

Critique of Phillip Morris Study for the Czech Republic

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Why Do We Need to Evaluate the Study

Misinformation from a powerful lobby can affect:

- Public policy (arguments against tobacco control measures)
- Social acceptability of smoking
- Image of public health community
(capable of taking an action??)

What Did the Study Say?

- Smoking is good for public finances:

Net benefit \$150 million*

* Exchange rate \$1 = 38.8 CZK; All results are for 1999

What Did the Study Say?

■ Benefits of smoking:

- Taxes from smokers & industry
- Earlier death of smokers

(Saved health care, pension & social costs, housing for elderly)

Total: \$ 553 mil

* Exchange rate \$1 = 38.8 CZK; All results are for 1999

What Did the Study Say?

■ Costs of smoking:

- Health care costs (smokers)
- Health care costs (ETS)
- Lost income tax if death before retirement
- Paid sick leave
- Property loss due to fire

Total: \$ 403 mil

* Exchange rate \$1 = 38.8 CZK; All results are for 1999

What's Wrong With It?

■ Methodology and framework

Ec. consequences of smoking should be evaluated from societal perspective:

- External costs (rationale for taxation)
- Internal costs (taxes can help to decide rationally)

The cost-benefit analysis is incomplete:

- only public finances framework
- short-term perspective

What Is Missing?

- Loss of human capital (in-kind services and products, grief of relatives)
- Income loss from ETS victims
- Life-insurance & disability benefits
- Lost income tax due to morbidity
- Lost income from retirees
- Lower productivity at work
- Dry cleaning and street cleaning
- Nuisance for non-smokers

What Else is Wrong With It?

- **Counting taxes as benefits**

Alternative tax bases available

If \$522 million of taxes left out, smoking costs the budget 13-times more than what is saved

And What Else?

- **It underestimates health care expenses**

PM study: \$294 mil

Sadilek's study: \$593 mil, counting only hospital care

Reason: % of treatment costs assigned to smoking

And Finally, ...?

- **Replication of results is impossible**
- **Typos**
- **Confusing presentation of results**

Lesson Learned

- Monitoring of tobacco companies' strategy is necessary
- Adequate response can prevent misinformation and harm to tobacco control policy, but require existence of local research capacity
- Mobilization of local NGOs can be achieved from outside (global tobacco control support)