



## Higher cigarette taxes will do little to decrease smoking

By Nick Zaiac

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Following months of tenacious lobbying by groups like the American Heart Association, State Sen. Ed Hernandez (D-Azusca) introduced a bill last week that would raise the smoking age in California from 18 to 21 and impose a \$2 cigarette tax hike. While certainly well-intended, Californians should be skeptical of such a proposal as new research suggests that cigarette taxes do not decrease smoking as much as conventional wisdom suggests.

Since 2002, there have been more than 110 increases in cigarette taxes at the state level. Taxes now make up about \$2.50 of the \$6 price of a normal pack of cigarettes. Adult smoking rates in the U.S. dropped from 22.5 percent in 2002 to 19 percent in 2011 according to the Center for Disease Control. The agency hopes to see rates fall to 12 percent by 2020. Tax increases on cigarettes are seen as a valuable tool for discouraging smoking by both policy makers and public health advocates like the ALA. With numbers like these, it is difficult to argue against these points from a public health standpoint.

Yet, this argument is misguided. New research by professors Kevin Callison and Robert Kaestner published in *Regulation* questions whether further raising cigarette taxes will do much to decrease smoking rates. They find that adult cigarette use is largely unaffected by taxes. Moreover, they estimate that a large increase, possibly about 100 percent, would be required to decrease smoking rates by just 2 to 3 percent. This flies in the face of the conventional arguments provided by cigarette tax advocates.

Moreover, the study finds, the tax burden of further cigarette taxes is felt acutely by the nation's poor. If, as stated above, tax increases do little to reduce smoking, then a \$1 tax increase would cost the average low-income smoker an extra \$480 per year. Worse, even in the best-case-scenario, the person would spend an extra \$450 per year, every year moving forward. Not only

would higher taxes do little for public health, but their burden would be felt disproportionately by those with lower incomes.

Critics will naturally respond by raising the question of public health. The authors find that the increased costs associated with a \$1 increase in the cigarette tax will raise costs per life-year saved by \$119,000, or 19 percent more than the widely-accepted threshold for deciding whether a medical treatment is cost effective. Put simply, raising cigarette taxes is an inefficient way to promote public health.

Public health policy is a complicated task. With innumerable variables playing into how healthy people are, we need to carefully study the policies in place to see if they actually achieve the goals they lay out. At best, all policies should have their costs and benefits thoroughly vetted both before being put in place, then regularly afterward. Yet, retrospective cost-benefit analysis is a rarity in the government. Once in place, anything with a purported benefit can last for years without a bit of scrutiny.

Even then, we don't need to see broad application of cost-benefit analysis to make things better. Simply looking at whether programs achieve their stated goals would be a vast improvement over the status quo. Dropping programs that fail at their goals is an excellent first step which can and should be applauded by people of all political stripes.

As Callison and Kaestner show, further raising cigarette taxes will do little to decrease smoking. This applies to smoking as much as, say, exercise promotion or programs encouraging healthy eating. If increasing cigarette taxes does little to make people smoke less, then there is no public health justification for the increase. Californians should be wary of the promises politicians make about public health. Many times, they're simply blowing smoke.