

# Opium, tobacco and alcohol: the evolving legitimacy of international action

Martin McKee

**ABSTRACT** – There is a broad consensus that international trade in goods is beneficial, providing of course that it is fair. Yet not all things that are traded are goods. Some can more appropriately be considered as ‘bads’. The way things are viewed can change over time. Over a century ago the UK fought a war with China for the right to trade in narcotics yet now interdicts such shipments on the high seas. More recently, the international community has agreed the Framework Convention on Tobacco Control, showing that tobacco is moving from a good to a bad. However, there are other things that are legitimately traded where restrictions may be needed, such as alcohol. Global trade is simply a means to an end. The ultimate goal must include better health for all.

**KEY WORDS:** alcohol, global health, narcotics, tobacco, trade

## The benefits of trade

There is a broad consensus among economists that international trade is, overall, a good thing for the economy,<sup>1</sup> although there are also dissenting voices, mostly focusing on the fairness of existing systems.<sup>2</sup> Throughout history the great trading nations prospered. Venice, today almost sinking under the weight of tourists, owes its glory to the traders of the Venetian Republic. The British Empire triumphed because of its command of the sea lanes, which were then the arteries of international trade. The period since the second world war was dominated by the USA, whose products developed a global presence in a process subsequently dubbed Coca-colonisation.<sup>3</sup> It is now giving way to a new global power, China, whose goods flood the world’s markets, enabling it to take control of the world’s increasingly scarce natural resources, especially in Africa. In contrast, countries that isolated themselves from global markets have failed, exemplified by the Soviet Union. By protecting its domestic industry from international competition, it consigned them to failure.<sup>4</sup>

## Goods and bads

Unfortunately, as conventionally measured, international trade includes movement of not only goods but also bads.<sup>5</sup> Trade

statistics do not differentiate the exchange of fruit, vegetables, or essential drugs from weapons, alcohol and tobacco. Yet, they are not entirely neutral to what is traded. There are some things that are excluded because their trade is deemed to be illegal. The most obvious examples are illicit drugs, such as heroin and cocaine. These are, universally, now considered not to be goods but bads.

This poses a question. What is it that transforms a good into a bad? Things do change, as can be seen from events in the Far East 250 years ago.<sup>6</sup> By the 1770s Britain had a rapidly growing trade deficit with China. It was importing large amounts of tea and porcelain but had nothing that the Chinese wanted to buy in return, except one thing. The British capture of Bengal following the Battle of Plassey had created an effective monopoly on the production of opium. At first it was sold in relatively small amounts in the auctions of Calcutta, allowing it to be smuggled back to China, which had banned all imports because of the harm it was exacting on its population. The authorities were very clear. An imperial decree, in 1810, stated that ‘Opium has a harm. Opium is a poison, undermining our good customs and morality. Its use is prohibited by law’. They even wrote to Queen Victoria asking why, when trade in opium was restricted within the UK, the Chinese should be forced to buy it. The issue was so serious that they also threatened to ban the export of rhubarb to Britain, as they then held a monopoly on its production, warning of the harm that this would cause to the British, who would henceforth be afflicted by constipation.<sup>7</sup> Unfortunately, Queen Victoria never read the letter, although it did lead to the emergence of rhubarb cultivation in Yorkshire to insure against such a terrible fate.

Soon, opium was underpinning the economy of British India and there was no mood to listen to the pleas of the Chinese. Instead, British merchants did everything possible to feed their addiction. When the Chinese authorities finally acted, in 1834, by confiscating opium from the growing number of British agents engaged directly in the trade, the UK declared war. British naval and military superiority meant that the outcome was never in doubt. A second war ensued in 1856, leading to the Treaty of Tianjin. Termed by the Chinese one of the ‘unequal treaties’, it safeguarded the right to export opium.

That was a long time ago. Yet, more recently, when the British Military Administration assumed control of Malaysia after the Japanese surrender in 1945, it imported 50 million grains of opium to compensate for its inability to feed the Malayan workers it depended upon.<sup>8</sup> British armed forces played a key role in both of these events. So what of their role today? In June 2007, HMS Ocean, a helicopter carrier, was

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operating in the Caribbean. It tracked two small aircraft acting suspiciously and, when they swooped low over the sea to drop something to a waiting boat, a raiding party of Royal Marines, backed up by a Merlin helicopter, was waiting. The Navy recovered 15 bales containing £29 million worth of cocaine.<sup>9</sup> In the course of 150 years, the Royal Navy had gone from the protector of those trading in illicit drugs to their persecutor.

Now, at the beginning of the 21st century, at least officially, all governments have agreed that the trade in drugs of dependence should be controlled. There are some countries where officials are heavily involved in the drug trade, such as North Korea, Guinea Bissau and Tajikistan,<sup>10</sup> but no one is seeking to justify this publicly. But what about other internationally traded bads?

### **Tobacco**

Tobacco has killed more people in the 20th century than all of the wars combined. Uniquely, it is a product that will kill 50% of its users when used as directed. A Martian landing on Earth might wonder how it is possible that such a substance is still traded legally, given the way that humans react rapidly when faced with products where the hazards are much smaller.

Of course, the present situation is, in part, a result of history. If tobacco was being introduced to the market now, it would never receive regulatory approval. After all, cigarettes are essentially a drug delivery system, designed to ensure a supply of a highly addictive drug, nicotine, to the brain. Many governments have long recognised that this is an unsatisfactory situation and, ideally, would like to see consumption reduced, at least by their own citizens. This is a view that has long been held by the USA, following the 1964 report to the Surgeon General.<sup>11</sup> Yet its hypocrisy was exposed in 1989, when the Thai government sought to restrict imports of American cigarettes. It was concerned that the aggressive marketing of the US companies would drive up smoking. It had good reason to be concerned. The USA had previously forced entry into the markets in Taiwan, Japan and South Korea. In South Korea the smoking rate among young men increased from 18% to 30% in the year after the US companies moved in.<sup>12</sup> The US government, under pressure from American tobacco companies, threatened to invoke section 301 of the US Trade Act. This would have allowed it to recover taxes on imports from Thailand equivalent to the amount lost by US companies denied access to the Thai market. This was the course it had taken with the other Asian countries. In fact, the action backfired, Thai and US anti-tobacco advocates exposed what was happening and the US government instead initiated proceedings under the General Agreement on Tariffs and Trade. It did succeed in opening the Thai market but with stringent conditions. The Thai authorities were allowed to introduce a total ban on advertising, to impose high taxes, and to control additives.<sup>13</sup> The forced opening of the Taiwanese market under threat of US trade sanctions similarly led to an increase in

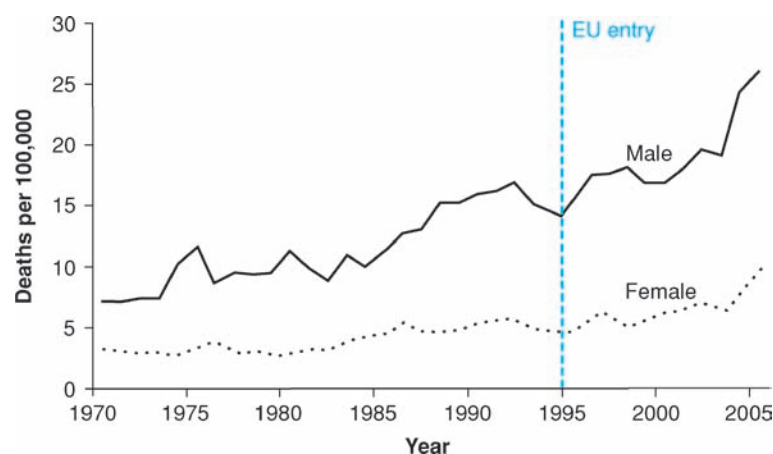
smoking but also galvanised anti-tobacco campaigns.<sup>14</sup> This hypocrisy was not confined to considerations of trade; the US government exerted pressure on Italian authorities not to pressurise on the authorities in Montenegro, where senior politicians were involved in large-scale cigarette smuggling across the Adriatic, as they were seen as vital allies in the NATO action against Serbia.<sup>15</sup>

The 1990s can be seen as a turning point in the process of portraying tobacco not as a good but as a bad. In due course, and in the face of sustained opposition from some governments, in May 2003 the World Health Organization succeeded in using its treaty making powers for the first time ever to enact the Framework Convention on Tobacco Control (FCTC).<sup>16</sup> This is a unique document. It sets out a series of actions that must be undertaken by the countries that have ratified it. These include a comprehensive ban on tobacco advertising, large health warning labels, prohibition of misleading terms, effective measures to protect non-smokers, and action on smuggling. This may seem to have little to do with international trade. This is not the case. Many of these measures are ones that the international tobacco industry has labelled as non-tariff barriers. These are the things that countries put in place to reduce the flow of imports in ways other than increasing import duties. An example was when, in 1982, the French government required that every single video recorder, which were then almost exclusively made in Japan, should be checked by a 10-person team in the provincial city of Poitiers.<sup>17</sup> Within weeks, thousands of machines were waiting in storage, giving fledgling French manufacturers a head start.

The international tobacco companies need to create markets. They have sponsored music events where one needs to show a cigarettes packet to get in and, at some popular events, they have given samples away free. In Uzbekistan, British American Tobacco successfully worked behind the scenes to overturn what would have been a comprehensive tobacco control policy.<sup>18</sup> The FCTC empowers governments to resist pressure such as this. Yet this is only the beginning. It had not been possible to achieve agreement that where the FCTC conflicted with international trade agreements, public health would win. Although the FCTC will provide some protection for tobacco control measures when put under pressure by advocates of free trade, this is far from absolute. There is still much to be done. On the other hand, the FCTC does make clear that tobacco is now in the category of internationally traded bads rather than goods.

### **Alcohol**

For many years Finland and Sweden have had stringent restrictions on the sale of alcohol, with retail monopolies and restrictions on the times that it can be bought. This has played a major role in reducing what was once an appalling toll of premature death. Yet these policies came under attack when the two countries joined the European Union (EU), as the



**Fig 1. Death rate from cirrhosis in Finland (data from the World Health Organization).**

alcohol industry argued that they were barriers to trade.<sup>19</sup> In Finland, alcohol policies came under further pressure when nearby Estonia, with its very low alcohol prices, joined the EU in 2004. The result was predictable. Lower prices and easier access have fuelled a dramatic rise in consumption. Death rates from alcohol-related causes have rocketed, with a three-fold rise in deaths from cirrhosis (Fig 1), which are climbing even faster than in the UK where government policies often seem indistinguishable from those of the alcohol industry and the supermarkets sell beer cheaper than water. But the problems are not confined to Scandinavia. For example, the industry has sought to block warnings against drinking in pregnancy in France.

Europe's governments have at last recognised the need to act on alcohol, and the European Commission has brought forward proposals to balance internal market considerations with those of health.<sup>20</sup> It will have four main themes: protection of young people and unborn children; reduction of deaths from alcohol-related traffic accidents; reduction of alcohol-related harm among adults; increasing awareness of the impact of harmful consumption; and the creation of a better evidence base for future policies. Inevitably, the industry has fought back. In anticipation of the EU proposals, a trade organisation, the Brewers of Europe, commissioned the Weinberg Group, an American public relations company that had previously worked to persuade the public that substances such as tobacco and Agent Orange were not such bad things after all. Their report was almost a parody of the reports the tobacco industry used to produce.<sup>21</sup> It claimed that there was no evidence that advertising increased consumption, raising questions that the industry's shareholders might want to ask when they see how much is spent on this reportedly ineffective activity. They describe violence as a 'subjective term which is fairly nebulous and elastic', a view unlikely to be shared by anyone scarred by bottles wielded by drunks. Although alcohol can have beneficial effects, it is by these actions that the industry itself is posi-

tioning its products among the bads rather than the goods.

## Conclusion

International trade has brought many benefits and a fairer international regime could bring even more. It provides a means for those who are best equipped to produce goods to get them to those who can benefit from them. But it also provides a mechanism to transfer bads to those who can be harmed by them. In a globalised world it is entirely legitimate to put in place systems governing international trade that will maximise the former and minimise the latter. The world community has already done so with narcotics and has begun to act on tobacco but this should only be the beginning.<sup>22</sup>

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