

Item 1

It's plain to see what's behind the smokescreen

Jessica Irvine *The Age* May 20, 2011



Tobacco companies are warning of a tidal wave of illegal tobacco just waiting to hit our shores if they are forced to move to plain packaging. *Photo: Reuters*

First it was the grocery giants, then the petrol retailers, then the banks and the mining companies. Now it's the turn of Big Tobacco to unleash a campaign of mass confusion on the Australian public in an attempt to undermine government reform of an industry.

Leading this latest blitzkrieg of bluster, the boss of British American Tobacco Australia, David Crow, held a press conference to spell out the various ills that will beset this world if the government is successful in having all cigarettes sold in plain packaging.

According to Crow's vision, Australia will be swamped by a tsunami of illegal imports of cheap "chop chop" (stop the boats!). Tobacco companies will be forced to slash prices to compete, meaning cheaper cigarettes and more children puffing on fags. Besides, he went on, if you do it, we'll sue you, and where's the evidence it will work anyway?

In a bid to enlist smokers in the fight, Philip Morris Australia, owner of the Marlboro and Benson & Hedges brands, has already set up a website, ideservetobeheard.com.au, where smokers can vent their frustrations.

"The plain packaging idea? Stupid," writes "Jessica" on the site. "What exactly is it going to do? Nothing."

Well, Jessica, if you listened closely to the tobacco companies this week, it appears the one thing plain packaging will do is make it cheaper for you to smoke. Winner!

But the tobacco companies have deliberately crafted one story for smokers and another for non-smokers. The story for smokers goes like this: the price of cigarettes keeps going up and up. It's the meddling government's fault and plain packaging is just another attack on you.

For non-smokers and public health advocates it's like this: if you introduce plain packaging, we'll be forced to slash the price of cigarettes and Asian triads will sell chop chop to your children.

So what is the truth behind the tobacco companies' campaign? What will happen to cigarette prices if plain packaging is introduced? Will tobacco companies really slash prices, or are they just trying on an argument to scare public health advocates? In a free market, consisting of many competitors, prices would reflect the balance of supply and demand. Many smokers argue plain packaging will not affect their demand for cigarettes, meaning little impact on price. However, if less attractive packaging means fewer younger people take up the habit, then falling demand could mean prices fall.

But what about the supply side of the equation? Tobacco companies are furiously warning of a tidal wave of illegal tobacco just waiting to hit our shores, boosting supply and leading to lower prices. Presumably Australian Customs would have something to say about that, as would the Australian Federal Police and departments of fair trading. The only evidence the tobacco industry has on this front is a report by Deloitte that contains an interesting disclosure at the end that says it has relied on the accuracy of information provided to it by, you guessed it, the tobacco companies.

"We have not audited or otherwise verified the accuracy or completeness of the information, and, to that extent, the information contained in this report may not be accurate or reliable," Deloitte says.

Of course, the dictates of supply and demand mean little if the market for cigarettes is not perfectly competitive and big tobacco companies have monopoly power to set their prices artificially low for a while, which is exactly what they are threatening to do.

So while the companies' warning of lower prices is clearly self-serving, it is also likely they can make good on the threat. This is concerning because the history of smoking rates suggests consumers are price-sensitive when it comes to cigarettes - they reduce their consumption as prices go up, so it is likely they will increase consumption in any price war. Individuals on tight

budgets, such as children, are likely to be most price-reactive.

But, as the economist and head of The Australia Institute, Richard Denniss, has argued, the government could solve this in one step by putting a floor under cigarette prices and matching any price fall below this point with excise increases.

Given the negatives imposed on society by smoking - the cost to all taxpayers of paying for healthcare for those with chronic illness - there remains a strong argument that cigarettes should still cost a lot more than they do.

Stopping people from smoking because they no longer find cigarette packages attractive is one thing. Stopping people from smoking because they don't have the money in their pockets to afford it is infinitely more effective.

Item 2



Item 3

Plain packaging likely to cost taxpayers billions

Thursday, 7 April 2011

Media Release by British American Tobacco Australia (BATA)

British American Tobacco Australia (BATA) said it was disappointed (1) the Government has pushed ahead with plain packaging despite the risk it would end up costing taxpayers billions (2) even though there was no proof (3) it would work.

Several countries have considered plain packaging in the past such as New Zealand, Canada, the UK (8) and Australia, but it has never been put in place due to concerns over the legalities of such a move (4) and the potential for huge (7) growth in illegal (6) black market (5) tobacco.

Even the UK Health Minister publicly admitted recently there was no proof (9) that it would work and he had concerns about intellectual property and competition issues, "It hasn't been implemented anywhere in the world, the Australians are perhaps the first who are going to do so, so we don't have an evidence base for this." (Minister for Health, Andrew Lansley, March 2011)

British American Tobacco spokesperson, Scott McIntyre said the Government's plain packaging proposal may infringe international trademark and intellectual property laws.

"What company would stand for having its brands, which are worth billions, taken away from them?" (10) Mr McIntyre said.

"A large brewing company or fast food chain certainly wouldn't and we're no different. (11)

"The Government could end up wasting millions of taxpayer's dollars in legal fees trying to defend their decision, let alone the potential to pay billions to the tobacco

industry (12) for taking away our intellectual property.

Plain packaging will also make it easier to sell counterfeit (13) cigarettes because fakes will be harder to spot. It provides a blueprint for criminals to make illegal cigarettes (14) as they now have the exact specifications to produce and import them into the country.

"Last year the Government lost \$1.1 billion to illegal tobacco sales in excise and that figure could skyrocket under the plan for plain packaging. There's already been a 150% growth in tobacco black market since 2007." Mr McIntyre said. (15)

BATA would like the Government to put its plans for plain packaging on hold and consult with the industry. The Australian Health Minister should focus on strategies to reduce smoking rates which are based on evidence like education programmes that are proven to work and which we fully support.

With so much at stake why would the Government risk these serious and possibly expensive consequences? Have they really thought this through?

Model Analysis

Three recent media items present contrasting points of view about the Federal Government's intention to require plain packaging for cigarettes. The media release by British American Tobacco Australia warns readers about unintended negative consequences of the proposed legislation. Jessica Irvine's commentary mocks the tobacco company's claims using a mixture of irony and economics based analysis. The cartoon is hostile to the cigarette companies and lampoons a website one cigarette company has created to promote its views.

The media release by British American Tobacco Australia presents its views in an understated way. It described its reaction to the Government's intention to 'push ahead' with plain packaging as 'disappointed.' (1) This is a calm reaction considering the media release's next claim that the legislation may cost tax payers 'billions' of dollars.(2) The focus on saving the taxpayer that amount of money positions British American Tobacco as a responsible company concerned for the financial wellbeing of the nation. Similarly, the company positions itself as an organisation taking a rational approach to the issue. It is concerned about there being 'no proof' (3) the legislation would work to reduce smoking. It lists other major concerns: 'the legalities of such a move' (4) and the 'huge growth' (5) in the black market. In both these references, British American Tobacco sees itself on the side that is operating within and upholding the law. It is the other side which may contravene the law. To emphasise this point, the black market is called 'illegal' (6) – unnecessarily. Black markets are by their nature illegal. At this stage, concern about the black market is expressed without the problem being fully defined. Rather, the rate of growth in the black market is 'huge'. (7)

British American Tobacco compares Australia's position on plain packaging to that of other countries and warns that governments with similar intentions to Australia have deferred the legislation. This is an appeal to readers' conservative instincts. (8) The writer states there is no proof the legislation would work, and quotes the British Minister for Health as a person with expert opinion. (9) However, this is an awkward element of the article because the evidence for the success of plain packaging in reducing cigarette consumption does not exist, not because a trial has taken place and failed, but because plain packaging has not been required yet anywhere in the world. The press release ignores this awkwardness.

Instead, the press release compares tobacco products with other consumer products with questionable health consequences such as alcohol and fast food. The press release asks rhetorically, (10) what company would have its brands taken away from them. By asserting that cigarette companies are no different from brewing companies and fast food chains in that all would protect their brands, the press release positions the reader to regard the cigarette company as taking only a reasonable stance. (11)

This is the closest the press release comes to acknowledging that British American Tobacco is opposed to the bans because they may result in a loss of revenue for them. In fact, it does not describe such a loss. (***) Instead, the taxpayer is threatened with having to pay 'billions' to the tobacco industry in compensation for lost intellectual property. (12)

British American Tobacco also raises the possibility of increased sales of black market tobacco. This is described as 'counterfeit' tobacco, (13) using a word associated with issuing false bank notes. The emphasis on illegality is continued in the image of 'criminals' making 'illegal cigarettes'. (14) The impact, though, is described as a financial loss for tax payers. The article describes statistics detailing the extent of the black market in cigarettes and the amount that is not collected in excise duties. (15)

The press release ends in the same moderate way it began. The tobacco company emphasises the reasonableness of its position as it merely calls on the government to put the legislation 'on hold', to make decisions based on evidence and to consult the tobacco industry. The questions at the end of the press release suggest the companies want no more than a cost effective and well researched strategy to reduce cigarette consumption.

The two other media items mock the position taken by the cigarette companies. Golding's cartoon lampoons the website 'Ideservetobeheard' which has been established by one of the cigarette companies to enable smokers to state their points of view about the legislation. The figure in the cartoon is a middle aged smoker sitting in front of a computer and speaking through a microphone placed next to an artificial voice box. His words, 'I deserve to be heard' refers to the website. But the expression can be taken in two ways. It can be read as an endorsement of the cigarette companies' position. It can also be a statement that the victim's throat cancer and his use of an artificial means of reproducing his voice need to be considered in this debate. Similarly, the computer screen slogan, 'It's time to tell the government you've had enough' can be read as having had enough cigarettes (therefore, it is time to quit) or as a simple endorsement of the cigarette companies' slogan. The exclamation mark at the end of the caption and the irony of the smoker needing to be heard speaking through the artificial device is a powerful condemnation of the cigarette companies' position.

In her article, Jessica Irvine also mocks the cigarette companies. The companies' efforts to prevent plain packaging are called a 'campaign of mass confusion' that the cigarette companies will 'unleash' on the Australian public. Irvine uses rhetorical devices like alliteration - the campaign is a 'blitzkrieg of bluster' - to draw attention to the actions of the cigarette companies and to make fun of them. In reporting the press conference held by David Crow, the head of British American Tobacco Australia, Irvine describes the 'ills' that will affect 'the world' if Australian legislation. One consequence will be a 'tsunami' of tobacco on the black market. The exaggerations involved in these examples are all intended to make fun of the cigarette companies and persuade the reader that their arguments are empty and their motive is self-interest. In this context, the view attributed to cigarette companies that plain packaging would expose children to cheaper and more accessible cigarettes is seen as a cynical attempt to exploit the reader's natural concern for children.

Irvine continues to mock the cigarette companies by referring to the website 'ideservetobeheard.com.au'. She pokes fun at one contributor and introduces one of the issues addressed in her article: Will plain packaging make cigarettes cheaper? Irvine accuses the tobacco companies of terrible double standards in relation to this question. She says that on the one hand they argue to smokers that the government is forcing prices up. To health advocates, they are arguing that cigarette companies will have to cut prices to compete with black market tobacco. Irvine positions the cigarette companies as cynical double dealers. She mocks the cigarette companies' association of plain packaging laws with fearful images of 'Asian triads' selling illegal tobacco - 'chop chop' to 'your children'. By using these words in this way, she heightens readers' fears about organised crime, about drugs, about children smoking and about tobacco companies simultaneously.

It is only at this stage of her article that she attempts to apply economic analysis to the question of whether plain packaging will lead to a reduction in cigarette prices, and therefore make them more accessible to people. She describes the economic laws of supply and demand and suggests that if plain packaging works, then demand for cigarettes will fall. When she turns to thinking about supply of tobacco, she makes fun of the cigarette companies' use of the same exaggerated images of a 'tidal wave' of 'illegal tobacco'. She dismisses this threat by saying that customs and police will work to prevent it. She also claims that the evidence provided by the cigarette companies comes from an analysis by the accountancy firm, Deloitte, that itself uses information supplied by the cigarette

companies. She argues, therefore, that the cigarette companies are effectively quoting themselves when referring to expert opinion to support their case.

Irvine asserts, however, that cigarette companies might deliberately cut prices to create the impression that illegal imports have been increased by plain packaging, that prices have been reduced and that young people will be exposed to cigarettes even more. This analysis suggests that cigarette companies can deliberately create the conditions they complain about. Irvine argues that the government can make laws for a minimum price for cigarettes and concludes by arguing that cigarette prices should be higher.

Each of the media items uses a number of strategies to achieve its purpose. The press release by the British America Tobacco Australia promotes the company as a reasonable organisation that is thoughtful of the consequences of the government's plans for plain packaging. It explains its opposition to the proposed laws in terms of negative consequences for taxpayers and consumers. It positions itself as being thoughtful about the law and reasonable in its requests. The cartoon mocks the cigarette companies, reminding its audience that smoking cigarettes causes cancer and that anything cigarette companies say about the issue of plain packaging must be considered in that light. Jessica Irvine's column similarly mocks cigarette companies. She exaggerates their claims so that they seem false and self-serving. In a strategy that is similar to that used by British American Tobacco, Irvine raises the possibility of a future negative event: cigarette companies might deliberately lower the price of cigarettes to undermine the plain packaging legislation. Like the speculation raised by the tobacco companies, this is speculation of the negative future that may await the reader.

Each of the items shows the creator's strong opinions about plain packaging for cigarettes and is a reflection of those attitudes.