

# NEWS RELEASE

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## **Tobacco Workers Call on Senate Finance Committee To Reject Clinton Cigarette Tax**

Arguing that the Clinton Administration's proposal to triple the tobacco tax to pay for health care reform would destroy nearly 40,000 jobs in the South alone, the Bakery, Confectionery and Tobacco Workers International Union today called on the Senate Finance Committee to reject the Administration's 75-cent per pack increase. The BC&T International represents more than 15,000 men and women working in the U.S. cigarette manufacturing industry.

In a statement issued on the day the Senate Finance Committee began formal hearings on health care reform legislation, BC&T International President Frank Hurt described the tobacco tax as "the wrong way to go" because it will result in massive layoffs in the domestic tobacco industry, targets one region of the country for an unfair share of the financing burden and is one of the most regressive and unreliable sources of revenue available to the federal government.

BC&T International President Frank Hurt explained, "Our members in the tobacco industry are among the highest paid industrial workers in the country. They also receive extensive benefits, including comprehensive health care. Because of the wages and benefits they earn, often three and four times that in the retail and service industries, tobacco workers remain an economic linchpin in the South.

"Tripling the cigarette excise tax will cripple the U.S. tobacco industry. When tobacco workers are thrown out of work, purchasing power is lost, tax bases are eroded and the standard of living declines in dozens of communities. Replacing their jobs with low-wage service and retail industry jobs will not stem the economic erosion of the region that will result from this tax."

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"In the end, highly productive workers who had been an important part of the tax base because of their wages, will be forced into lower-paying jobs which generate less tax revenue or put out of work and onto the public assistance rolls. In either case, the economy suffers.

"The Clinton Administration has championed the cause of creating high-wage, high-productivity jobs. Cigarette manufacturing jobs are both. Yet, the Administration is promoting a policy which would destroy them. This is counterproductive at best and economically dangerous at worst."

Hurt went on to say, "We are also opposed to this tax because it is a mistake to base the financial foundation of health care reform on such an unreliable source of revenue. Historically, excise taxes, particularly those on tobacco products, fail to bring in the revenue that is anticipated.

Relying on this tax to the level that the Clinton plan does jeopardizes the long-term viability of health care reform.

"Further, this tax, because it is so regressive, will place a disproportionate share of the financial burden for health care reform on low- and middle-income families in this country. The wealthy who smoke will be marginally affected. But for others, it will have a major financial impact. This is highly unfair.

"Finally, Canada's recent experience should be instructive to the United States. Over the past several years, the Canadian government drastically increased its tobacco excise tax. The result was a severe expansion of illegal markets, smuggling and the crime associated with such illicit activities. Recently, Canada reduced its cigarette excise tax primarily because of the crime it generated and its failure to produce anticipated revenues.

"The BC&T International calls on the Senate Finance Committee to discount the current anti-tobacco hysteria and focus on piecing together a health care reform plan that is comprehensive, controls costs and is financed fairly, equitably and reliably. Most importantly, the plan which ultimately emerges from Congress should not result in an enormous loss of high-wage jobs at a time when America desperately needs them."

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