

# *Bakery, Confectionery and Tobacco Workers International Union*

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FRANK HURT  
INTERNATIONAL PRESIDENT

April 5, 1994

The Honorable Dan Rostenkowski  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Rostenkowski:

On behalf of the 125,000 members of the Bakery, Confectionery and Tobacco Workers International Union, I am writing to express this Union's strong opposition to the Health Subcommittee's proposal to increase the federal cigarette excise tax by \$1.25 per pack.

First and foremost, an increase of this magnitude or even one of 75-cents per pack as proposed in the President's plan would wipe out the jobs and destroy the livelihoods of our members employed in the tobacco industry. In addition, hundreds of thousands of jobs in supplier and related industries would be lost as well.

The impact of crippling the tobacco industry will not be limited to our members and tobacco states. It will have tremendous repercussions throughout the American economy and fallout will be felt in every district in the country.

At a time when our nation is fighting to maintain and create high-wage jobs, we cannot afford to threaten a multi-billion dollar, world-class industry that has created high-paying jobs and provided extensive benefits, including health care, to thousands of American workers.

Beyond the impact on the lives of our members and other American workers, the Subcommittee's excise tax proposal jeopardizes the fiscal soundness of the health care reform plan. The BC&T International supports the goal of comprehensive health care reform that is financed in a broad-based, progressive and reliable manner.

Unfortunately, the Subcommittee's plan fails in each of these areas because of its heavy reliance on cigarette excise taxes as a source of revenue. History has shown that when excise taxes are increased, the money they generate decreases over time.

The goals of raising significant tax revenue and eliminating smoking are contradictory. Our national health care plan is too important to the lives of our children and grandchildren to be based on such unreliable financing.

Excise taxes also are unfair to working people because they are required to pay a higher percentage of their income in such taxes than the wealthy. (Of course, it is argued, people can quit, but again, the revenue desired will be lost.) All of the progress made last year in adding progressivity to the nation's tax system will be lost with such a major increase in a highly regressive tax.

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The proposal put forth by the Subcommittee singles out one group of individuals in society to pick up a disproportionate share of the burden in paying for health care reform. No other group, regardless of its purported adverse cost to the nation's health care system, is targeted.

Finally, in the discussion of increased federal cigarette excise taxes, the experience of Canada is instructive. Over the past 5-10 years, Canada dramatically increased its cigarette excise tax. The result has been massive amounts of smuggling, an expansion of illegal markets and the violent crime associated with them, a loss of high-wage jobs and a failure to realize anticipated revenues.

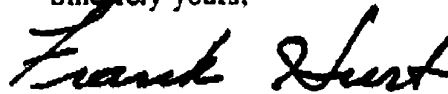
The negative fallout in Canada from exponential increases in cigarette taxes resulted in a recent policy reversal by the national government. Cigarette taxes are actually being reduced. When there is an example so close to home, Congress has little excuse to repeat the mistake.

As the Committee moves forward on this issue, we hope that you will look beyond the rhetoric and reckless misuses of data. It is extremely distressing to this Union when those shaping the debate blithely dismiss the jobs of our members working in the tobacco industry.

They are good, hard-working men and women who depend on these jobs to pay the bills and raise their families. There is no legitimate reason, no policy goal which justifies congressional action that would destroy their future and that of their families.

We appreciate your consideration of our concerns and look forward to hearing from you.

Sincerely yours,



Frank Hurt  
International President

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