless of their political colour. Take China, for instance, the world's largest tobacco producer — almost all for its own consumption. China's great revolution in bringing health care to its people has been acclaimed worldwide. In one respect, however, it has failed totally.

"Cigarette smoking is very widespread. We could find no evidence of any government adverse comments on smoking. Tobacco seems to be the single unrestricted health hazard," reported Dr Grey Dimond, one of the first American doctors allowed into the country after 25 years.[3]

"Even among physicians I could find little concern. This is especially interesting because chronic bronchitis is considered a major health problem and has been identified as a major national goal for research. At the Institute of Materia Medica, substantial research effort is going into this bronchitis program. Cigarette smoking was not one of the factors under study."

Why this gaping hole in China's health care? What is the power of the smoking dragon that has enabled it to survive the attack of China's great rational health revolution?

China was of course an early target of BAT. And tobacco was sold to the Chinese as a substitute for the opium which earlier generations of Britons had helped to hook them on. Chairman Mao, for all his cultural revolution was, as a chain smoker of "State Express 555", one of BAT's best advertisements for its successful colonisation of Chinese culture.

But personality cults and opium are not the principal reason for China's continued love affair with the tobacco plant. Their addiction is the same as that of Europe where: "the immutable rule of modern governments to rely on tobacco as a major source of revenue is hallowed by centuries of precedent".[4]

A more recent visitor to China was told by an economist that prices of staple goods such as food, were fixed at or below cost. Less essential goods were priced higher, to cover many of the overhead costs. These goods included cigarettes. "The sale of cigarettes thus serves as a major source of investment capital for the central government — a source not easily replaced and therefore not lightly abandoned." [5]

Paradoxically, it is perhaps because Chinese policy is so carefully rational that the health aspects of smoking have been so long ignored. Unable to give up the money that cigarettes bring, can the Chinese admit that they cause ill-health?

In Tanzania, the link between smoking and state finance is starkly clear. The country's National Development Corporation (NDC) was set up as the focus for its industrial development. The state corporation manages many of the local industries. It is responsible for developing new ones. Where does its money come from?

Profits from all industries under the NDC umbrella amounted to 158 million shillings. Of this, 25%, 40.4 million shs, came from the Tanzanian Cigarette Company (TCC). That was easily the highest return from any company in the NDC group.

Put the figures in a wider perspective. Total sales of TCC (a former BAT subsidiary) were outstripped by only one other NDC company — and that was Tanzania Breweries, which sold 536 million shs worth of beer to TCC's 485 million shs worth of cigarettes. Way behind came the vital Tanzanian Fertiliser Company (201 million shs) and Ubungo Farm Implements (56 million shs). [6]

Tanzania Cigarette Company is run consciously to raise revenue for the State. TCC executives were almost apologetic about their "low" profits. They have not pressed for any tax reductions to increase sales, they told me because, whether by profits or taxes, the money would go back to the State. "Bear this in mind when you compare our profit figures with those from Kenya."

Taxes are far more valuable to the State than company profits. TCC estimate that in 1977, they will pay 320 million shs in customs and excise duties. Very sensibly, TCC has to pay 15% above the export price for its share of the national tobacco crop. Just one more bonus payment from Tanzanian smokers to their government.

The message is clear. There is no way that the Tanzanian authorities can afford to curtail smoking. Not until they have found other ways of raising money from the people that cigarettes seem to bring in at will. The 400 million shs that cigarettes should bring in in 1977 is a huge contribution to the national purse — it more than covers the whole country's annual health budget.

### *The very efficient tax collectors*

In "free enterprise" countries, the tobacco companies lose no opportunity to boast of their success as tax collectors. They tend, however, to talk about money they "earn for" or "give to", government.

"Your company's contribution to government revenue continues to grow and the sum applicable this year ... amounts to £13,416,000," says BAT Kenya Ltd Annual Report for 1976.

"Government Revenue and Taxes — 51%," says the gold coloured pie chart showing where the smokers' money went in Rothmans (Malaysia) 1977 Annual Report.

"Despite restricted production, excise duty paid during the year ... was in excess of K17,600,000 and the industry continues to be a major revenue earner for the Government," said Rothmans (Zambia) in their 1976 accounts.

"The company's contribution to government's revenue in the form of taxes and duties rose to M\$228,000,000," says the Malayan Tobacco Company's 1977 Annual Report in its very first paragraph.

### *Tax collectors not money earners*

The point is that this money is not given by company to government. It is not "earned" by the companies. It is simply money collected by the companies, for the governments. The cigarette makers are acting not as salesmen but as tax-collectors. And that has always been their business.

It is a powerful position in a poor Third World country. As BAT's president Richard Dobson reveals in his descriptions of his early work in pre-revolution China: "In the early days, each province imposed taxes at the discretion of the governor. Later an expanding Central Government instituted a Consolidated Tax applied to cigarettes amongst other goods ... the revenue going direct to the Central Government."

One Provincial Government, Kwangsi, opposed this loss of its tax revenues and set up local cigarette production. "Our company, always ready to support the Central Government within reason, sent no more cigarettes." But when it became clear that the province would hold out against the new tax, they carried on selling cigarettes, paying taxes to the Kwangsi government. Later, when the war against the Japanese was at its most desperate, BAT was forgiven by the Central Government. It was one of the few companies to be helped with transport. "Sometimes we did get a whole railway car," reminisces Dobson, "but the only reason we ever got one was that the government helped us when they could. It was the old Kwangsi story over again — no cigarettes, no revenue: so the cigarette-makers must be encouraged and assisted if necessary." [7]

The tax collector relationship means that a close bond must be



formed between tobacco company and government — a valuable bond for companies when problems like that of health appear.

BAT's London headquarters are a pleasant after dinner stroll from the Houses of Parliament. Among BAT's British directors is Lord Greenhill, former permanent secretary at the Foreign Office and one-time head of the Diplomatic Service.

BAT's subsidiaries include local directors who are eminently well connected. It is not just the Mr Gecagas of Kenya. In Nigeria, chairman of BAT's NTC is Chief Jerome Oputa Udoji, former head of the Nigerian Civil Service. Mallam Gusau, another director, is former Commissioner for Economic Development, Agriculture and National Resources. That's just one example from a country where the names happened to be familiar. In how many others is the pattern repeated?

#### *Health versus taxes*

The problem with the close working relationship — and trust — which tobacco companies build up as tax collectors, is that it obscures deep conflict between country and company.

It is quite likely as BAT claim, that there have never been any complaints from Third World governments about tax money not being honestly collected and paid. First Commandment in a business which can only profit while it serves the State is not to cheat on tax collection.

The tobacco companies are also not amongst the world's worst for bribing companies. True, Philip Morris is said to have made \$2.4 million worth of questionable payments.

Like the \$16,000 to a Dominican Republic tax official for a favourable ruling; the \$120,000 "to have a significant law enacted by the legislature". These payments were not to cheat the government — but to win advantages over company competitors.[8]

BAT, says chairman Peter Macadam, has a clean conscience. There are however, "some areas of the world where one does business in a different way to Europe." [9] And the tax-relationship puts BAT president's famous speech about "bribing wogs" [10] into a new light.

The problem with smoking and health should, by now, be obvious. Companies may be free to collect the taxes. But are the smokers allowed to know the risks of their cigarettes? That would appear the obvious compromise. Governments would probably welcome the opportunity to shrug off their responsibilities by giving smokers a warning. But companies, with profits at stake, are not willing to concede it. They oppose health warnings, advertising bans and tar content information with a tenacity which, given their friends in high places, defeats all but the most determined health ministries.

With a government interested in tax, companies in profits, Third

World smokers have no representatives. The health lobby is weak — and dependent on government for support in many more pressing problems. Consumer organisations are weak if not actually non-existent. In this vacuum, the companies can happily continue to promote smoking until the health problems become too obvious to ignore. By then it will be too late to take preventive action — and the profits will have been reaped.

#### *A very expensive tax collection*

What we have argued throughout this report is that tobacco is not necessarily the right choice for Third World countries. That applies equally to tobacco as a method of tax collecting.

Tobacco is an expensive way of collecting taxes. This is something which the industry is, of course, not anxious to accept.

When A.N. Haksar, chairman of India Tobacco Companies (40% owned by BAT) talks about his country's problems: "The resources that are available and those that can be harnessed are insufficient for the magnitude of the task to be achieved in improving the standards of the people to an acceptable level," [11] there is no consideration of the resources which his company wastes.

When he says that, for the country: "Priorities in raising and deploying resources become basic needs," the role he sees for his company is primarily raising money (through taxes), not using resources.

The cost of collecting taxes with tobacco can be measured in health and the diversion of resources from other crops. It is also a continued dependence on the multinational tobacco companies. If the cigarette business was standing still, Third World countries could hope to follow the lead of Tanzania and Zambia; they could take control of the business and run it themselves.

The industry is not standing still. The big companies will be the only source of the skills needed to make the new "safer" low-tar cigarettes. Unless Third World governments are happy to go on selling the old "deadly" cigarettes, their only option will be continued dependence on the multinational companies. Is that a choice they are happy to make?



Cigarette advertising signposts the road to the city in many developing countries.

### PART III

## Summary

### *Background*

Cigarette smoking is spreading fastest in the Third World.

Tobacco production is also growing steadily in the developing countries.

The world cigarette business is dominated by five multinational companies, led by Britain's BAT. The Third World is their most important area of expansion.

The health problems caused by smoking are well established. They are beginning to appear in the Third World. Cigarette related disease is tomorrow's epidemic for the poor world.

### *The issues*

Third World governments do not yet have the same pressing reasons as rich countries to take action against smoking. They still benefit financially from tobacco. But health is not the only problem posed by tobacco for the Third World.

Cigarettes are pushed by high pressure marketing to the most remote corners of the world. But Third World smokers are rarely given the warnings about smoking's dangers that are now standard in the rich world. The cigarettes they are sold yield as much as twice the cancer causing tars.

Tobacco uses Third World resources that could otherwise produce food. It also diverts resources from more desirable cash crops. Its high labour requirements at planting and harvest times discourage production of other crops and can create seasonal unemployment.

Tobacco growing is helping to spread deserts. Huge quantities of firewood are cut annually from threatened forests to cure the Third World tobacco crop.

The technologies used to make low tar cigarettes threaten the future of Third World tobacco exporters. They will also make the Third World dependent on the multinational tobacco companies if countries wish to encourage "safer" smoking.

New mechanised farming techniques also threaten Third World tobacco farmers. It means they face tough new competition with the USA for world markets.

Many Third World countries would like to export tobacco. But world trade is the monopoly of the big tobacco companies. They move

production to those countries where they can make the most profit.

Tobacco can be a profitable crop for peasant farmers. But in the countries where tobacco companies concentrate their purchases, they do not always get the benefit. Often, tobacco just helps the rich to get richer while the poor stay poor.

The cigarette business is a good example of one important charge made against multinational companies: that they are too good at doing the wrong thing.

Foreign aid also helps to ensnare the Third World on tobacco with little concern for the future health consequences.

Governments are hooked on tobacco revenues which prevent them from taking firm action against smoking.

Because tobacco companies like BAT and aid agencies are based in Britain and other rich countries, action here can help to combat the spread of smoking and to prevent tomorrow's epidemic of smoking related disease.

## Action

The tobacco issue is extremely complex, and different groups with their own interests will concentrate on particular aspects covered in this report.

War on Want has produced an "Action Sheet" with a list of recommendations aimed at governments, international agencies, the tobacco industry and individuals. A copy is included in this report. For further copies, please write to:

War on Want, 467 Caledonian Road, London N7 9BE (sending s.a.e.).

## References and Bibliography

This short report can give only a brief introduction to the complex problems raised by the tobacco industry. As we want it to be an effective tool for those who want to go further, sources of information are important.

References have been given in the text wherever possible. Material from interviews is original if not otherwise attributed. Below is a list of general reference works which might be useful.

Perhaps most important, we hope to establish a collection of the more important documents referred to. We will provide photocopies (*for research purposes only*) to those who cannot obtain them elsewhere—this does *not* apply to those in the UK and USA with access to university inter-loan facilities. We must ask for the costs of photocopying and postage (at 5p per page), although in the case of Third World requests we will make exceptions if necessary and possible. Documents available are marked (\*) in the references.

We hope in this way to help in a small way to break down the information barrier which keeps information affecting Third World countries more accessible in Europe than in those countries themselves.

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In addition to the above sources of information, the National Clearinghouse for Smoking and Health, Center for Disease Control, Building 14, Atlanta, Georgia, 30333 USA, provides an automatic information service that can provide references to specific topics on smoking and health. They also publish a regular "Smoking and Health Bulletin" which reviews current literature and a "Directory of On-going Research in Smoking and Health" which provides useful information about current research work. This information is available to bona-fide researchers outside the USA.

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**Most Third World cigarettes are sold singly — often by children who skip school to sell them on the streets.**