

Smoking vs Socialism in Cuba

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Abstract

The Cuban State, as the guarantor par excellence of the rights of citizens, has the responsibility conferred upon it by its own existence to promote and enforce the Fundamental Law of Socialism. This implies that it must provide the necessary conditions so that, given equal conditions, individuals have equal opportunities. Socioeconomic inequalities have a direct impact on social behavior due to their impact on the allocation and redistribution of resources. One of the forms of socioeconomic inequality that exists in Cuba today is the one that occurs due to smoking as a risk factor, since it leads to the fact that, under equal conditions other than smoking, smokers consume more goods and services than non-smokers. Given this situation, it is pertinent to describe some of the fundamental elements of contradiction between smoking as a risk factor and socialism in Cuba. Smoking is incompatible with Socialism in Cuba. There are four key elements that would contribute from government management to reduce the adverse effects of smoking in Cuba: eliminate the regulated distribution of cigarettes and tobacco, eliminate the subsidy for retail consumption of cigarettes and tobacco, market cigarettes and tobacco at market price and strengthen compliance with all non-tax measures restricting the consumption of cigarettes and tobacco.

Keywords: socialism; smoking; cuba

Introduction

Cuba is a socialist country by law, as reflected in the Constitution of the Republic of Cuba. The Cuban State, as the guarantor par excellence of the rights of citizens, has the responsibility conferred upon it by its own existence to promote and enforce the Fundamental Law of Socialism. This fact goes beyond just putting human beings at the center of economic and social policy. It implies that it must provide the necessary conditions so that, given equal conditions, individuals have equal opportunities. ⁽¹⁾

One of the most significant aspects that threaten the fulfillment of the role of the authorities of the Cuban State in relation to the aforementioned objectives is the existence of inequalities. In particular, socioeconomic inequalities have a direct impact on social behavior due to their impact on the allocation and redistribution of resources. One of the forms of socioeconomic inequality that exists in Cuba today is the one that occurs due to smoking as a risk factor, since it leads to the fact that, under equal conditions other than smoking, smokers consume more goods and services than non-smokers. In this way, non-smokers must bear the socioeconomic consequences of smokers, which gives rise to this form of socioeconomic inequality. ⁽²⁾

One of the most significant economic policy instruments for the Cuban State today is fiscal policy. As a means of enforcing allocative and redistributive functions, this instrument can be used so that the socioeconomic gaps created by smoking are further closed. From the fiscal point of view in Cuba, smoking is of singular importance. This risk factor is a failure of the cigarette and tobacco market that occurred due to the effect of the consumption of these products. ⁽³⁾

Cost is a unit of measurement of the sacrifice that must be made to obtain a good or service. This economic category has its most general form of presentation in the financial expression. One of the most significant financial costs attributable to smoking is the consequent fiscal cost. This provides the competent authorities with the measure of the impact of this risk factor on the financial administration of the State budget. Therefore, the attributable social cost constitutes a measure of the need to regulate the cigarette and tobacco market for due compliance with the Fundamental Law of Socialism. Given this situation, it is pertinent to describe some of the fundamental elements of contradiction between smoking as a risk factor and socialism in Cuba.

Development

From the point of view of Public Health, smoking constitutes a non-communicable disease resulting from the addiction to nicotine through the consumption of cigarettes and tobacco. Therefore, one of the most widespread arguments from an economic point of view against smoking is given by the impact of this risk factor on the financial administration of the Public Health budget. ⁽⁴⁾

Cigarette and tobacco consumption is associated with mortality from non-communicable diseases. In recent decades, these causes of mortality related to smoking in Cuba have represented between 70% and 80% of total mortality, with a trend towards sustained growth. In particular, mortality from Heart Disease and Malignant Tumors are the ones that lead this condition, both closely related to smoking. ⁽⁵⁾

As evidence of the economic cost of smoking related to these causes of mortality, a study carried out at the National Institute of Oncology and Radiology showed that a third of the budget executed in 2015 was attributable to smoking. However, the economic burden attributable to this risk factor in Cuba represents one ninth of the Public Health budget. This fact shows that to the extent that the specialization of health care increases, the costs attributable to smoking grow rapidly, particularizing specific economic and financial pressures related to the level of health care. ^(6,7)

Indirectly, smoking has a significant impact on work productivity, both in terms of actual and expected performance. In this case, the most significant effective fiscal expenses for Cuba are given by the expenditure of the fiscal budget for Social Security attributable to smoking. This outflow of resources is carried out through the payment of benefits for illness attributable to smoking. Implicitly, for this expense to be carried out, it is necessary for the working smoker to be absent from work and request the relevant subsidy. That is why these expenses are associated with morbidity attributable to smoking as a risk factor. ⁽⁸⁾

Coupled with what was described above, absence from work due to morbidity entails an opportunity cost for the entire set of fiscal values not obtained, in the form of taxes, financial profitability and salaries. Therefore, the impact of morbidity attributable to smoking in Cuba has a double negative expression, given by the costs described above. Coupled with this, the mortality of active smokers at full working age also entails a fiscal opportunity cost under principles similar to those described above, although in this case it is necessary to take into account other economic variables such as retirement age and the unemployment. ⁽⁹⁾

Due to consumption behavior in Cuba, cigarettes and tobacco are classified as ordinary and necessary goods. In particular, their necessary condition becomes more acute with the increase in consumption due to the effect of nicotine withdrawal. Therefore, a restrictive tax policy on the consumption of these products would have a greater substitution effect to the extent that per capita consumption is lower and a greater income effect to the extent that this intensity of consumption is greater. This is why tax policies for tobacco control usually have an effective use from a preventive point of view in reducing the number of individuals who start using cigarettes and tobacco. ⁽¹⁰⁾

The consumption of cigarettes and tobacco is widespread throughout Cuba. Between a fifth and a quarter of the Cuban adult population smokes. Of this, men are characterized by leading the intensity of consumption, while women show the greatest growth in recent years. Similarly, smokers with the highest consumption intensity prefer black cigarettes, while those with the lowest per capita consumption prefer blonde cigarettes. ⁽¹¹⁾

This phenomenon was briefly addressed by several professors from the "10 de Octubre" Faculty of Medical Sciences, who argued that this phenomenon may be associated with the fact that, to the extent that the intensity of consumption increases due to the withdrawal effect, the Cuban smokers reach a turning point where they replace the consumption

of blonde cigarettes with black cigarettes for underlying economic reasons. ⁽¹²⁾

The main fiscal costs attributable to smoking in Cuba are given, directly, by the impact of this risk factor on the financial administration of Public Health, given by the economic burden attributable to smoking as an indicator of this cost. Indirectly, due to the impact that smoking has on work productivity. Other authors identify other associated costs, such as the occurrence of forest fires or other types of fires. However, given the high randomness of the occurrence of events like this attributable to smoking, the equivalent expected annual cost would be insignificant and therefore is not taken into account. ^(13,14)

Sánchez González E. and Fernández Hernández F. associate the fiscal cost attributable to smoking due to loss of productivity to the consequent opportunity cost. These authors identify the salary as the economic category par excellence related to labor productivity and from there, they estimate the fiscal opportunity cost for the salary not received and the tax for the use of the workforce and the Social Security Contribution when the smoking worker smokes during the work day in 2011. ⁽¹⁵⁾

Starting from the relationship between salary and financial profitability, these same authors identify the net operating surplus lost due to the premature death of active Cuban smokers. Using this indicator as a basis, they also estimate the amount of taxes on profits not obtained by the Cuban tax authorities in 2011. ⁽¹⁶⁾

Despite having identified the fiscal costs of work absence attributable to smoking, these authors do not estimate them. Nor has any research that has estimated this fiscal cost been identified in the literature consulted. On the other hand, these investigations do not contemplate other taxes associated with salaries in Cuba, since at the time of their publication, they were not included in Cuban tax legislation. They are the personal income tax and the contribution to the special Social Security regime. Therefore, it is pertinent to update the instrument for measuring the fiscal cost of loss of labor productivity attributable to smoking in Cuba. Despite this, the results obtained showed the high social opportunity cost that Cuba assumes due to the existence of smoking. ^(15,16)

It is necessary to highlight that the consumption of cigarettes and tobacco is strongly associated with sociocultural values of Cuban identity. Since the beginning of the wars of independence from Spain in the 19th century, tobacco was used to insert messages for the insurgent troops between its leaves. Furthermore, a large part of the financial resources to finance the so-called Necessary War was offered by emigrated tobacco farmers settled in Florida, United States of America. ⁽¹⁷⁾

In modern times, tobacco is the flagship product of the Cuban agricultural trade balance. Coupled with this, the induced perception of kindness of tobacco companies towards the Public Health sector, by acting as direct contributors to the financing of health sector expenses, has fostered a reduced perception of the adverse effects of smoking in Cuba. As a result, much of the profitability of these companies is achieved at the expense of social health, which to a large extent is supported and sustained with the health of non-smokers as a valuable element of the consistent workforce. ⁽¹⁸⁾

One of the most unique elements of Cuban economic policy is the regulated allocative distribution of goods and services at subsidized prices. Among the products included in the regulated family basket are cigarettes and tobacco of various commercial brands. Given the relative low price of these compared to the informal market in retail circulation, it is common for non-smoking individuals to see these products as an alternative source of income. In this way, the distortion created with respect to the economic benefits of smoking is exacerbated, since the present benefit that non-smokers obtain individually constitutes part of the consumer surplus induced by the corresponding subsidiary policy. Furthermore, by marketing these products at a price much lower than the retail market price, the tax authorities are assuming an opportunity cost

that favors private benefit over social benefit, which also contradicts the socialist principle of putting profit first social benefit to the private. ⁽¹⁹⁾

Studies carried out in various contexts have shown that a policy of regulated rationalization of goods and/or services usually induces a feeling of scarcity, regardless of the actual state of availability. As a result, an increase in the willingness to pay per unit of consumption usually occurs, which can induce exponential growth in demand and exert greater inflationary pressures on the market. This situation would be even more acute due to the particularities of nicotine as a highly addictive substance. Therefore, in the Cuban case, the elimination of the regulated distribution of cigarettes and tobacco and retail marketing at market prices would reduce the motivations for initiation of consumption and reduce the intensity of this in smokers with lower per capita consumption per capita. Furthermore, the increase in tax collection would allow for additional financial resources that could be used as an economic compensation fund that would allow the comprehensive strengthening of the economic and social policy to control smoking in Cuba. This conception does not imply repressing production for export, but rather creating more favorable conditions for better control of smoking as a risk factor. ⁽²⁰⁾

Tax control on smoking should not be an exclusive regulatory measure. As part of the recognition of the limitations of tax policy, it must be complemented with the corresponding non-tax policy. As an example of this, various agencies of the Central State Administration have adopted restrictive measures on the consumption of cigarettes and tobacco in their facilities. However, it is common that in practice these measures are neither complied with nor fully enforced. ⁽²¹⁾

A study carried out at the “10 de Octubre” Faculty of Medical Sciences of the University of Medical Sciences of Havana, showed that students of pediatric ages, even, showed a high prevalence of cigarette consumption. As a result, a negative impact was observed on their academic performance to the detriment of the intensity of smoking. Another study carried out at the same institution, but on Health Technology students, showed a per capita consumption behavior similar to the national average as recorded in the IV National Health Survey. However, beyond the similarities with the national context, these facts show the practical weakness of non-tax policies for tobacco control. Educational and Public Health institutions should lead the preventive process of tobacco consumption in their institutions, but concrete facts show the opposite. ^(12, 22)

According to Sánchez González E. and Fernández Hernández F., the optimal result of fiscal management in tobacco control is the one that manages to minimize the social consumption of cigarettes and tobacco. However, the position of the Cuban government as a representative of a socialist society goes much further. It is proven that cigarette consumption in Cuba reduces the expectation of active smokers to the detriment of the intensity of consumption. Therefore, the passive permissiveness of smoking compromises the fulfillment of the moral responsibility of the Cuban State towards society regarding smoking. ⁽²³⁾

Conclusions

It is evident, therefore, that smoking is incompatible with Socialism in Cuba. Recognition of this fact from the country's senior management must start from raising awareness. That is, effective tobacco control in socialist Cuba should not be interpreted as the denial or rejection of cultural or social values associated with national identity related to the tobacco value chain. Nor should the positive effects of the tobacco economy on the Trade Balance of the Cuban agricultural system be used as a pretext to minimize, overshadow or nullify the social costs induced by the existence of this risk factor. Rather, there are four key elements that would contribute, from government management, to reducing the adverse effects of smoking in Cuba:

1) Eliminate the regulated distribution of cigarettes and tobacco.

2) Eliminate the subsidy for retail consumption of cigarettes and tobacco.

3) Market cigarettes and tobacco at market prices.

4) Strengthen compliance with all non-tax measures restricting the consumption of cigarettes and tobacco.

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Author contributions

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