

LETTERS TO THE
EDITORS

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LETTERS TO THE EDITOR

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ECONOMIC IMPACT

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ECONOMIC IMPACT

TO THE EDITOR:

You can argue with a lot of what Ronald Reagan did as president. But one idea he brought to Washington, and which still makes a lot of sense, is that taxes have consequences. When taxes get too high, people change their behavior.

That truism apparently left town. Now we have some administration officials saying they want to pay for health-care reform with cigarette taxes. They're talking about a tax of anywhere from 24 cents a pack (that's a 100 percent increase in the current tax) to a staggering \$2 a pack (an 800 percent increase).

They can raise those taxes, but they may find they won't have the money they need for health care. Even the 24-cent tax proposal would have consequences so severe that any new federal revenue might be eaten up by higher unemployment claims, tax losses incurred by state governments, and disaster aid to tobacco-producing states.

These are the estimated consequences of a 24-cent cigarette tax increase: Sales decline by \$2.2 billion; retailer income declines \$441 million; 34,000 tobacco-industry jobs lost; state governments lose \$305 million in cigarette tax revenue; five major tobacco-producing states go into depression.

Taxes have consequences. I don't think the above consequences are worth having the administration make some kind of point about smoking.

Sincerely,

TO THE EDITOR:

Some officials in the Clinton Administration are talking about raising the cigarette tax to \$1 a pack. Unless their intention is to devastate the tobacco industry, wreck the economies of several Southern states, and throw hundreds of thousands of retailers, store clerks and other people across the country out of work, they have set their sights far too high.

While some anti-smokers actually desire such an outcome, I don't think most responsible government officials do. And the fact is, it wouldn't take much of a tax increase before the impact on jobs becomes noticeable.

Based on data compiled by Price Waterhouse, this is what could happen if the current 24 cents a pack tax was simply doubled:

- Retail cigarette sales could decline by \$2.2 billion.
- Because of lower sales, state excise tax collections would decline by \$305 million. (All states levy excise taxes, ranging from a low of 2.5 cents a pack in Virginia to a high of 51 cents a pack in Massachusetts.)
- Direct tobacco-industry employment could decline by 34,000 jobs.

That's what could happen if the tax goes up 24 cents a pack — and the administration is talking about a \$1 a pack tax and even more.

It's a bad idea. If you agree with that assessment, urge President Clinton, your U.S. Representative and your U.S. Senators to reject this unfair and unwise proposal.

Sincerely,

TO THE EDITOR:

The people in Washington know full well that raising taxes can have unintended consequences. In the 1990 tax package alone, for example, Congress:

- Flattened the boat-building industry by imposing a 10 percent luxury tax on yachts.
- Raised the alcohol tax by \$1.50 a gallon and actually lost tax revenue because sales dropped so steeply.

Will Congress learn the lessons of history, or is it doomed to repeat them? We'll apparently get a chance to find out. As part of its health-care "reform" package, the administration is considering new cigarette taxes of as much as \$1 a pack.

If you look at a \$1 cigarette tax by itself, the government would probably succeed in picking more money from smokers' pockets. After all, we're talking about an 400 percent tax increase.

Look at the big picture, however, and it's easy to see how big a disaster such a tax could be. The tobacco industry provides direct and indirect employment for about 2.3 million people. A \$1 cigarette tax would go a long way toward wiping out that industry. Unemployed people tend to cost the federal government a lot of money.

State governments would lose big, too. The states net about \$6 billion a year in cigarette taxes. For every pack unsold, there are state taxes uncollected. A \$1 cigarette tax increase will mean these state revenues will fall by over \$1 billion. That's \$1 billion that the states will have to raise in new taxes, or slash their current state budgets.

Congress should think through the logical consequences of such a massive tax increase -- and then turn to less extreme solutions.

Sincerely,

TO THE EDITOR:

The powers that be in Washington are brewing up some economic trouble for our region. They're talking about raising cigarette taxes anywhere from 24 cents a pack to a staggering \$1 a pack or more. Even at the low end of this range (and 24 cents a pack is still a 100 percent tax increase) serious damage could result.

The tobacco industry employs about 680,000 workers who earn more than \$16 billion. The companies and their employees paid more than \$7 billion in state and local taxes.

Further, payments made by those in the industry — for everything from farm tractors to cigarette paper — resulted in the employment of another 1.6 million workers. They earned more than \$50 billion.

What happens if the cigarette tax is raised from 24 cents to 48 cents? Not surprisingly, economists expect Americans to buy fewer cigarettes. They expect sales to drop by \$2.2 billion. And they predict that would result in the loss of 22,000 jobs in the tobacco industry. Another 13,000 job losses could be expected in industries that depend on tobacco-company business.

Those of us who depend on the tobacco industry can do something to prevent such extreme tax increases from passing. We can let our elected officials know just how important this issue is. Here are their addresses:

-- President Bill Clinton, The White House, 1600 Pennsylvania Ave. NW, Washington, DC 20500.

-- All U.S. Representatives, U.S. House of Representatives, Washington, DC 20515.

-- All U.S. Senators, U.S. Senate, Washington, DC 20510.

Please don't hesitate to write. Letters from "the folks back home" help guide our officials toward sensible decisions on issues like this.

Sincerely,

TO THE EDITOR:

It makes sense to dedicate gasoline taxes to road construction. It makes sense to use airline-ticket taxes for airport improvements. It makes sense to tax boaters to offset Coast Guard rescue costs.

It does not, on the other hand, make sense to tax cigarettes to pay for the administration's plan to give everyone health insurance. Some administration officials want to tax cigarettes up to \$1 a pack to finance their health-care reform plans.

But you can't get away from this fact: Most people don't smoke. It's unfair to tax smokers to pay for their own health insurance and everyone else's, too.

And beyond that, it's unfair for the middle class to once again be targeted for higher taxes while America's wealthiest families get off scot-free. The cigarette tax is possibly America's most regressive tax. It's a tax paid almost exclusively by low- and middle-income families.

There's no arguing about the need to straighten out our health-care system. But using cigarette taxes to finance the reforms is the wrong way to go about it.

Sincerely,

TO THE EDITOR:

I don't question this country's need to revamp and find funding for a universally accessible health-care plan. But doubling the federal excise tax on cigarettes is simply not a financially sound way to go about it. The results are too unpredictable and potentially economically disastrous.

Direct and indirect tobacco industry employees make up a significant part of the labor force, especially in some regions of the country. A sudden and significant change in the cost of doing business could have an indeterminable domino effect, radically affecting the employment, spending habits of, and taxes paid by a large portion of the population.

First, there are almost 700,000 workers employed directly in the tobacco industry whose incomes contribute almost \$7 billion to the federal treasury through personal income taxes, corporate taxes, and FICA. States get over a billion dollars from these same employees through corporate and personal income taxes.

Next, related industries that either supply the tobacco industry or act as outlets for its products would be affected. Retailers stand to lose some \$2.2 billion in the sale of cigarettes alone. States would lose both excise and sales tax monies.

The spending habits of these workers in turn affect the well-being and tax-paying capacity of innumerable other industries, retailers, and workers.

It is simply not prudent to use this narrowly targeted tax whose economic effects are likely to produce a catastrophic domino effect, destroying a secure portion of the economic foundation on which this country is depending for recovery.

Sincerely,

TO THE EDITOR:

There's a bill in Congress to provide health insurance for all of the people who don't have it. To pay for this coverage, cigarette taxes would be increased by \$1 a pack.

I know some people who hate cigarettes are overjoyed at this proposal. I'm not one of them. I own a small store that sells cigarettes. If it passes, this bill will devastate sales. Let me point out a few of the specific effects of a \$1-a-pack cigarette tax increase, based on data compiled by Price Waterhouse:

- The projected sales decline is 17 percent.
- Projected job losses are 388,000.
- Projected payroll losses are \$11 billion.
- State cigarette tax revenue would decline by about \$1 billion.

I can't imagine that the government would put more than a quarter million people out of work — on purpose!

Sincerely,

JOBS WILL BE LOST

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JOBS WILL BE LOST

TO THE EDITOR:

President Clinton and Congress will soon be dealing with health care reform. It's sure to cost a lot of money, and we're hearing a lot about raising cigarette excise taxes to pay for it.

Let's get a few things straight about excise taxes.

First, these are taxes paid by people, not corporations. We never see a tax bill because the tax is hidden in the price of the product, but the tax is paid by people who buy cigarettes.

Second, when it comes to fairness, cigarette taxes are the worst of the worst. Any excise tax is regressive, taking a larger share of income from the poor than from the rich. The Congressional Budget Office called cigarette taxes, which target smokers alone, "the most regressive" of all taxes.

Third, you can't raise taxes on a specific product without having major consequences. It's estimated that a \$1 a pack cigarette tax increase could wipe out about 400,000 jobs.

Let's keep that last number in mind. The health care system already costs us an arm and a leg. It shouldn't also cost us our jobs.

Sincerely,

TO THE EDITOR:

The federal government has been trying to stop people from smoking for years. But their latest plan goes too far. Legislation now pending in Congress would raise the cigarette tax to \$1 a pack. That's an increase of over 400 percent.

You can not raise taxes like that on a consumer product without some serious consequences. I know, because I own a retail store. A \$1 a pack tax increase would wreck my cigarette business and, in general, do the entire economy more harm than good. Based on data compiled by Price Waterhouse, here's what a \$1 a pack increase would do:

-- Eliminate 388,000 American jobs, affecting virtually every state in the country.

-- Wipe out \$11 billion in payroll.

-- In the retail sector alone, employment could drop by 28,000 jobs.

That last category could very well include employees at my store. It might be you, someone in your family, or your neighbor. Why would our leaders in Washington want to do such a thing - especially when they've been talking to much about jobs and the economy?

This is a bad idea. I encourage everyone who reads this to write to President Clinton and their members of Congress. Here are the addresses:

President Bill Clinton, The White House, 1600 Pennsylvania Ave. NW, Washington, DC 20500.

All U.S. Representatives, U.S. House of Representatives, Washington, DC 20515.

All U.S. Senators, U.S. Senate, Washington, DC 20510.

If you don't know what to say, this simple message would probably do fine: We need to create jobs, not eliminate them. Vote "no" on new cigarette taxes.

Sincerely,

TO THE EDITOR:

In 1990 and 1991, Canada went hog-wild raising cigarette taxes. Now, the "official" price of a pack of cigarettes in Canada is something like \$6 a pack.

Some people in Washington want to do the same favor for American smokers. No thanks!

Our politicians, who want to take more money from the middle class and give it to doctors in the name of health-care reform, should take a closer look at what happened in Canada.

For one thing, if you raise the price to a ridiculously high level, nobody buys. The federal Canadian government actually lost money by raising the tax rate so high. What did Canadian smokers do? They set up a black market.

They also crossed into the United States. In the year after the new taxes took effect, so many Canadian cigarettes were imported into the U.S. — for Canadians to buy here and take home — that total cigarette imports doubled!

Anti-smokers have been trying to wipe out smoking for 400 years. They can't do it. They might be able to put the tobacco industry out of business, but they forget that tobacco's a plant. You can grow it!

Forget about this \$1 cigarette tax, save the 2.4 million jobs tobacco adds to the economy, and find a fair way to deal with our inefficient health-care system.

Sincerely,

TO THE EDITOR:

The unemployment effect of doubling the cigarette tax must be taken into consideration by those looking for ways to fund an improved health-care plan for this country.

It is estimated that approximately 34,000 jobs would be lost in the tobacco industry should the federal excise tax be doubled, and just at a time when this country is trying to increase its employment numbers, to bolster state and federal coffers with money for needed programs.

Taking jobs away from people by artificially causing a decrease in demand for their product could throw thousands of people onto unemployment, making them dependent on the government, not on a legitimate employer, to pay for their health care.

Because there are a handful of states that support the bulk of the tobacco industry--namely Kentucky, North and South Carolina, Virginia, and Tennessee--a whole region is made vulnerable just when it is beginning to rebound from the recession.

Without the taxes that tobacco-related employees and corporations pay, it would be even harder for their states to come up with the money to support their health care systems without adversely affecting other programs.

We must look for a source of revenue that spreads the financial cost of health care equitably across the population and does not unduly burden any single industry or region.

Sincerely,

TO THE EDITOR:

Higher taxes have become a way of life in America. But is it fair to keep asking one group of taxpayers to chip in more than their fair share?

When the government runs short, smokers have come to expect a knock at the door. The federal cigarette tax was raised most recently in January. But now the tax-raisers are looking our way again — and this time they're talking about tax increase of \$1 a pack and more.

This "stick it to smokers" mentality has gone far enough. Maybe we're an easy target because we're a minority, but it makes better sense (if you absolutely have to raise taxes) to tax a broader segment of the population. And it makes better political sense to lay off the middle class for once. We're the people who get hit hardest by excise taxes like those on cigarettes, alcohol and gasoline.

In there's a broad consensus in America that we need to spend another \$50 billion on health care, then there should be just as broad a segment of the population willing to pay for it. Raising taxes on smokers alone is not the answer.

Sincerely,

TO THE EDITOR:

Americans who smoke have been singled out for two federal tax increases in the last three years. Now the politicians in Washington are talking about yet another tax increase — and it promises to be a big one. I've seen proposals for 24 cents a pack, \$1 a pack, \$2 a pack —these are staggering amounts of money!

How unfair does our tax system have to get before it offends even those who don't smoke? Already, smokers pay more than \$5 billion a year in federal cigarette taxes, and another \$6 billion in state taxes. On paper, a tax increase of \$1 a pack would cost smokers another \$25 billion.

Now, I think most people are willing to pay their fair share, especially for a worthy cause like making health insurance available to everyone. But the cigarette excise is a tax nonsmokers, obviously, don't have to pay. It's a tax that hits middle-class working families hardest. It's a tax that finances programs that benefit all Americans. There's nothing at all that's fair about cigarette taxes. In fact, a March 1989 report in the Journal of the American Medical Association found that smokers are already paying their fair share.

If we want bigger government -- and that's what this program will give us -- let's spread the tax burden around fairly. If we don't, let's cut spending. Or better yet, let's demand that government start cutting the waste and abuse in our health care system. And if taxes must be raised, let's ask those best able to pay to contribute most.

Sincerely,

TO THE EDITOR:

As a smoker, I naturally oppose such unreasonable increases in cigarette taxes. And they're talking about some doozies right now -- one bill in Congress calls for a \$1 a pack.

I hope all smokers who feel as I do will get in touch with their members of Congress and urge them to vote against it. There are good reasons to do so:

First, a cigarette tax increase is bad for the economy and bad for people who have to work for a living. Based on a study by Price Waterhouse, a \$1 a pack increase will eliminate 388,000 jobs. Also, if we're going to single out groups of taxpayers, it's somebody else's turn. Smokers were hit with cigarette tax increases in 1991 and 1993. These hikes increased the federal cigarette tax by 50 percent.

Second, we smokers already pay our fair share -- at least that's what was reported in an article in the March 1989 issue of the Journal of the American Medical Association. And that was back when taxes on smokers were a lot less than they are now.

Third, even though it's a good idea to provide health insurance for all Americans, we smokers can't pay for it alone. There are smokers who can't afford health insurance and there are nonsmokers who can't afford health insurance. Both groups should pay to provide this new coverage.

Broad-based, progressive taxes produce the most revenue with the least pain. Taxing cigarettes is a narrow, regressive approach. Let's urge Congress to change course before it's too late.

Sincerely,

TO THE EDITOR:

There's a proposal in Congress to raise cigarette taxes by \$10 a carton. If it passes, this proposal will damage small businesses.

An increase of \$10 per carton in taxes will alter people's buying habits. Many people will stop buying cigarettes to avoid paying the tax.

I suppose that doesn't really concern the ardent anti-smokers who are proposing such drastic measures. But the people who will be hurt include many small business owners who sell cigarettes. It will cost them a significant amount of sales, it will put some out of business. And, at a minimum, will mean many workers will be laid off.

If those people proposing this tax increase think they are only going to cost smokers a few bucks a week, they are wrong. It's much more than that. And maybe the prospect of intentionally putting people out of work will cost them a few nights' sleep.

Sincerely,

TO THE EDITOR:

Smokers are a minority in America. So it's all right to make us pay extra taxes. At least that's the kind of discriminatory logic the sponsors in Congress of a \$1 a pack cigarette tax use.

These politicians want to raise cigarette taxes by more than 400 percent. They allegedly want to use the money to pay for more health-care spending. But why pick on smokers? Are we the only people who can't afford health insurance? Of course not. They want to single out smokers for two reasons: because politically, they think it's the safe thing to do; and because as members of the anti-smoker lobby, they see the opportunity to save a few errant souls.

On both counts, this cigarette tax increase is the wrong thing to do. Smoking is a matter of personal choice. It's a legal product. Our elected officials should feel free to preach against smoking if they desire. But the government shouldn't be in the business of taxing legal products out of the reach of ordinary people -- and this proposal would raise the total cigarette tax (just the tax alone) to an average of about \$13 a carton.

When it comes to fair taxation, cigarette taxes fail the test. They're discriminatory, and the burden of paying them falls almost entirely to low- and middle-income working people. All Americans -- rich and poor, smoker and nonsmoker -- would benefit from these proposed health-care programs. We all should contribute to financing them.

Let's go back to the drawing board and come up with a plan that's fair to all taxpayers.

Sincerely,

ECONOMIC FAIRNESS

TO THE EDITOR:

It looks like it's time to hit up tobacco again, this time to pay for more health care.

But this is no new story. When Congress finally settles on the bite they want to take out of smokers and tobacco industry employees, it will be the fourth time since 1982 that the federal government has increased the federal excise tax on cigarettes. And that's just the federal chapter of the saga. In the same time period, states have increased their cigarette taxes on 121 separate occasions.

And now even local governments are getting into the act. In the last five years, localities have increased tobacco excise taxes about 100 different times.

It seems that any time governments need money, they just tack more tax onto tobacco. Who's to complain? Those least able to afford the increase, for one. Many smokers are low- and middle-income people, who already pay a larger percentage of their incomes in taxes than any other segment of the population.

The others who might want to speak up are tobacco industry employees who depend on the industry's wages to support their families and fuel their local economies.

Legislators need to think twice before automatically tapping tobacco for additional funds. There are far more equitable and effective ways to increase government coffers. These need to be considered.

Sincerely,

TO THE EDITOR:

Thank goodness we're through with rampant inflation taking huge bites out of the incomes of all working Americans. Today we suffer from a slower, creeping inflation that works its damage in more subtle ways: year after year, we find getting caught up just doesn't seem to happen.

And for some Americans there is yet another creeping drain on their incomes. This is the ever-increasing stream of excise taxes that governments at all levels are using in an attempt to shore up diminishing revenues in a recessed economy.

Tobacco, gasoline, and utilities are just some of the products and services constantly tapped for funds.

At times, the increase in excise taxes even outstrips the rate of inflation.

Since 1982, federal cigarette excise taxes have increased by 133 percent. Now, the government is talking about raising the tax by another dollar a pack, and maybe even more.

Yet who pays when such a heavy tax is imposed on a single product? On the one hand, it is those least able to pay -- the majority of smokers are low- and middle-income earners who already pay the highest percentage of taxes in proportion to their incomes.

Also hurt are the many tobacco industry employees and local economies whose incomes would be drastically affected by such a tax. Those whose livelihoods depend on the tobacco industry do not have the choice simply to stop smoking and thereby avoid paying the tax. The industry, the employees, and the communities their business supports would be suddenly devastated.

It is simply unfair and unsound to target a single industry and those dependent on it when a far broader and progressive tax is called for to support national objectives.

Sincerely,

TO THE EDITOR:

Figures may be boring, but they don't lie, disguise the truth, or hide it behind paternalistic motives. The same, unfortunately, cannot be said for certain new tax proposals.

The excise tax on tobacco has risen 133 percent since 1982 -- faster than the rate of inflation (which increased 47 percent during that same time).

Federal, state, and local governments have viewed tobacco as a ready source of cash; taxes on the state and local levels alone have risen almost 100 percent since 1982. Eighteen states now impose their own taxes in excess of 30 cents per pack -- in addition to federal taxes.

In 1992, Massachusetts doubled its tobacco tax; Maryland increased its by 125 percent; the District of Columbia tax rose by 66 percent.

What makes these tax increases so insidious is that they disproportionately affect those least able to pay them -- the low- and middle-income people for whom taxes already consume a much higher percentage of income than they do for those who are better off.

Even the Congressional Budget Office says a further increase in the tax on tobacco would be the most regressive levy of its kind.

When this nation is looking for funds to support national objectives, be they reducing the national debt or funding a remade health care system, the source of taxes must reflect the faces of those who will benefit from their use -- all people, not just a minority of smokers.

Not only are excise taxes unfair, they are unsound. Our national dreams deserve better.

Sincerely,

TO THE EDITOR:

Smokers have long paid their way in society, but it is time they stood up and said a resounding "No" to paying for programs that benefit the nation as a whole. Yes, that would be the effect of substantially increasing the federal excise tax on cigarettes as a way of paying for a new health care package.

The intent of revising the health care program is to provide universal access to care and to control costs. But if this is done through a tax policy that hurts those who can least afford it or cripples a significant industry, then its efforts will be counterproductive.

Workers can contribute to health care plans. The unemployed can't, transferring the burden for their health back on the government and on those who can pay. The negative effects of increasing the burden on low-income workers or of throwing tobacco industry employees (and the communities they support with their paychecks) out of work will be to increase the demands on a national program. On the other hand, ask these people simply to share the responsibility to generate funds with the population as a whole, and you maintain incomes and jobs and grow the base of taxpayers rather than deplete it.

To support national objectives, this country must rely on progressive tax policy that takes into consideration the ability and responsibility of all people to pay, while at the same time tending to the health of all our industries.

Sincerely,

TO THE EDITOR:

It's hard to get worked up about an unfair tax if you don't have to pay it. So it's not surprising that the administration would propose a cigarette tax increase of \$1 or more a pack to pay for health care reform. But I hope that even a few nonsmokers will be so offended by this scheme that they'll write their congressmen in protest.

We're all pretty much agreed that it's a shameful situation for 37 million Americans to go without health care. Well, I think it's also shameful for the majority to pass their burdens off on a minority, and for the rich to let the poor carry their tax baggage.

That's exactly what happens when you raise cigarette taxes to pay for government programs. What definition of fair applies to forcing smokers to pay for nonsmokers' health insurance? Since a majority of Americans are nonsmokers, its likely that a majority of the uninsured are nonsmokers, too.

And since when do we pass a new government program, and place the heaviest burden of financing it on the shoulders of low- and middle-income working families? Those are the people who pay an overwhelming share of cigarette taxes.

It takes leadership to back up reform plans with fair tax proposals.

Sincerely,

Dear Editor:

Here's a historical footnote President Clinton might want to remember: Two of the biggest items in the 1990 tax bill -- the one that probably cost President Bush his job -- were alcohol and cigarette taxes.

Future historical footnote: Americans voted for change in 1992. I say it will be a footnote because what we have so far is business as usual. More spending has been proposed, along with, surprise!, more cigarette and alcohol taxes.

As a smoker, I certainly hope Congress will find another tax target this year. But even on more general terms, excise taxes are bad news. They hit the working class much harder than they do the wealthy and they discriminate against those who use the products taxed.

And in the amounts they're talking about -- as much as \$1 a pack on cigarettes -- I can't help thinking that the real intent is to wipe out the tobacco industry. I know some people relish the prospect ... but is it really a good idea to go around wiping out people's jobs just because some people don't like the products they make? And we're not talking small potatoes here. We're talking about a \$50 billion a year industry.

Before Congress starts raising taxes again, it should get its spending under control. And once that's done, any new taxes should be broad-based and fair. Excise taxes fail on both counts.

Sincerely,

TO THE EDITOR:

Some people in Washington are talking about raising cigarette taxes anywhere from 24 cents to \$2 a pack. This is an incredible proposal. If such a tax is seriously proposed, its sponsor should be sent to his home district immediately for a reality check.

This amount of tax may not seem like much to a nonsmoker. That's not surprising, since nonsmokers don't have to pay cigarette taxes. That's just one of the problems with excise taxes like those on cigarettes. They discriminate against small groups of people.

But this really is a lot of money. Raising the tax even 24 cents is a 100 percent increase. It would cost a carton-a-week smoker more than \$125 a year. That's on top of the \$125 a year smokers already pay in federal taxes -- and on top of state taxes, which in most states are even higher than federal taxes.

And remember, that's the minimum amount they're discussing. At \$2 a pack, which is what the hard-core anti-smokers want, the tax increase would be more than \$1,000 a year!

This is ridiculously unfair. In the first place, I find it bizarre that so soon after a sea-change election, Congress is already talking about a huge tax increase. In the second place, for them to be talking about such a huge tax increase that is also so highly discriminatory is disheartening.

For those who feel the same way, I hope you'll join me in writing letters to your members of Congress. It's the only way fairness and sanity can prevail over the "beltway mentality."

Sincerely,

TO THE EDITOR:

The talk in Washington about new cigarette taxes alarms me. I hope these are trial balloons, as opposed to serious proposals.

On the face of it, such taxes are incredibly unreasonable -- they're talking about everything from doubling the current 24-cent tax to a new tax of \$2 a pack. But the least of these proposals would go beyond discrimination against smokers and do serious harm to the U.S. economy.

The tobacco industry is a major economic force in our country. Directly and indirectly, it provides jobs for more than 2.3 million people. The corporations and employees pay more than \$6.5 billion in payroll taxes to the federal government, and another billion-plus to the states. Excise taxes on cigarettes contribute another \$12 billion to state and federal treasuries.

Even the minimum tax being considered -- 24 cents a pack -- will change that picture dramatically. Based on data compiled by Price Waterhouse, retailers could lose \$2.2 billion in cigarette sales (and many retail employees could lose their jobs as a result). In the tobacco industry, 34,000 jobs could be lost.

And, of course, if retailers lose that much in sales, state governments will lose tax revenue, too -- corporate, personal and excise. All told, a 24-cent federal tax increase would cost the states \$305 million.

If a tax increase is necessary -- and my elected officials have a lot of convincing to do before I'll believe that -- there are better ways to do it. Ways that are fairer to smokers, ways that are better for the economy. Our officials owe us a better answer.

Sincerely,

TO THE EDITOR:

Some people in Washington want to raise cigarette taxes again. This would be the third time in the last three years. The last increase was just four months ago.

And there's a big difference between the last tax increase -- 4 cents a pack -- and the ones they're talking about now. These officials are talking about Aa whopping \$1 a pack or more. They'd use the money to spend more on the health-care system.

Fair-minded people everywhere should be repulsed by this idea. I thought we were into the decade of shared sacrifice. This tax singles out about one-quarter of the taxpayers to carry an excessive share of the burden.

This isn't tax policy. It's anti-smoker extremism. The sad thing is, smokers aren't the only people who'll be hurt. Anybody whose business depends on selling cigarettes will be hurt, too.

I don't think the American people will be willing to spend even more money on a health-care system that's already bankrupting the country. When Washington gets a handle on these runaway costs, I might consider paying additional taxes. But not now.

Sincerely,

TO THE EDITOR:

The federal cigarette tax went up in 1991. It went up again in January. Now our officials in Washington are talking about raising the cigarette tax one more time — by as much as \$1 a pack or more!

For the benefit of nonsmokers, let me explain. The current federal cigarette tax is \$2.40 a carton. That's about a week's worth of tax. Add to that another \$3 a week for the average state cigarette tax. It adds up to about \$300 a year in taxes that only a smoker has to pay.

Maybe you think that's fair. You'd see it differently as a smoker. But there's an aspect of cigarette taxes that's even more unfair.

Who should pay most for government services? Rich, middle class or poor?

Well, if you want to soak the poor, you couldn't pick a better tax than the cigarette tax. It hits especially hard at the poor and gives the rich a free ride. Isn't this the kind of discriminatory taxation Americans rebelled against in 1992?

I say it's about time for the government to stop picking on smokers. We already pay \$11 billion a year in state and federal cigarette taxes. Enough is enough!

Sincerely,

TO THE EDITOR:

President Clinton and Congress will soon be dealing with health care reform. It's sure to cost a lot of money, and we're hearing a lot about raising cigarette excise taxes to pay for it.

Let's get a few things straight about excise taxes.

First, these are taxes paid by people, not corporations. We never see a tax bill because the tax is hidden in the price of the product, but the tax is paid by people who buy cigarettes.

Second, when it comes to fairness, cigarette taxes are the worst of the worst. Any excise tax is regressive, taking a larger share of income from the poor than from the rich. The Congressional Budget Office called cigarette taxes, which target smokers alone, "the most regressive" of all taxes.

Third, you can't raise taxes on a specific product without having major consequences. It's estimated that a \$1 a pack cigarette tax increase could wipe out about 400,000 jobs.

Let's keep that last number in mind. The health care system already costs us an arm and a leg. It shouldn't also cost us our jobs.

Sincerely,

HEALTH CARE

51269 2947

HEALTH CARE

TO THE EDITOR:

I'm sure all these calls for tax increases on cigarettes has the stop-smoking industry dancing in the streets. They'll say this \$1 a pack proposal in Congress will force many people to quit smoking, keep cigarettes away from kids, and force smokers to "pay their way."

Now the reality:

First, while passing such a tax will force many to quit, it will also throw 388,000 Americans out of work in the process. Those numbers are based on a Price Waterhouse study.

Second, high prices are no solution to kids smoking. If kids can find money for designer jeans and high-tech sneakers, they'll find money for cigarettes.

Third, smokers already pay their fair share -- that's more than 411 billion a year in federal, state and local taxes. Even an article in the March 1989 Journal of the American Medical Association found that smokers paid their way.

Finally, rather than find new ways to fund our health care system, why don't we look for ways to control costs. Cut the waste and abuse and we could have enough money left over to pay for health coverage for all Americans.

Sincerely,

TO THE EDITOR:

Congress is talking about raising cigarette taxes by \$1 a pack. The money would be used to bail out the health-care industry. If you think you won't pay if this bill passes, think again.

You might think you voted for health-care reform last year. Yet the first "reform" we see proposed is to spend even more money on an industry that already costs us nearly a trillion dollars a year. Do you think this will lead doctors and hospitals to moderate their astronomical prices?

If this bill passes, health care prices will keep going up. The federal budget deficit will keep getting bigger. Your employer's health care bills will keep on rising. And the economists say a \$1 cigarette tax will cost the economy 388,000 jobs, and state revenues from state cigarettes taxes will fall by \$1.5 billion, due to people no longer able to afford to buy this product.

Is this really a health-care "solution." If you agree that it is not, please write to your members of Congress and tell them not to increase the federal excise tax on cigarettes.

Sincerely,

TO THE EDITOR:

If America really needs to spend more money on our voracious health-care system — a situation I strongly doubt exists — let me step up and say I'll pay my fair share. But I'm fed up with paying more than my share just because I smoke cigarettes.

For the third time in the last three years, some people in the administration and Congress want to single out smokers for higher taxes. On top of the federal tax hikes, the states have been raising cigarette taxes like crazy. In many cases, they've latched on to the same program: providing health insurance for the uninsured.

Some officials in Washington are now calling for a \$1 per pack tax increase. What would that produce? A loss in jobs. According to an analysis of a recent Price Waterhouse study, a \$10 increase per carton would eliminate 388,000 jobs nationally, due to reduced demand for cigarettes. Another result would be a loss of \$1.5 billion in state revenues from the state cigarette taxes. This would lead to taxes having to be raised for others at the state level to make up the differences, or the state budgets to be slashed.

Sincerely,

TO THE EDITOR:

Three out of four Americans don't smoke, so I guess it makes sense that the folks in Dizzy City would ask for a tax increase on the one out of four who does. But nonsmokers shouldn't be so eager to "tax the other guy." That's because cigarette taxes often have unintended consequences.

There are proposals in Washington to raise taxes by \$10, and even \$20 a carton. That would bring the average total tax to more than \$13 — close to \$700, or even \$1,200 a year for most smokers.

In 1989, California raised its tax by \$2.50 a carton. Cigarette sales dropped by about 20 percent. If I owned a convenience store, I'd already be thinking about who I'd have to lay off if this tax increase goes through.

And then there's the real reason the sponsors want such a huge cigarette tax increase: They want to use the coercive power of government to force people to change their behavior. When it comes to smoking, maybe you think that's just fine. What will you think when these social engineers next come after your private choices?

Sincerely,

TO THE EDITOR:

Call me a supply-sider, but I think it's a bad idea to pass new taxes right now that will hurt business and cost jobs. And I think that's what will happen if this \$1 a pack tax on cigarettes passes.

I really depend on my neighborhood convenience store. But if they force me to pay \$10, \$15, \$20 or more just in taxes on a carton of cigarettes, I'll quit smoking. I won't pay taxes that high.

I know my tax resistance will meet with the approval of anti-smokers. More reasonable people probably support raising cigarette taxes simply because they don't have to pay them. If that's where you stand, maybe you and I can come to a more reasonable solution to the health-care mess (that's what they'll use the new cigarette taxes to throw money at).

Let me toss out this formula:

- A tax should be as broad as possible. That way, many people pay a small tax.
- Taxes on specific products should be avoided. That way, market distortions are kept to a minimum. (Remember the yacht tax that put so many people out of work?)
- Base taxes on ability to pay. Progressive taxes, like the income tax, affect the wealthy and middle class alike. Regressive excise taxes, like those levied on cigarettes, beer and gasoline, are paid almost entirely by the middle class.

Let's get Congress and the health-care-reform task force back on the right track.

Sincerely,

TO THE EDITOR:

One of the trial balloons rising from President Clinton's health-care-reform launch pad is a cigarette tax of \$1 a pack.

As an opening gambit, that has shock value. We smokers, along with other fair-minded people who believe the government should keep its nose out of our personal business, have our work cut out for us. Far from being raised to \$1 a pack, the federal cigarette tax shouldn't be increased at all.

This may come as news to some, but smokers already pay more than \$11 billion a year in state and federal cigarette taxes. Cigarette taxes add about 50 percent to the cost of this product. And the great bulk of that \$11 billion comes right out of the pockets of low- and middle-income working families.

It's galling that our health-care industry can't deliver better care for the amount of money we spend on it. We ought to be getting costs in line before talking about higher taxes. And if more money is necessary, all taxpayers should contribute in an equitable fashion. After all, smokers and nonsmokers alike will benefit from health-care reform.

Reform the system and finance it equitably. If the administration will launch that trial balloon, I think it'll fly with most people.

Sincerely,

TO THE EDITOR:

To pay for their new spending plans, health-care reformers in Washington are suggesting a massive, 800 percent increase in the cigarette tax. As a retail-store operator, this alarms me.

There's a misconception out there that smokers will pay any price for cigarettes. It simply isn't so. Raise the tax by a quarter a pack, and it's estimated that sales will drop 6 percent. Raising the tax \$1 a pack will cut sales by an estimated 17 percent — and wipe out 28,000 retail jobs.

I don't think President Clinton was elected to further erode the jobs base in the private sector, or to impose staggering tax increases on consumers. But those consequences cannot be separated from such proposals for health-care "reform."

Once the administration hauls out a finished package, I'm sure there'll be a lot of pressure on Congress to pass it "as is." I hope our state's congressional delegation will have the common sense and courage to replace such damaging elements with solutions that make better sense.

Sincerely,

TO THE EDITOR:

We Americans spend about 14 percent of our national income on health care. The Japanese spend about 8 percent.

American hospitals have so many empty beds that they have to advertise for customers — yet they keep building. In Germany and France, hospitals operate at near capacity, and the governments control construction.

American doctors' salaries are five times the U.S. average. German doctors earn only twice that nation's average salary.

America spends \$50 billion a year on a paperwork-pushing health-care bureaucracy. Most other countries reduce paperwork by having a single payor: the central government.

Japan, Germany, France, Canada, England — all provide health care for all of their citizens. In the United States, 37 million people don't have health insurance.

Now, where would you find the money to insure those 37 million people? Would you:

- A. Change Medicare rules that actually encourage hospital construction?
- B. Do something about the outrageous rise in doctors' incomes?
- C. Reform the paperwork jungle that those of us with insurance know too well?
- D. Just ignore all these problems, raise cigarette taxes, and expect smokers to bail out the system?

The administration apparently is leaning toward Option D. So much for reform.

Sincerely,

TO THE EDITOR:

Some of the people working on health-care reform seem to think "soaking smokers" is the answer to the problem. They're proposing a \$1 a pack tax on cigarettes to pay for new spending.

This is no answer. It's an unfair, discriminatory, regressive tax increase that could actually wind up losing money for the government.

The administration's short-range health-care objective is to provide health insurance for everyone. Today, that's something nearly 40 million people don't have. Is someone suggesting those 40 million people are all smokers? If not, what's fair about sending smokers the bill for the program?

And I wonder if the people in Washington have thought about who actually pays cigarette taxes? It's middle-class working people, that's who. Not so long ago, we were talking about asking the rich to pay their fair share. Now, we're talking about 400 percent tax increases on the middle class.

If it passes, this tax increase will raise the price of most brands of cigarettes to more than \$3 a pack. At that price, a lot of smokers will become tax evaders. They'll just quit smoking.

And nonsmokers, who thought they'd gotten a free ride, will wind up with a brand-new and massively expensive government program to pay for.

Sincerely,

TO THE EDITOR:

Among the arcane minutia of taxation practices is a custom called "earmarking." Sometimes it makes sense: using gasoline taxes to pay for road construction, for example. Other times, it makes very little sense: using cigarette taxes to clean up a polluted waterway, for example, as is the case in Washington state.

But whether it's using cigarette taxes to clean up pollution in Puget Sound, provide transportation services for senior citizens (Arkansas), or have smokers pay for their own anti-smoker harassment (California), the programs are not particularly vital. Nor are the amounts of money particularly large.

Now, however, the federal government is talking about building a vital program on a foundation of cigarette-tax sand.

Thirty-seven million Americans have no health insurance. Promising to provide health care to those not covered was one of Bill Clinton's most successful issues in winning the presidency last year.

As the administration puts the finishing touches on this program, it's becoming clear that smokers will be expected to pay for a lion's share of it. There have been suggestions that the federal cigarette tax — now 24 cents a pack — be raised to \$1 a pack or higher.

This is a bad idea. A cigarette tax that high seems designed to fail. People will simply stop buying cigarettes. Those who oppose smoking will be gladdened at the prospect, but that doesn't do those 37 million people with no health insurance much good.

A better idea would be to provide a larger tax base for the health-care reform plan. And a better idea than that would be to fix the health care mess by weeding out waste, abuse and a bloated bureaucracy that Consumer Reports says costs Americans \$200 billion a year. The system we've got already costs far too much.

Sincerely,

TO THE EDITOR:

If you've been following the deliberations of Mrs. Clinton's health-care task force, you'll know that they're thinking about raising the cigarette tax to \$1 or more a pack. That's an 400 percent increase in the existing tax. It's an increase that will hit low- and middle-income families hardest.

And it's a tax increase that comes as close as you can come to completely excluding the rich from having to pay their fair share for health-care reform.

Raising taxes on the poor and keeping hands off the rich is bad enough. But if it's possible to be more unfair than that, the health-care reformers have found a way: Tax smokers to pay for everyone else's health insurance.

There are 37 million people without health insurance. If they're anything like the rest of the population, most of them don't smoke. Yet, if this cigarette tax goes through, smokers will be the people picking up the tab.

Do we need health care reform? Yes. Do we need to attack the problem in a way that treats everyone fairly? Yes. Is this cigarette tax the answer? Absolutely not!

Sincerely,

TO THE EDITOR:

Instead of reforming the health-care system and focusing on containing costs, it looks like the government is going to simply throw more money at it. So our leaders in Washington are going to raise taxes again. And apparently, they're going to single out smokers -- again.

And this time, they're not talking small potatoes. The proposals range from 24 cents to \$1 a pack and more. By comparison, it makes me nostalgic for the good old days when the state and federal governments were nickel-and-diming us to death.

Why should smokers pay so much in extra taxes? We already pay more than our fair share - at least that's the findings of a report in the March 17, 1989 issue of the Journal of American Medical Association.

There are better ways to raise taxes. There are ways that would be much fairer, too — not only to smokers, but to middle-class working families, who get hit hardest by excise taxes like the cigarette tax.

I hope Congress will look first for savings in a health-care system that costs America nearly four times what we spend on national defense. If sufficient funds can't be found, Congress should pass broad-based taxes that will return the most revenue in the fairest and least-painful manner possible.

Sincerely,

YOUTH SMOKING &
THE FET

51269 2961

YOUTH SMOKING AND THE FET

TO THE EDITOR:

Legislation has been introduced in the House of Representatives to raise the cigarette tax to \$1 a pack. One stated purpose is to reduce the incidence of youth smoking.

Would simply raising taxes on cigarettes reduce the number of kids smoking? Unfortunately, no.

California's experience on this subject is relevant and illuminating. That state more than doubled its cigarette tax in 1988. The tax increase was sold as a way to reduce youth smoking. In 1992, however, the California Department of Health Services reported that youth smoking remained unchanged from its 1988 levels. Smoking by adults, on the other hand, declined 17 percent.

Obviously, then, cigarette tax increases have a far lesser impact on children than on adults -- who comprise 98.8 percent of smokers.

Sincerely,

TO THE EDITOR:

In 1992, more than three years after a massive cigarette tax increase in California, health authorities got together to review the results. Their meeting received nationwide attention.

The tax increase had been approved by voters in 1988, many of whom thought it would be a way to keep kids from smoking. At the 1992 conference, a spokesman for the California program said the tax appeared "to have had little effect" on adolescents, and that their rate of smoking was virtually unchanged.

The tax didn't do what its supporters said it was supposed to do. Despite this fact, there are moves in Congress to take the California method national. The sponsor of a \$1-a-pack cigarette tax says he wants to raise the tax to stop kids from smoking.

This tax would fail in its intended effect. But when it comes to unintended effects, this bill could be a real doozy. Economists say a \$1-a-pack cigarette tax increase could cost the economy 388,000 jobs.

Parents, if you don't want your kids to smoke, accept your responsibility for their behavior. Pay attention to what your kids are doing and how they're spending their money. Communicate with them. Impress upon them that smoking involves making serious decisions that kids just are not ready to make yet.

Parental responsibility (and a little cooperation from retail stores to adhere to age-restriction laws) could make a real dent in youth smoking. Cigarette taxes of the magnitude proposed would only punish adults and damage the U.S. economy.

Sincerely,

TO THE EDITOR:

Some people say the way to lower the rate of youth smoking is to raise cigarette taxes.

Unfortunately, experience shows that kids don't seem to care how much cigarettes cost. Statistics from California bear this out. According to the California Department of Health Services, the rate of youth smoking in 1992 was unchanged from 1988, when the cigarette tax was raised by 250 percent.

If we as parents truly want to deter our children from smoking, we must be a part of the solution. We must take the time to discuss smoking with our kids. It's important to let them know that most people their age DON'T smoke, and don't like to be around people who do.

I think we also should be more adamant that our laws be enforced. It's against the law to sell cigarettes to minors. When we see clerks in stores selling cigarettes to kids, we should do something about it — report it to the manager and register a complaint. For those stores that "ID" youthful customers, we should praise the store clerks, managers and owners.

Raising taxes is not the answer to reduce the number of kids smoking.

Sincerely,

TO THE EDITOR:

According to the Centers for Disease Control, 4.7 percent of underage teen-agers are regular smokers. They buy 1.2 percent of the cigarettes sold in America.

To combat smoking among the kids who do it, should we adopt an approach that targets a) all smokers; b) adult smokers only; or c) underage smokers only?

Believe it or not, some people in Congress have chosen b) adult smokers only!

They propose a cigarette tax of \$1 a pack to reduce smoking by underage youth. Yet statistics from California, where a 250 percent cigarette tax increase was passed in 1988 for the same purpose, show that raising taxes has virtually no effect on youth smoking.

The people most affected by cigarette taxes are adults. And not only adult smokers. Economists say a \$1 a pack cigarette tax could wipe out 388,000 U.S. jobs.

Let's adopt more effective strategies to combat youth smoking, and let adults live their lives as they see fit.

Sincerely,

TO THE EDITOR:

Every child who smokes cigarettes is a child who needs attention. But I think that attention should come from an individual child's parents. Society as a whole, I believe, has more pressing problems to deal with, especially problems relating to youth.

According to Time magazine, for example, a child drops out of school every eight seconds of the school day. Every 26 seconds, a child runs away from home. Every 47 seconds, a child is abused or neglected. Every 67 seconds, a teen-ager has a baby. Every seven minutes, a child is arrested for a drug offense. Every day, 135,000 children bring a gun to school.

I think Time has its priorities straight. These are the kinds of problems that threaten society, and which society must address.

Yet there's a bill in Congress that seeks to deter youth smoking by raising the cigarette tax to \$1 a pack.

It won't work. The only people who'll be affected by such a huge tax increase are adults. You can't tell that, at a time when a movie, popcorn and a soda sets you back nearly \$20, a kid will even think twice about paying \$2.50 or \$3 for a pack of cigarettes. Especially when the money comes from mom & dad!

Let's use government to solve the problems we can't solve as individuals, and preserve the freedom of adults to live their lives as they choose.

Sincerely,

TO THE EDITOR:

Rep. Mike Andrews has proposed a \$1 per pack cigarette tax for the purpose of reducing the number of teen-agers who smoke. The Texas congressman has the right goal, but the wrong means for achieving it.

On this subject, California has a lesson to teach. In 1988, the state's voters approved a cigarette tax increase of 25 cents a pack. The purpose was to reduce youth smoking. A survey three years later revealed that, while smoking among adults dropped 17 percent, the percentage of adolescent smokers remained unchanged.

The obvious conclusion is that minors, who have little in the way of financial commitments, don't really care how much something costs. If they want it, they'll find a way to get it.

Let's encourage kids not to smoke. Let's enforce minimum age laws and ask parents and teacher to get involved. Let's not ask adult smokers to pay higher taxes because it hasn't reduced youth smoking in the past, and it won't in the future.

Sincerely,

TO THE EDITOR:

As a smoker, I'm obliged to oppose a bill now pending in Congress to raise the cigarette tax to \$1 a pack. This does not, however, put me at odds with the intentions of at least one sponsor.

Rep. Mike Andrews of Houston, Texas, introduced his tax proposal as an effort to prevent children from starting to smoke. This objective, I think, is something we can all support. But there must be a better way to do it than with cigarette taxes.

Economists say a \$1-a-pack cigarette tax could eliminate 388,000 U.S. jobs. Who needs that?

It won't cost anybody his job, on the other hand, for parents to talk to their kids about tobacco. Most aren't mature enough yet to fully understand the risks involved. They need to understand, too, that even though some of their friends may smoke and may be pressuring your children to smoke, that the vast majority of children, even high-school seniors, are nonsmokers.

One other way to keep kids from smoking is to enforce the minimum-age law. That's a pretty painless step to take. And it won't eliminate any jobs, either.

Come on, Rep. Andrews. We've lost enough jobs. Let's try the direct approach for once.

Sincerely,

TO THE EDITOR:

Cigarettes cost about \$2 a pack right now. At that price, about 20 percent of high school seniors smoke regularly.

Now, the strange thing is, that's about the same percentage of high school students who smoked back in 1984 -- when cigarettes were about 70 cents a pack.

Teen-agers don't seem to care much about the cost of cigarettes. If they want them, apparently, they get them.

Still, there's some in Congress who want to reduce the percentage of kids who smoke. A laudable goal. To accomplish this purpose, however, they want to raise taxes so that a pack of cigarettes will cost about \$3.

Now, if 20 percent smoked at 70 cents, and 20 percent smoke now at \$2, what will the percentage be at \$3? I think you get the picture.

If we want to stop kids from smoking, the best thing to do is get teachers, parents and the retail community together. Raising taxes won't do anything but make it more expensive for adults.

Sincerely,

TO THE EDITOR:

I'll work with anyone to stop kids from smoking cigarettes. But you can't do it by raising cigarette taxes.

In 1988, the state of California tried it. The voters passed a 25-cent cigarette tax. Three years after the tax took effect, the state reported that the youth smoking rate hadn't changed at all.

Now there are bills in Congress to raise the cigarette tax by \$1 a pack! And for the exact same reason. Apparently, some people believe that if at first you don't succeed, fail bigger next time.

Kids don't make a decision about smoking based on price. They make it based on what their friends are doing, and on what their family members are doing.

If you, as a parent, smoke, your child is inclined to try it. If your children's friends smoke, you can probably figure your children will be pressured -- consciously or unconsciously (by just wanting to fit in) -- to smoke.

These are the causes of youth smoking. If we want to reduce youth smoking, I suggest we recognize the causes and work with our kids.

Sincerely,

TO THE EDITOR:

Consider the following list:

- o Electronic game: \$50.
- o Athletic shoes: \$40.
- o Movie ticket: \$5.50.
- o Movie/game rental: \$4.
- o Round of miniature golf: \$3.50
- o Pack of cigarettes: \$2.

Here's the point: U.S. Rep. Mike Andrews of Texas has introduced a bill to raise the cigarette tax by 76 cents a pack. He says this will stop many teen-agers from starting to smoke.

I don't think it will. As you can tell from some of the other items on the list above, teen-agers don't seem to be too aware of how much things cost. Raising the price of cigarettes to \$2.75 a pack or so probably won't even register with them.

The only people who'd really be affected by such a tax would be adults -- those who'd pay it, and those who'd lose their jobs because of a decline in cigarette sales.

Raising cigarette taxes isn't the way to go. We've got a minimum age law on cigarettes. Let's forget about raising taxes and enforce the law.

Sincerely,

TO THE EDITOR:

Congressman Mike Andrews of Houston was on TV recently arguing in favor of a \$1-a-pack cigarette tax. He wants to raise the tax to reduce smoking by youths.

As they say in Mr. Andrews' neck of the woods, that dog won't hunt. Raise taxes on cigarettes and you financially punish adult smokers, not kids. They probably won't even blink at the price increase.

Rep. Andrews points to California to prove his case. But let's take a look at the actual numbers. In 1988, that state raised its cigarette tax by 25 cents a pack. Smoking dropped among every demographic group -- with the exception of youths age 12-17. Three years later, their rate of smoking was virtually unchanged.

We all agree that kids shouldn't smoke. But let's take a common-sense approach to helping them say "no." Let's teach our own children to resist peer pressure. And let's enforce the minimum-age law. These steps hit the right target without curtailing the financial freedom of adult Americans.

Sincerely,

TO THE EDITOR:

Here's a proposition practically everyone can agree on: Kids shouldn't smoke cigarettes.

How do we stop them from smoking?

-- Education. The influence of peers is a major factor in kids taking up smoking. Resisting peer pressure is learned behavior. And parents have to do the teaching.

-- Explanation. If you're a parent and you smoke, you have some explaining to do. It's up to you to tell your children why they shouldn't smoke. They don't yet appreciate fully the risks associated with smoking. They aren't old enough to make a decision about smoking.

-- Enforcement. We can teach our children about peer pressure, and we can explain until we're blue in the face, but some kids will still want to smoke. The last step in successfully preventing them from smoking occurs when they try to buy cigarettes. It's illegal for minors to buy cigarettes. We should see to it that this law is enforced.

I bring these points up because there's legislation pending in Congress to raise the cigarette tax to \$1 a pack. The sponsors justify this increase by saying it will reduce youth smoking. But who will a tax increase really affect? Adults.

Let's do what makes sense. Let's take steps that have a chance to work. And most of all, let's not hit the wrong target. We can stop kids from smoking without a tax increase.

Sincerely,

TO THE EDITOR:

Some members of Congress want to raise cigarette taxes to \$1 a pack to stop kids from smoking. I have these observations:

1. It won't work. Proponents of this tax said that when they raised taxes in California, smoking among teen-agers declined. It turns out these folks have backwards. Smoking declined among every group except for teen-agers.

2. If I had to rank the problems teen-agers face today, I'm not sure where smoking would rank, but I don't think it would be within shouting distance of the top of the list. Here are some problems it would make more sense to address:

- Every eight seconds of the school day, a child drops out.
- Every 26 seconds, a child runs away from home.
- Every 47 seconds, a child is abused or neglected.
- Every 67 seconds, a teen-ager has a baby.
- Every seven minutes, a child is arrested for a drug offense.
- Every day, 135,000 children bring a gun to school.

Let's get our priorities straight.

Sincerely,

TO THE EDITOR:

There's a bill in Congress right now to raise the cigarette tax to \$1 a pack. The sponsor was on TV the other day saying he wanted to raise the tax to stop kids from smoking.

As an adult who smokes, I send this plea to the congressman and all who support his position: Please don't. Raising my taxes won't stop a teen-ager from smoking.

To tell you the truth, I think the tobacco companies are doing a better job of stopping kids from smoking than the anti-smokers are. I know the popular perception is that they're trying to hook kids, but if that's their purpose, they have a strange way of going about it.

A couple of years ago, for example, they came out and said they'd support establishing or raising the minimum age to 18 in all 50 states. As of today, that mission is accomplished.

One of the companies, R.J. Reynolds, distributes free don't-smoke materials to school systems. It publishes educational materials for parents to teach their kids to say "no." And it's teaching retailers how to refuse to sell cigarettes to teen-agers.

You can stop kids from smoking without punishing adults. This approach makes a lot more sense to me.

Sincerely,

TO THE EDITOR:

Smoking shouldn't be a part of growing up. If you don't want your children to smoke, follow these steps:

-- Many kids begin smoking because a friend offers them a cigarette, or pressures them to try it. Teach your kids to resist peer pressure. Point out to them that most kids don't smoke, and that those who do cut themselves off from a lot of potential friends.

-- Others may begin smoking because their parents smoke. If you smoke, explain to your kids that smoking is an adults-only activity. There are risks associated with smoking that a child can't fully grasp. They aren't old enough to make a decision about smoking.

-- Once a youths begin smoking, they may continue because they are able to buy cigarettes. Go to your city council, form a community group, or simple tell local retailers that you won't let them break the law. It's against the law to sell cigarettes to minors.

Here's one "tip" that won't work: Raising cigarette taxes. There's a bill in Congress right now that would raise the tax to \$1 a pack. California tried this in 1988, and today, the youth smoking rate is unchanged. Cigarette taxes punish adults, not kids.

Sincerely,

SOCIAL COSTS

TO THE EDITOR:

There are those who maintain that smoking is not simply a matter of personal choice, like drinking coffee, skydiving, or eating red meat. They say that smoking entails certain "social costs" borne by society as a result of an individual's choice to use tobacco.

Among the so-called costs these people point to are loss of productivity, absenteeism, higher insurance claims, and higher demands on Medicare and Medicaid programs.

Taking their case one step further, some argue that increasing the excise tax on cigarettes is a way to make smokers repay society for these costs.

In fact, however, numerous studies fail to make a connection between smoking and a negative effect on society at large. Any costs from tobacco use, the studies note, are private costs, borne by the smoker himself, either directly or through the premiums smokers pay on insurance or their contributions, through taxes, to government health insurance programs. In fact, given the already-high excise taxes on tobacco, it could be said that smokers more than pay their way in society.

The concept of social costs is a valid one when the costs are real and measurable, as in an industrial polluter that spoils a public drinking water supply, but smoking does not fall into this category. Saying it does simply diverts attention from the fact that tobacco is being used as a scapegoat to increase government revenues.

Sincerely,

TO THE EDITOR:

As the Clinton administration searches for ways to reduce the federal debt and finance a national health care program, the suggestion has been forwarded of taxing certain products or activities because of the "social costs" they impose on society.

What is a social cost and when is it valid to use taxation as a way to recoup the cost to society of an individual or group's actions?

In economics, social costs are the penalty imposed on a larger group by the actions of one individual or group. Pollution of a water supply by discharges by a paper company, for example, constitutes a social cost. Where the costs are real and measurable, such as in a chemical spill, it may be justifiable to collect a corporate tax to be used specifically for hazardous waste cleanup, such as with the Superfund program.

But assessing a tax is inappropriate and discriminatory where the cost cannot be measured, where the cost, if there is any, is borne privately by the individual, or where it is impossible to distinguish between the product or action's cost and that of other contributing factors.

Such is the case with justifying an increase in the excise tax on tobacco by pointing to the social costs of smoking. Research repeatedly shows no convincing evidence that smoking imposes any real social costs, for any costs of smoking are borne by the individual. In reality, taxing cigarettes is a way for one group to impose its personal preference on another, thereby making the smokers, in this case, finance a disproportionate share of government programs.

Sincerely,

TO THE EDITOR:

Let's call a spade a spade and not confuse an important economic matter with misnomers.

Some lawmakers and anti-smoking lobbyists are urging that a "user fee" be levied on cigarettes, the proceeds from which can be used to finance health care reform. While calling this a user fee might be politically expedient, the fact is, this is a tax, plain and simple.

A user fee is a charge imposed on a particular program or service from which the purchaser benefits directly. The fees, in turn, are used to support the program. An entrance fee for a national park, for instance, is a user fee. It is levied only on those who use the park and the resultant revenues go toward park maintenance and administration.

To justify a cigarette excise tax as a user fee, the proceeds would have to exclusively benefit the cigarette purchasers, which is not likely.

A tax policy intended to support a health care program that would benefit all must be enacted as a shared responsibility, not an unfair and discriminatory tax policy on select products or services.

Sincerely,

TO THE EDITOR:

In an effort to find funds to pay for health care reform, anti-smoking activists and some lawmakers are resorting to a semantics smoke screen, while ignoring the social inequity of their solution.

These people are advocating levying additional tax on purchase of such products as tobacco and alcohol. But to minimize voter opposition to higher taxes, they are calling these taxes "user fees."

There is a simple difference. A user fee is levied on those who directly benefit from or use a particular program or service; the revenues from the fee, in turn, go directly to support the program itself. A tax, on the other hand, raises revenue that can be put to any number of unrelated uses. There is little expectation that income derived from a cigarette tax, for instance, would be used to benefit solely the cigarette smoker or drinker.

Hiding the tax under a more palatable name avoids discussion of the real issue: the regressive nature of an excise tax, a tax that targets only one segment of the population -- and often one much less able to afford it and to defend itself -- to the benefit of a much larger whole. The responsibility for health care services must be borne by all of the population that will be served, not loaded on the back of a defenseless minority.

Sincerely,

TO THE EDITOR:

Some people want to raise cigarette taxes to spend more money on health care. They justify this unfair approach by claiming smokers cost society more than nonsmokers.

These tax-hungry government officials say smokers have more health insurance claims than nonsmokers. They say smokers are absent from work more often. That we're less productive. But I don't buy it:

-- The 1989 Surgeon General's Report acknowledged that "there is little supportive actuarial evidence that nonsmokers incur fewer claims." Further, a staff report from the Office of Technology Assessment on the claimed "costs" of smoking declined to address this issue, calling it too "complex."

-- From an article in the Journal of the American Medical Association (March 17, 1989): "On balance, smokers probably pay their way with the current level of excise taxes on cigarettes."

-- Analyzing data compiled by the federal government, the U.S. Chamber Foundation discovered that smoking wasn't a "predictor" of absenteeism. (The Chamber Foundation is the research arm of the U.S. Chamber of Commerce.)

In fact, the only way these people can claim a social cost from my smoking is to assert an ownership claim over my life. And I'm not selling.

Sincerely,

BEER, ALCOHOL &
TOBACCO

51269 2985

BEER & ALCOHOL/CIGARETTES "JOE SIX PACK"

TO THE EDITOR:

The administration still won't say for sure how it intends to pay for its new health program. Drastically higher cigarette taxes, however, still seem to lead the pack. Part of the reason is that cigarette taxes can be sold as "sin taxes." Further, that a beneficial side effect of raising them is that it will keep kids from smoking (untrue, but that's for another day).

Usually, when cigarette taxes are part of a plan, alcohol taxes are part of it, too. Yet I see from recent news accounts that President Clinton may exempt beer from health-care taxation. Seems the president thinks a beer tax would hit the middle class hardest.

The fact is, he's right! Joe Sixpack is a middle-class working guy. But that's who smokers are, too. If the president lays off on the beer and socks it to us on cigarettes, those are crocodile tears he's crying for the middle class.

And let's talk about kids using products they shouldn't be able to buy. Here are some interesting figures from the National Institute of Drug Abuse's annual survey: The number of high school seniors who've used alcohol in the last 30 days is 46 percent higher than the number who've used cigarettes. And while minors purchase less than 2 percent of cigarettes, they buy 35 percent of all wine coolers sold ... and they consume over 1.1 billion bottles and cans of beer a year.

The president's inclination to exempt beer doesn't make sense. If he wants to be fair to the middle class, he should abandon all proposals to raise regressive excise taxes — including the cigarette tax. If he wants to express concern for America's youth, it seems to me a tax on wine coolers and beer would make more sense than anything else at this point.

Not that I favor such a tax. I've always felt that taxes are an absurd way to enforce minimum-age laws.

Sincerely,

TO THE EDITOR:

According to the National Institute of Drug Abuse, teen-agers buy 35 percent of the wine coolers sold in America.

I find that figure shocking. And I'm also disturbed by the fact that minors are able to consume more than 1 billion cans and bottles of beer a year.

Yet, I read the other day that President Clinton is leaning toward taking beer out of his health-care tax package. This is the same package that may contain an enormous increase in the cigarette tax.

I don't get it:

-- Cigarette taxes already cover any alleged social costs, according to research published in the Journal of the American Medical Association. That same study found alcohol taxes inadequate to cover that product's social costs.

-- Minors consume 1.2 percent of cigarettes and 35 percent of wine coolers, yet rumor has it that the president wants to raise cigarette taxes by a MINIMUM of 100 percent.

-- Kids are floating in a sea of beer, and beer wins a tax exemption.

-- The president's reasoning is that a beer tax would hit the middle class too hard. Who does he think pays cigarette taxes? Ross Perot?

I know the president keeps going back to the drawing board on this health care plan, but I wouldn't let him out of the drafting room just yet.

Sincerely,

TO THE EDITOR:

So, Joe Sixpack gets a health-care tax break! He's middle class, the president says, so he earns an exemption from the health reform tax package.

I'd like to point out a few contradictions between the president's position on beer and his position on cigarettes.

For starters, Joe Smoker is every bit as middle-class as Joe Sixpack.

Second, the number of high school seniors (this is according to a government-funded University of Michigan study) who reported using alcohol in the last 30 days was 46 percent over the number who'd reported using tobacco. Which would be irrelevant, except that smoking by minors is used as an excuse to raise cigarette taxes.

Third, according to an article in the Journal of the American Medical Association, current cigarette taxes are sufficient to cover any "social cost" of smoking (this was a 1989 article — the federal tax has been raised twice since then). Alcohol taxes, on the other hand, were found to be insufficient to cover the social cost of drinking.

One other point: It would be particularly ironic if a wine exemption were to follow the beer exemption. Teen-agers consume 35 percent of all the wine coolers sold in America. They purchase just 1.2 percent of cigarettes. If taxes really discourage teen purchases, I believe someone has a bad case of misordered priorities.

I hope the administration recovers its sense of logic before it puts this tax package before Congress.

Sincerely,

TO THE EDITOR:

According to the latest survey, the number of high school seniors who drink is 46 percent higher than the number who smoke.

The same survey found that minors consume more than 1 billion beers a year. And they buy 35 percent of all the wine coolers sold; they purchase only 1.2 percent of cigarettes.

Now here's the really wild part: The Clinton administration wants to raise smokers' taxes by about \$500 a year, and justifies this position by saying it will prevent children from buying cigarettes. The same administration, according to the Wall Street Journal, wants to exempt beer from the tax package. The president apparently believes a beer tax would be too big a blow to the middle class.

I've got news for the president. Cigarette taxes are even more unfair to low- and middle-income families than beer taxes are. If he wants to be fair about this tax package, he should base it on the ability to pay.

And if he wants to be consistent about using taxes to stop kids from doing something, the logical target at this point would seem to be beer and wine coolers, not cigarettes.

Of course, it doesn't make much sense to punish adult purchasers of any product to prevent sales to minors. A much more direct route is enforcing minimum-age laws, which exist for both alcohol and cigarettes.

Mr. President, please make this tax package fair and free of ulterior motives. I'll pay my fair share, but don't believe I should pay more than that.

Sincerely,

TO THE EDITOR:

When it comes to sin taxes, some apparently are better than others. At least in the eyes of President Clinton, who, according to news reports, is leaning toward pulling beer out of his plan to tax and tax, spend and spend on health care.

Cigarettes, on the other hand, are still up for a tax increase 400 percent or more.

The president's lost me, I'm afraid. Research published in the March 17, 1989, Journal of the American Medical Association found that the "social cost" of drinking is roughly twice that of smoking. It determined, also, that the level of cigarette taxes at that time was sufficient to cover the cost of smoking, but that taxes on alcohol were not.

Also, some people, including some in the administration, argue that high cigarette taxes discourage kids from smoking.

According to a University of Michigan study done for the National Institute of Drug Abuse, minors consume 35 percent of all the wine coolers sold in America. Further, they drink more than 1.1 billion beers a year.

I don't want to belittle the issue of youth smoking. I don't believe kids should smoke and don't believe they should be able to buy cigarettes. After all, it's against the law. But kids buy only 1.2 percent of the cigarettes sold in this country.

So why is the president leaning toward taking beer off the high-tax list, and not cigarettes? Because, apparently, he feels the middle class would be hit too hard by a new tax on beer. Yet when it comes to discrimination against low- and middle-income groups, there's no tax more potent than the cigarette tax.

If this is indeed Mr. Clinton's position, he should rethink it. And I hope his revised conclusion will be that new taxes should be based on ability to pay — a point which, as I recall, was central to his campaign for the presidency.

Sincerely,

TO THE EDITOR:

News item: If the Clinton administration raises alcohol taxes to help fund health-care reforms, "beer is likely to be excluded because the public considers it a drink of the working class." (Wall Street Journal, May 11.)

I'm stunned. These are the same people who're talking about raising cigarette taxes by 400 percent. According to the Congressional Budget Office, taxes on cigarettes are the most regressive of all taxes. That means they hit low- and middle-income families hard — even harder than beer taxes.

How can the administration explain such inconsistency? Not by some willingness to tax adults unmercifully -- and wipe out half a million jobs in tobacco states -- to stop kids from buying cigarettes. Among high-school seniors, according to a recent study, the incidence of drinking is nearly twice as high as the incidence of smoking. In fact, an astounding 35 percent of all wine coolers sold in America are consumed by minors —and they drink more than 1.1 billion beers a year!

Maybe the administration thinks it can buy some political breathing room by laying off Joe Sixpack. But as often as not, Joe's a smoker too. And raising his annual cigarette taxes by \$500 or more a year is a good way to alienate him.

Sincerely,

TO THE EDITOR:

I must compliment the Clinton administration on its handling of the health-care mess. It has floated so many rumors about its soon-to-be-revealed program that the average American is by now hopelessly confused, and in no position to object.

But numb as I've become to health-care news, the administration is still able to make my knee jerk. A few days ago, the Wall Street Journal reported the administration would exempt beer from any increase in alcohol taxes. Why? Because it has been "confronted by the powerful political image of Joe Six-Pack"! Because "the public considers it a drink of the working class."

If Mr. Clinton's image of a beer-drinker is Archie Bunker, his image of a smoker must be Nelson Rockefeller. Clinton won't raise taxes on beer-drinkers, but he's prepared to raise smokers' taxes by enormous amounts. Enormous, in that the current rumor has cigarette taxes being quadrupled.

One more quote from the Journal: A beer tax is " 'more likely to alienate people' than to raise significant amounts of money or to reduce alcohol consumption, said one administration official."

Higher beer taxes won't reduce consumption, but high cigarette taxes will? Again, the administration contradicts itself. If taxes don't affect consumption, why raise cigarette taxes at all, especially by such huge amounts? And if taxes do affect consumption, especially with minors (this is why they say they want higher cigarette taxes), then shouldn't alcohol taxes be steeply increased? After all, according to the latest figures from the National Institute of Drug Abuse, the incidence of drinking among youths is twice the incidence of smoking.

But as I said, administration officials have succeeded in confusing us all about its health-care reforms. It's only natural that they've confused themselves as well.

Sincerely,

FET BAD SOURCE
OF REVENUE

51269 2994

FET BAD SOURCE OF REVENUE

TO THE EDITOR:

Over the past 10 years, as state governments have struggled to find sources of funding for their growing public programs, they have, time and again, turned to cigarette excise taxes for stop-gap relief. This may have worked for a while, but we're fast reaching a point of diminishing returns.

The percentage of revenue generated by consumer excise taxes has dropped steadily during the 1980s. A study released in March 1993 by the Council of State Governments confirms this point. The study points out that excise taxes on such products as alcohol and tobacco are "worn-out" as tax sources; it urges policymakers to look elsewhere for funds for their programs and services.

Pinpointing such products as tobacco and alcohol as tax sources may on the surface appear politically easy. Few lawmakers are willing to argue publicly in favor of our so-called "sins." And they know that just a minority of the public will oppose such taxes.

But in fact, what at first seems politically expedient is, in the long run, fiscally unsound. Tobacco and alcohol, steadily shrinking as revenue sources, have now reached a point of diminishing returns. Legislators need to look elsewhere for a more stable source of revenue and stop trying to milk a dry cow.

Sincerely,

TO THE EDITOR:

When are lawmakers going to see that raising consumer excise taxes on such products as alcohol and tobacco is a dead end? This politically expedient revenue source is fast turning from a panacea to a Pandora's box.

Far from generating increasing revenues, consumer excise taxes have, during the 1980s, become a diminishing source of revenue. Economists tell us the well is going dry, but legislators, are you listening? The Council on State Governments called alcohol and tobacco "worn out" tax sources and urged legislators to look elsewhere for ways to fund their programs.

If we are going to establish a solid basis for funding today's necessary programs, be it a local drug abuse program, regional educational needs, or a national health-care plan, let's look to a stable source of revenue rather than one bound only to disappoint and, ultimately, dump us back into the hunt for funds.

Sincerely,

TO THE EDITOR:

At a time when state governments are struggling to come up with enough money for schools, Medicaid payments, and law enforcement, we can't afford the "hit" that doubling the federal excise tax on cigarettes would level against state budgets.

Contrary to the intended effect of raising the tax, i.e., to raise substantial sums of money to support a new health-care plan, such a tax would more than likely result at the same time in lowering the amount of taxes collected by state governments. It's estimated that state losses from doubling the federal excise tax would be nearly \$305 million. A \$1 per pack tax increase would result in the states losing more than \$1 billion in state excise tax revenue.

In addition, states would suffer from the loss of sales taxes collected on cigarettes. And then there are the income taxes that wouldn't be paid by workers laid off due to declining cigarette sales.

While the idea of a "sin tax" might sound like the perfect cure to several of our so-called problems, I believe in this case the cure would be worse than disease. We must find a source of revenue that has a fairer and more predictable effect on our governments' balance statements.

Sincerely,

TO THE EDITOR:

Sometimes you can raise a tax so high, it starts producing less revenue. How high does a cigarette tax have to be before that happens? Unless Congress takes a more sensible stance than some administration officials, we may be about to find out.

They're talking about raising cigarette taxes from 24 cents to \$1 a pack or more. Yet even as Washington prepares to rely more heavily on cigarette taxes —and for a quite important purpose: health care reform —the states are finding that cigarette tax revenue is dropping.

Over the last 10 years, state governments have raised taxes hundreds of times. And revenue just keeps dropping. In fact, the Council of State Governments calls the cigarette tax a "worn-out tax source."

If the federal government raises taxes to the level proposed, the trend will surely pick up speed. That will hurt not only the government's health-care efforts, but state government budgets as well, because a \$1 a pack increase would mean a \$1 billion loss in state excise tax revenues. There's bound to be a better way to finance health-care reform.

Sincerely,

RURAL AMERICANS
HIT HARDEST

51269 3000

RURAL AMERICANS HIT HARDEST WITH FET

TO THE EDITOR:

When all citizens benefit from the programs and services of our government, is it fair to ask one segment of our population to disproportionately fund these programs?

This is what is happening when we depend on politically expedient consumer excise taxes to support larger and larger portions of our governmental budgets. Excise taxes place a greater burden on rural taxpayers than they do on city dwellers. And rural areas are populated by many low- and middle-income families, who already earn an average of \$10,000 less than urban residents.

As a percentage of their income, rural residents paid 34% more in excise taxes than did urban Americans in 1989, according to a study commissioned by the American Agricultural Movement. And that was 10% more than in 1984, so you can see the trend is continuing.

How does this excise burden add up? Here are the figures: rural families, including farmers, paid 52 percent more than urban families for gasoline and motor fuel; 44 percent more for tobacco products; 26 percent more for utilities; 19 percent more for insurance; and 8 percent more for other excises.

And these growing excise burdens are in addition to other rural pressures such as rising real estate costs that put new farmland out of reach of all but agricultural conglomerates, limited access to health care and other social services. Ask yourself, can we afford, as a nation, to force our rural Americans off the land?

Sincerely,

TO THE EDITOR:

From gasoline and motor fuel to utilities to insurance to tobacco products and more — rural Americans are paying more to support the nation's programs and services than are their urban counterparts.

Additional excise taxes, such as the proposed cigarette taxes to support a new national health-care plan, only add to the burdens of an increasingly fragile element of our society.

A study commissioned by the American Agriculture Movement concluded that during the 1980s the situation for rural Americans declined. The average rural household, in 1989, was paying 34 percent more in excise taxes than urban Americans, and that was an increase of 10 percent since 1984. We can expect the figure in 1993 to be even higher.

The low- and middle-income people who make up a large part of our rural population are the ones who are least able to afford higher consumer excise taxes. Where is the fairness in such a disproportionate tax?

Sincerely,

TO THE EDITOR:

Until you live in rural America it just may not mean much to you when you hear that consumer excise taxes place a greater burden on rural taxpayers than it does on urban Americans.

First of all, with limited access to high-paying jobs, many rural Americans make up a generous share of the nation's low- and middle-income families. (Rural incomes, which averaged about \$24,000 in 1989, are a third lower than urban household incomes, at \$32,500, and the discrepancy is increasing).

Rural Americans are far more dependent on their automobiles; they pay 52 percent more in excise taxes than urban residents, 26 percent more for utilities, and 19 percent on insurance, to name a few of the areas in which rural people pay more by virtue of their location.

Also, the price of the land farmers depend on is rising beyond their reach, limiting their ability to compete; health care services are limited and access to high-tech care a greater financial and personal burden. Educational and employment opportunities also may be limited.

Who are we serving by burdening even further those Americans who feed us, grow the fibers that clothe us, and who are preserving many of our essential American values? Consumer excise taxes are not the way to go for urban residents, nor for the rest of America.

Sincerely,

FARMERS

51269 3005

FARMER

51269 3006

TO THE EDITOR:

One segment of our population is unfairly paying the bill for the administration's plans for increased government spending.

Low- and middle-income people pay a far higher percentage of their incomes in taxes than do the wealthy. Yet when the government is looking for additional revenue, who do they tap? These same tax-paying citizens. Every time an excise tax is proposed, whether at the federal, state, or local level, it is the middle class who is asked to pay disproportionately for it.

Few flinch when the government floats higher cigarette excise taxes to help pay for a revised health plan. Those most affected by the change remain silent, too busy working two jobs to keep their families afloat to be out on the street protesting. They have time only to pray they can cope with yet another bite out of their budgets.

Additional excise taxes will not solve our nation's economic challenges. Indeed, they will add to them. Even the Congressional Budget Office calls the cigarette excise the most regressive of all taxes.

Let us settle on revenue-raising methods that spread the tax burden evenly across the population, not simply turn to a well that is fast going dry . . . and draining the farmer and his wife along with it.

Sincerely,

CONVENIENCE STORE
OPERATORS

51269 3008

CONVENIENCE STORE OPERATOR

TO THE EDITOR:

If what we're reading in the newspapers is true, the administration is heading down the wrong road on health care. They're talking about raising cigarette taxes anywhere from 24 cents a pack to \$1 a pack or more.

This is a bad idea. I know. I run a convenience store, and I know that when prices go up — even by just a little — sales go down. The price usually goes up just a nickel or so at a time. If they succeed in raising the price by \$1 a pack overnight, my sales will drop through the floor.

And what happens after that? Let's take what passes these days for a "moderate" example. Based on data compiled by Price Waterhouse, a cigarette tax increase of \$1 a pack could wipe out 28,000 retail jobs. That could be me, it could be my employees, it could eventually even be you.

This tax increase is really just another way for Big Government to tell private citizens what they can and cannot do. I hope people who oppose this kind of thinking will write to President Clinton and their U.S. Representative and Senators. Let them know what you think. Here are their addresses:

-- President Bill Clinton, The White House, 1600 Pennsylvania Ave. NW, Washington, DC 20500.

-- All U.S. Representatives, U.S. House of Representatives, Washington, DC 20515.

-- All U.S. Senators, U.S. Senate, Washington, DC 20510.

Sincerely,

TO THE EDITOR:

There's a bill in Congress to provide health insurance for all of the people who don't have it. To pay for this coverage, cigarette taxes would be increased to \$1 a pack.

I know some people who hate cigarettes are overjoyed at this proposal. I'm not one of them. I own a small store that sells cigarettes. If it passes, this bill will devastate sales. Let me point out a few of the specific effects of a \$1-a-pack cigarette tax increase, based on data compiled by Price Waterhouse:

- The projected sales decline is 17 percent.
- Projected job losses are 388,000.
- Projected payroll losses are \$11 billion.
- State cigarette tax revenue would decline by about \$1 billion.

I can't imagine that the government would put more than a quarter million people out of work — on purpose!

Sincerely,

HISPANICS

51269 3013

TO THE EDITOR:

Hispanics are the fastest growing segment of the American population. According to the 1990 census, Hispanics will be the largest minority in the U.S. by the year 2020.

At the same time, Hispanic family income as a percentage of white family income declined in the 1980s, falling from 73.1 percent in 1980 to just 71.5 percent in 1990.

This is important, because there's a health-insurance bill in Congress that would raise the cigarette tax by \$1 a pack. This is an excise tax, which takes a much larger share of income from Hispanics than from white Americans.

A recent study by the Labor Council for Latin American Advancement (LCLAA), "Hispanics and Taxes: A Study in Inequality," reviewed excise taxes. It found that compared to the wealthiest households in our society (those with incomes over \$250,000 per year), a Hispanic family of four with a median income of \$18,571 in 1990 had a tax burden:

- six times greater on gasoline;
- 14 times greater on tobacco products;
- seven times higher on telephone services; and
- six times greater on beer and wine.

In another study on health insurance and Hispanics, jointly sponsored by LCLAA and the National Council of La Raza, researchers found that 75 percent of Hispanic men and 90 percent of Hispanic women had incomes below \$25,000 annually. Based on these findings, the study concluded that the impact of rising insurance premiums and out-of-pocket costs were particularly unfair for Hispanics. The organizations issued a set of principles for health care reform, which included a commitment to progressive financing.

Raising cigarette taxes is as far as you can get from progressive financing. Let's tell our congressmen to get the health-care debate, and our taxation principles, back on the right track.

Sincerely,

TO THE EDITOR:

The face of America is changing. But how pleasant a family portrait it presents may depend to a large extent on tax policy.

Hispanics comprise the fastest growing segment of the American population, and by the year 2020, we will comprise the largest minority in the U.S.

But this is happening at the same time that Hispanic family income, as a percentage of white family income, is slipping. In 1990 it equaled only 71.5 percent of white income. Seventy-five percent of Hispanic men and 90 percent of women had incomes below \$25,000.

Excise taxes are one of the villains taking a larger and larger bite out of Hispanic incomes. A 1990 study found Hispanics' tax burden for gasoline as a percentage of income to be six times greater than that of whites' incomes, on tobacco products the tax bite was 14 times greater, seven times as high on telephone services, and six times greater on beer and wine. If we must raise taxes, raise them fairly. The excise tax is not a fair tax.

Sincerely,

TO THE EDITOR:

The health of our society depends on maintaining the health of all of its members, including its growing minority segments. The changes to the health-care system proposed by the Clinton administration are at last addressing this issue.

But the economic health of the nation is in jeopardy if health care is funded through regressive excise taxes rather than a progressive tax based on ability to pay.

Among those who stand to bear the health care burden most heavily under increased excise taxes are Hispanics, the fastest growing segment of the American population. By the year 2000, Hispanics will comprise the largest minority in the U.S.

But Hispanics' family income as a percentage of white family income has been declining since 1980. Hispanic families now earn only 71.5 percent of what the average white family earns. As a result, excises taxes, paid on such items as gasoline, tobacco products, telephone services, and beer and wine, take a much larger bite out of the Hispanic paycheck.

The stability of our country depends to a large extent on the ability of all people to have access to decent housing, education, health care, and to earn a fair income. A regressive tax policy undermines these goals and thus both the economic and physical health of our society.

Sincerely,

TO THE EDITOR:

Sooner or later, Congress is going to be talking about raising taxes to pay for new health care programs. I believe the following information should be of some interest.

A recent study by the Labor Council for Latin American Advancement (LCLAA), "Hispanics and Taxes: A Study in Inequality," found that compared to the wealthiest households in our society (those with incomes over \$250,000 per year), a Hispanic family of four with a median income of \$18,571 in 1990 had a tax burden:

- six times greater on gasoline;
- 14 times greater on tobacco products;
- seven times higher on telephone services; and
- six times greater on beer and wine.

When Congress considers new taxes, should it raise these kinds of taxes? Or those that are based on ability to pay, like the income tax?

I don't think there's any question which way is fairest.

Sincerely,

TO THE EDITOR:

Some people want to raise cigarette taxes to spend more money on health care. They justify this unfair approach by claiming smokers cost society more than nonsmokers.

These tax-hungry government officials say smokers have more health insurance claims than nonsmokers. They say smokers are absent from work more often. That we're less productive. But I don't buy it:

-- The 1989 Surgeon General's Report acknowledged that "there is little supportive actuarial evidence that nonsmokers incur fewer claims." Further, a staff report from the Office of Technology Assessment on the claimed "costs" of smoking declined to address this issue, calling it too "complex."

-- From an article in the Journal of the American Medical Association (March 17, 1989): "On balance, smokers probably pay their way with the current level of excise taxes on cigarettes."

-- Analyzing data compiled by the federal government, the U.S. Chamber Foundation discovered that smoking wasn't a "predictor" of absenteeism. (The Chamber Foundation is the research arm of the U.S. Chamber of Commerce.)

In fact, the only way these people can claim a social cost from my smoking is to assert an ownership claim over my life. And I'm not selling.

Sincerely,

MINORITIES

51269 3019

MINORITIES

TO THE EDITOR:

There's a bill in Congress that would raise the cigarette tax by \$1 a pack to provide health insurance for all. They couldn't have picked a worse tax to pay for a good program. This tax is especially bad for African-Americans.

The cigarette tax is an excise tax. Based on our share of the national income, we bear a much higher excise tax burden than other Americans.

While only 11.3 percent of all families are African-American, fully 36 percent of black families have incomes in the bottom fifth of the population.

A recent study commissioned by the A. Philip Randolph Institute, "Fair Taxes: Still a Dream for African-Americans," concluded that federal tax policy over the last decade has increased the burden of taxation on those least able to pay, while cutting the tax burden on the wealthy.

Specifically, the study found that:

-- "An African-American family, with both parents working, two children and an income of \$25,000, will pay an almost six-times-larger share of its income in federal consumer excise taxes than a family making \$250,000 per year"; and

-- "Federal payroll taxes will take an almost four-times-greater share of income from an African-American, female-headed family making \$14,000 than from a family making \$250,000 per year."

Further, the study found that for the poorest 20 percent of the population, compared to the richest one percent of Americans, the situation worsened in the 1980s. The lowest income group saw a 10-times-greater a share of its income going to excise taxes in 1992, up from seven times higher in 1980.

For African-Americans, there's got to be a better answer to the health-care crisis.

Sincerely,

TO THE EDITOR:

There's nothing in writing that says the U.S. tax code is biased against African-Americans. But then, if it looks, walks and talks like a duck, there's a pretty good chance it's a duck.

More than one-third of black families are in the poorest 20 percent of the population. When excise taxes — like those on cigarettes, beer and gasoline — are raised, those are the people who get hit hardest.

The National Black Caucus of State Legislators says: "Excise taxes are regressive, actually taking a smaller percentage of income as income increases and, therefore, placing a larger tax burden on working families and the poor rather than the rich. What little fairness an individual gains from our progressive income tax code is often cancelled out by the regressive excise taxes levied by local, state and federal governments."

Our officials in Washington are being asked to raise excise taxes to pay for health care reform. We must let them know that any new taxes should be based on ability to pay!

Sincerely,

TO THE EDITOR:

While much of the nation was prospering during the eighties, such was not the case for the poorest 20 percent of the population.

Making up fully 36 percent of that group, African-Americans have been hit hardest over the past decade by our nation's tax policies. Excise taxes -- those hidden taxes on cigarettes, alcohol, tires and a host of other products -- is the worst example of this unfair tax policy.

An African-American family with both parents working, two children, and an income of \$25,000 pays almost six times more as a percentage of its income on excise taxes than does a similar family making \$250,000 per year.

With excise taxes, the less money you make, the higher percentage of your income you pay. And now President Clinton wants to raise excise taxes on cigarettes for the health care plan. This is unfair to our poorest citizens. Government must seek to empower all of our people, particularly those who are the most powerless.

A progressive tax policy is the only way to benefit all of our people equitably in both the short and the long run.

Sincerely,

TO THE EDITOR:

The cigarette tax being touted as the solution to funding a restructured health care program is a regressive tax that places an unfair burden on those least able to afford it.

We African-Americans, based on our share of the national income, are among those most adversely affected by excise taxes, as is illustrated by a decade of tax policies that have increased tax burdens on those least able to pay. During the same period, the taxes paid by the wealthiest citizens have decreased.

We cannot afford to continue to deny this segment of our population equal access to success. Over a third of all black families are in the lowest income quintile, despite the fact that we comprise only 11 percent of the population.

When applied to these lowest incomes, an excise tax exacts a higher penalty than it does on those with higher incomes, for whom the same amount of tax amounts to a far smaller percentage. Consider that an African-American family with two children, both parents working, and an income of \$25,000 pays an almost six-times-larger share of its income in federal excise taxes than does a family making \$250,000 a year.

We need a revitalized health care system, but not at the expense of those who are already closest to poverty. Any tax burden to support health care must be shared equally.

Sincerely,

TO THE EDITOR:

There's nothing in writing that says the U.S. tax code is biased against African-Americans. But then, if it looks, walks and talks like a duck, there's a pretty good chance it's a duck.

More than one-third of black families are in the poorest 20 percent of the population. When excise taxes — like those on cigarettes, beer and gasoline —are raised, those are the people who get hit hardest.

The National Black Caucus of State Legislators says: "Excise taxes are regressive, actually taking a smaller percentage of income as income increases and, therefore, placing a larger tax burden on working families and the poor rather than the rich. What little fairness an individual gains from our progressive income tax code is often cancelled out by the regressive excise taxes levied by local, state and federal governments."

Our officials in Washington are being asked to raise excise taxes to pay for health care reform. We must let them know that any new taxes should be based on ability to pay!

Sincerely,

WOMEN

51269 3026

WOMEN

51269 3027

TO THE EDITOR:

Increasing excise taxes on products as a way to raise revenue is simply adding another hurdle preventing women from realizing their full potential in our society.

Women are increasingly assuming the role of head of household and moving into the workforce. But unfortunately, this does not mean advancement for the great majority of them. Moving into the workforce because they have to, not because they choose to, most women are forced to accept jobs below their actual potential.

Statistics bear this out: women represent almost two-thirds of adults in households with incomes below \$10,000; women hold 60 percent of the minimum wage jobs in this country; and the poverty rate for female-headed households is five times greater than for families with both a husband and wife present.

As the government looks for additional sources of revenue to fund improved health care and reduce the deficit, it must not overlook the gains we all stand to make when women are allowed to rise in the system and contribute according to their abilities and energy.

Because excise taxes, like those on energy, cigarettes, wine and gasoline, affect those at the lower end of the economic scale to a greater extent than they do the well-off, they are not a sound manner of implementing economic policy.

Sincerely,

TO THE EDITOR:

Penalize women economically, and you bind their children as well to a world of limited opportunity and hope. Such is the effect of choosing to increase consumer excise taxes as way of raising revenue for new government programs or to reduce the national debt.

Many of the recent programs the government has proposed in education, Head Start, or health care are intended to give those with fewer advantages a leg up, to help them help themselves become more productive citizens and ultimately contribute more to society.

But when such new programming takes away purchasing power at the same time it attempts to give it, policy becomes counterproductive.

This is what happens when we add to the cost of living via excise taxes. As a proportion of income, those who are better-off can absorb the taxes, and may not feel them enough to speak out against their inequity. Lower-wage earners find excise taxes taking a larger and larger bite of their incomes. As a result, they are less able to purchase food and clothing for their families, they may be forced into less desirable housing and neighborhoods where negative influences may hinder their children's growth and maturation into productive citizens, and in general, access to opportunity becomes constricted.

We must seek to develop economic and tax policies that reinforce the messages we are sending with our programming, lest the effect of the programs be nullified before they have a chance to succeed.

If not for the mothers, look at this issue as it affects the children. We can't really afford not to.

Sincerely,

TO THE EDITOR:

As a working woman, it is my responsibility to speak out about the discriminatory nature of the excise taxes being suggested by the Clinton administration as a funding source for the proposed new health care plan.

Contrary to popular belief, women no longer work for pin money (whatever that was). Whether we are heading single-parent households or are part of a couple, our incomes fund family necessities: rent, utilities, clothes, food, transportation, education, and yes, sometimes "extras."

But for many working women, the reality is more harsh. While women now comprise almost half the workforce, they represent a far greater percentage of low-wage earners. A recent study found that women represent almost two-thirds of adults with household incomes below \$10,000; women hold 60 percent of the minimum wage jobs in the United States; and the poverty rate for female-headed households is five times that of families with both a husband and wife present.

Women increasingly are taking on the role of head-of-household, and a growing percentage of these households are or soon become low- and middle-income families. As a result, women are coming to bear a disproportionate share of the tax burden under a federal tax system that increasingly looks to regressive tax policies. Funding a health care program through excise taxes places an unfair burden on working women.

But the larger truth is that, in the long run, it is not just these women who suffer, but their children, and ultimately, all of society.

Sincerely,

TO THE EDITOR:

Consider the fairness of this fact: a household with an annual income of \$100,000 pays 14 times less in consumer excise taxes (as a percentage of its income) than a family earning only \$8,360 a year. And increasingly, these low- and middle-income families are headed by women.

A recent study shows that women represent almost two-thirds of adults heading households with incomes below \$10,000; women hold 60 percent of the minimum wage jobs in this country; and the poverty rate for female-headed households is five times greater than for families with both a husband and wife.

If the Clinton administration proceeds with using so-called "sin taxes" to fund a renovated health-care program, working women and their families will suffer even further.

An excise tax is a regressive form of taxation that discriminates against those at the lower end of the earning scale. And contrary to what the "sin tax" generalization suggests, excise taxes are paid on a number of necessities like gasoline, as well as on cigarettes and alcohol.

We must not blind ourselves to the real and detrimental effects of excise taxes: they unfairly place a disproportionate burden on one segment of the population (indeed, one that can least afford it); and it is only partially true that the items being taxed are solely discretionary in nature. Health care must be paid for in such a way that all those who benefit from the system help to fund it.

Sincerely,

TO THE EDITOR:

As a middle-income woman, I am amazed at how easy it is for others to be insensitive to the disproportionate burden placed on women by regressive excise taxes.

Regardless of how we would like to imagine the "ideal" nuclear family, the fact is, more and more women are heading households, the majority of them falling into the low- and middle-income category.

Though women's responsibilities may have grown, access to well-paying jobs has not. There are now 56 million working women -- a little less than half the current workforce. but, according to a study commissioned by the Coalition of Labor Union Women, women represent almost two-thirds of all adults living in households with incomes below \$10,000; they hold 60 percent of the nation's minimum-wage jobs; and the poverty rate for female-headed households is five times more than for families that have both a husband and wife present.

Given these statistics, it is clear that regressive and unfair tax policies, such as the increased cigarette taxes proposed to support a national health-care plan, discriminate against families headed by women. We cannot simply look, in the short run, to passing off the tax burden to a less vocal minority; as a responsible nation, we must ask ourselves about the long-term effect such taxes have on the children, those who will soon enough be asked to support our nation's economy.

Sincerely,