

CHAPTER FOUR

**A COMPARATIVE POLITICAL ECONOMY OF TOBACCO:
THE SHAPING OF POLICIES IN ENGLAND, FRANCE, JAPAN AND CHINA, THE
OTTOMAN EMPIRE, RUSSIA, AND THE UNITED STATES, AND THE EMERGENCE
OF AN INTERNATIONAL TOBACCO CARTEL**

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Tobacco is indigenous to the Americas and thus was first traded internationally only after the arrival there of Europeans. The commerce and use of this new substance in Europe begins to be documented about a century after the voyages of Columbus. The history of tobacco in Europe can be ordered around several key themes that also form an ideal development. The belief in tobacco's health-giving properties, especially as protection from the plague, helped to spread its use. Tobacco rapidly became a fad among the aristocracy and upper classes, and from there it spread downward socially by emulation. Governmental attempts at control were influenced by political and social interests, as well as health concerns. Admonitions, prohibitions, and taxes to end the use of tobacco all failed, and governments little by little learned to regulate tobacco for revenue rather than attempting to suppress it. The dependence of governments upon tobacco duties for revenue grew, as did popular acceptance and official encouragement of its use. In effect, the interests of monopoly capital dominated official policies concerning tobacco, as they do until this day. This chapter examines the ways in which these broad tendencies unfolded in 16th and 17th century England, Italy, and France, in China and Japan, in Turkey and Russia of the 17th and 18th centuries, and in the United States in the 19th and 20th centuries. In addition, it examines the emergence of an international tobacco cartel that has its roots in the attempts at monopoly formation of 17th and 18th century colonial powers but that exists today in the form of a handful of powerful multinational corporations.

Tobacco in England

Tobacco was first introduced to the white man by Native Americans soon after the European discovery of the New World. It was adopted by explorers and traders and quickly spread back to the Continent. Tobacco first appeared in Europe about 1560 and a few years later it was noted in England (Laufer 1924:45, MacInnes 1926:25-8, Corti 1931:68, Blum et al. 1969:89). From about 1573 through 1604, pipe smoking became an Englishmen's way to relax. Sir Walter Raleigh made the habit popular at court and in polite society. Soon fashionable men throughout the country thought it their duty to pipe smoke. Use then spread among all classes and among women (Laufer 1924:33-4, MacInnes 1926:31, Corti 1931:73-5, Brooks 1952:60-8, Dickson 1954:155). Demand so outstripped supply that a pound of tobacco came to be worth its weight in silver. Along with this use and high value, tobacco was thought to be a cure for 36 maladies, and numerous publications discussed its medicinal uses.

Like other traditional drugs, tobacco began its career as a medicinal. At about 1600, however, a backlash began against tobacco use as publicists denied its purported medical effectiveness and derided social smoking by dandies. Smoking was declared depraved and immoral. King James joined this backlash in 1604, when he denounced smoking as a bruise to racial and national pride, refuted its medical properties, declared it morally sinful, and lamented the national wealth spent on smoking (Laufer 1924:26-9; Corti 1931:76-83). Some persons speculated that James' position was influenced by court politics, and that his denunciation of smoking was partly attributable to his loathing of Sir Walter Raleigh, who was pro-tobacco (Inglis 1975:40).

In 1605, tobacco was indirectly prohibited, perhaps the first time ever for such a prohibition of a drug: King James raised the duty on tobacco by 4000 percent to cut the tobacco trade with Virginia and to discourage the habit throughout England, especially by the poor (Inglis 1975:41, Brooks 1952:55-6). Contemporary opponents of tobacco declared that smoking had "been taken in excess by a number of riotous and disorderly persons of mean and base condition who, contrary to the usages of which persons of good calling and quality make, spend most of their time in idle vanity, to the evil example and corruption of others" (quoted in Inglis 1975:37). Critics also said that smokers spent money on tobacco that should go to their families: "Not caring at what price they buy... a great part of the treasure of our land is exhausted by this drug alone" (quoted in Inglis 1975:42).

Despite such lamentations, people continued to smoke. To avoid the high import tax, merchants smuggled in tobacco rather than import it legally, and domestic cultivation of tobacco increased. To discourage smuggling and make a profit, King James reversed his earlier opposition towards tobacco and in 1608 drastically reduced the duty on tobacco and sold the right to collect it through the creation of monopoly trade, leases, and grants. Tobacco imports and revenues both quickly rose.

In 1614, the plague broke out in London. Doctors recommend tobacco use to avoid catching the plague, and smoking became a common practice even though tobacco was expensive (Laufer 1924:16,32; Corti 1931:89-90). King James again denounced smoking and encouraged moral reformers to preach against it (Arents 1938:9; Laufer 1924:32-3). As tobacco imports nevertheless increased, in 1615 King James revoked the 1608 monopoly grant in order to sell the right to collect the duty on tobacco at a higher price.

Throughout the remaining years of his reign, King James kept the tobacco duty high, but not so high as to encourage smuggling (Inglis 1975:43). In 1620, the government reversed patents, voided monopolies, displayed favoritism, and took graft. In 1624, tobacco was monopolized directly by the crown (MacInnes 1926:53). A year later, Charles I (1625-16) ascended the throne and decried smoking, even while raising additional government revenue from tobacco. He intensified the royal monopoly through the restriction of foreign imports, prohibited domestic cultivation, and fostered trade with the American colonies.

In sum, in the 16th and 17th century England we see both enthusiasm for and opposition to tobacco use, with arguments given and actions taken variously on medical, economic, and social grounds. Efforts at suppression inspired illegal trafficking and loss of revenue to the crown. As government came to realize this it began to lease state-licensed monopolies to private traders and finally became the sole monopoly purveyor of tobacco itself.

Tobacco in Italy

As in England, tobacco smoking in Italy was first adopted by court circles and was soon spread from there. In 1610, Count Crecenzio returned to Italy from England, where he had learned the art of smoking, and taught the nobles and clergy of the Italian courts, among whom smoking and snuffing became accepted practices (Corti 1931:128, Laufer 1924:57). Initially, as in England, tobacco also was appreciated for its medicinal properties (Corti 1931:63-64, Laufer 1924:56, Dickson 1954:152). For example, in the first half of the seventeenth century, although papal decrees dictated fasts or forbade appetizing meats, no such strictures were placed on tobacco (Ortiz 1947:233-4).

Between 1615 and 1625 sailors, as well as the Spaniards who occupied much of Italian peninsula at that time, further spread the habit of smoking. The Spanish clergy had great incomes from ecclesiastic tithes and the pious gifts of tobacco made by small farmers (Ortiz 1947:233-4). By 1625 much of the lower classes smoked in emulation of nobles and clergy (Corti 1931:128-132).

By 1642, the clergy in Spain and Italy were largely smokers, although by then the Papacy had turned against tobacco. Pope Urban VIII issued a bull to excommunicate users, but a special clause protected the clergy in high positions from excommunication (Corti 1931:128-30, Brooks 1952:126, Dickson 1954:153-4). Again the Papacy reversed itself under Pope Alexander VII, and farmed out monopolies in tobacco as well as spirits. The papal states also adopted this practice and thereby established one of their greatest sources of revenue (Corti 1931:131, 152; Ortiz 1947:247). In 1725, Pope Benedict XIII repealed Urban VIII's bull of 1642 and permitted snuffing in St. Peter's (Corti 1931:199-200). Finally, with its own monopoly well established in the Papal States, the Vatican ordered that no one should try to prevent smoking in any way, and that the dissemination of anti-smoking literature would be punished by imprisonment (Corti 1931:251; Ortiz 1947:249).

As the smoking habit spread, the literati attacked those who smoked excessively (Corti 1931:134). The Venetian Republic began to tax imported tobacco, and Mantua, Piedmont, and other states also adopted this practice (Corti 1931:128, 151). Mantua, in 1627, established the first tobacco monopoly in Italy and the governments of Lombardy and other states also began to control the tobacco trade (Brooks 1952:105, Corti 1931:151). The Duchess-Regent of Savoy granted a tobacco monopoly in 1647. Soon after, in 1651, Venice granted certain communes the

privilege of cultivating tobacco, and also placed limitations on its sale (Corti 1931:151).

Southern Italy began to follow the commercial pattern of the North.

In 1659 Venice strengthened the tobacco monopoly through the appalto, a contract that established an exclusive right to import, manufacture, or trade in tobacco. Most European states modeled this practice of licensing monopolies. "Its brilliant financial results induced emperors and kings, nobles and clergy, feudal lords and governments of all sorts to raise their ban on tobacco, and in... time to reverse their former policy....The vast increase of smoking in later centuries, and the ever rising revenues from tobacco taxes and monopolies, led governments to urge their subjects to consume more and more" (Corti 1931:151-152).

In Milan, in 1847, a Smokers' Revolution was proposed as part of the general revolt against monarchies that was sweeping across Europe. This proposed action was similar to the 1754 Milanese uprising against the Austrian tobacco monopolists a century before, and also was compared to the action of the Americans who gave up tea shortly before the War of Independence in order not to pay the duty imposed by their English sovereigns. As one Italian nationalist of the time stated,

Benjamin Franklin's fellow-citizens gave up their tea;...imitate them and refuse Austrian tobacco. This is no vain attempt, but a duty, a master-stroke, and a sign of union and unity. We must make some sacrifice. Let everyone who would be free begin by casting off foreign vices; tobacco smoke injures the body, and sorts ill with the sweet, inspiring scent of Italy's flowers. Who will dare to assert that this habit has become a necessity to Italians? A nation that wishes to rise must love its country and help her as best it can. (quoted in Corti 1931:240)

The plan aimed at injuring the Austrian monopoly and, aided by the fashionable and elite Club Dei Leoni and, by 1848, support for it spread for the "tobacco war" had spread beyond Milan. In

Pavia and Padua there were fights between students and officers and martial law was declared (Corti 1931:243-4). About three weeks later, the revolt spread to Venice.

Austria, which dominated northern Italy, grew concerned. Metternich, the Prime Minister, decided that if the military could not curb the disturbance then action should be taken against the Club Dei Leoni, which forbade smoking. "What it is aiming at," said one commentator of the period, "is to arouse an inevitable resistance among those... who feel they have a right to smoke, so as to lay the blame for the disturbances on them" (Corti 1931:245). In 1851, once conservative forces had vanquished progressives and nationalists and the political climate again was calm, Austria, the Papal States, and other governments that had profited from monopolies and taxes on tobacco again greatly encouraged the spread of smoking.

Tobacco in France

The history of tobacco in seventeenth and eighteenth century France illustrates a number of trends characteristic of the period: the spread of snuffing, the decline of opposition to tobacco, the increased dependence of governments on tobacco for revenues, and the spread of monopolies or appalotos. The taxing and monopolization of tobacco was part of a broader system of mercantilism in which governments granted tax monopolies for tobacco and spirits, both as a source of revenue and often as a form of wealth preservation through import substitution. The French government especially profited from such tax monopolies (Corti 1931:208).

In 1559, Jean Nicot (after whom nicotine is named) sent tobacco for medicinal purposes to Catherine de Medici, Queen of France, who popularized it as a remedy for headaches. During the reign of Louis XIII (1610-1643), while the court, nobility, and clergy turned to snuff,

smoking of tobacco spread among the popular classes. The smoking habit grew without the King's encouragement (Brooks 1952:125-6) and by 1630 business was brisk and increasing in smoking taverns (tabagies) despite their high prices.

Cardinal Richelieu, the chief minister of France, imposed a duty on imported tobacco to gain revenue and discourage smoking as a habit. He rejected direct prohibition, however, since taxation appeared to be more profitable (Corti 1931:149-50). Soon after, Louis XIII medicalized control of the drug: He interdicted the free selling of tobacco and restricted its sale to apothecaries authorized by a doctor's prescription. Yet this policy failed to take hold because it caused a decrease in royal revenues from tobacco, and the following year the tobacco duty was increased (Corti 1931:161, 150).

Later in the 17th century Louis XIV objected to smoking and snuff-taking, but he allowed the Marquis de Prade to print and circulate across the kingdom a book championing tobacco (Corti 1931:165-66). In 1674, Louis and his minister, Colbert, imitated the tobacco monopolies of governments in Austria and Italy. The Edict of September 1674 privileged the King to grant the monopoly to manufacture and sell tobacco in exchange for revenue.

Seeing that the use of tobacco has become so general in all Our dominions, that it has given occasion to most of the princes Our neighbors to make this business a chief source of their revenues, We have thought that We might draw a similar profit by introducing the tobacco monopoly; and We have considered the plan laid before Us the more reasonable, in that tobacco is not a food needful for health or nourishment, and may be a means of making it easier for Our people to bear a part of the extraordinary expenses of the present war. (quoted by Corti 1931:160)

Through the tobacco monopoly, the king received 4,000,000 livres a year, rather than the 50,000 livres a year received from the tobacco duty of 1636 some forty years earlier (Corti

1931:169, 209). The monopoly was efficiently organized through the Farmers-General (fermiers general) and the elaborate regulation of Colbert. Purveyors of unlicensed tobacco faced the galleys and rebels who held up monopoly agents were condemned to death (Brooks 1952:106-108). Not long after the establishment of the monopoly, soldiers and sailors began to smuggle tobacco into France from abroad. They freely bribed, intimidated, and paid off spies in order to hoist tobacco into France (Brooks 1952:107; Corti 1931:161, 184).

At about the turn of the eighteenth century in France, the lower classes smoked and the upper classes generally snuffed tobacco (Corti 1931:188, 200; Brooks 1952:129-130). Also at this time, the monarchy supported the establishment of tobacco farms in the colonies and the French began to export tobacco from Santo Domingo and Martinique, and to build plantations in Louisiana. In the aftermath of the French Revolution, however, tobacco became de-monopolized, with the former monopolists being arrested, denounced, and accused among other things of excessive watering of tobacco. De-monopolization was popular because tobacco became less costly. This relief ended, however, when Napoleon reestablished the tobacco monopoly by imperial decree in order to fund his war machine. Eventually, the French government directly controlled tobacco and obtained sizable revenues from it, thereby serving as a model of direct control for other regimes (Brooks 1952:185; Corti 1931:213).

Early Use and Politics of Tobacco in Japan and China

In the cases of Japan and China (as in Turkey and Russia, as we will see later on), the tobacco phenomenon gave rise to large and very expensive foreign imports. As these imports were not balanced by equivalent exports, the domestic economies of these countries tended to be

disrupted. Upset by the selling of tobacco without their permission or profit, governments began to control the substance. Seaport merchants of Japan and China desired and resented the profits made by foreigners. Thus they protested the tobacco trade until they could gain control over it. New revenues from tobacco were so great and so sudden that some feared that peasants would gain their freedom by cultivating it (Ortiz 1947:125-28).

Portuguese marines arrived on the coast of Japan coast in 1542 with tobacco and taught the inhabitants of Kiushiu to smoke it. By 1595 smoking had become a common practice on Kiushiu, the main island of Japan, and smoking clubs flourished in the capital city. After the unification of Japan in 1603, an edict banned smoking due to the rowdiness of certain individuals in Kyoto smoking clubs (Satow 1878:75; Brooks 1952:146; Corti 1931:145, 75-76). Moreover, emperors and shoguns found smoking unpalatably foreign (Brooks 1952:75-76). Additional edicts prohibited the cultivation of tobacco in order to protect the production of rice and corn (Satow 1878:72; Corti 1931:146).

The ban on smoking generally failed, however, and the practice continued to spread in all classes of Japanese society. Even the officers of the royal court adopted the habit. In 1616, another edict stipulated fines and prison sentences for smokers, but the habit continued to spread. Eventually smoking became an acceptable practice in polite society, even by respectable women. About the middle of the seventh century, Jesuit missionaries and Portuguese traders introduce the use of snuff (Satow 1878:78; Brooks 1952:144). Yet in 1651, due to the belief that tobacco promotes ill health, people began to confine smoking to the privacy of their homes (Satow 1878:72). Later opium-smoking arose as a sequel to tobacco-smoking (Laufer 1924:23-24).

Portuguese also introduced tobacco to south and southwest China, in 1567, when they landed at Macao and founded a small colony (Corti 1931:147; Satow 1878:74). Tobacco enjoyed fame as a medicine for colds, malaria, and cholera. Smoking became a widespread habit, especially among Manchu soldiers (Laufer 1924:315). Just as the Thirty Year's War aided the spread of tobacco use into Central Europe, so the Manchu armies contributed significantly to its spread in China. In 1638, an imperial decree prohibited trafficking in tobacco with the "outer barbarians" and specified decapitation as the punishment (Satow 1878:72). Illicit use continued and expanded despite this decree, and soon afterwards tobacco smoking was legalized, now with a tax on its cultivation and sale (Blum 1969:90-91; Laufer 1924:3-4;6:225).

The Manchus captured Beiching in 1644 and established the Q'ing Dynasty. The same year tobacco smoking became a common practice at court. In emulation of court figures, Chinese soon took up the habit generally (Laufer 1924:7,15). Jesuits introduced snuff to aristocrats for therapeutic purposes. Initially snuff was suspect due to its exotic character and its promotion by foreigners, but by about 1700 snuff was widely indulged as a pastime (Brooks 1952:144; Laufer 1924:33).

Tobacco in the Seventeenth Century Ottoman Empire

The Ottoman imperial government sought to prohibit tobacco with the severest of punishments, including death. This contrasted to the reaction of Western European states, whose tobacco policies eventually tended toward flexibility or even opportunism. The Turkish reaction also differed from that of the West in the closer cooperation that developed between religious and lay opposition typical of Islamic societies. The Turkish (and Russian) experiences illustrate a

concern that often influenced the opposition to drug use in all countries: the emergence of tobacco use as a symbol of dissent and of tobacco houses as centers of political and social unrest.

Ottoman authorities told the people that tobacco went against the teaching of the Koran, because tobacco when smoked results in a substance of coal, and the Koran forbade the use of coal (Laufer 1924a:61). In Turkey (as in Russia), tobacco was a fire hazard. Both countries had dry seasons, houses in the cities were set very close together and generally were made of wood, and fire fighting equipment was primitive. People had been known to fall asleep in Istanbul and in Moscow with lit tobacco and start fires that could destroy a score of buildings and lives before being brought under control.

At about 1580, Sultan Murad II cultivated tobacco for medical purposes and sent dried leaves, seen as a precious novelty, to the King of Poland (Corti 1931:102). Ships from England, Holland, Spain, and Venice also brought tobacco and the habit of smoking to Turkey in the first two decades of the seventh century (Corti 1931:65, 134; Laufer 1924:62). Poets began to praise tobacco as one of the four elements (coffee, tobacco, opium, and wine) of the world of pleasure. Because the Koran forbids drinking wine, many Turks indulged in coffee and tobacco instead. A traveler to the Ottoman realm stated that the Turks say tobacco "expelleth all fear, and makes them courageous: but I rather think giddy headed, and turbulent dreamers; by them, as should seem by what hath been said, religiously affected " (Sandys 1615:66).

Opposition to smoking increased, however, and Ahmed I prohibited it (Sandys 1615:66; Corti 1931:135). People denounced the habit because it was brought to the Empire by infidel outsiders. There also was a general suspicion of sedatives and resentment of foreigners who sold tobacco at high prices (Brooks 1952:77). The priests, or mufti, maintained that smoking violated

the teachings of the Koran and expressed outrage at tobacco smoking. A legend arose that Mohammed the Prophet was bitten by a viper, sucked the wound, spat out the poison and, from the spittle, tobacco grew (Ortiz 1947:231).

In 1623, Murad (Amurath) IV the Cruel became Sultan and stiffened the penalty for smoking. There were many forms of punishment used to deter the smokers, ranging from public embarrassment to death through torture. At one time "in Turkey persons caught smoking were punished by having a pipestem thrust through their nose and were paraded around on donkeys" (Crull 1698:145). The Ottoman Sultan Amurat would walk the streets in disguise, watch for people disobeying his rule against smoking, and have offenders beheaded.

Around this time, royal fireworks ignited a fire that spread across half of Istanbul, burning over 20,000 wooden buildings. The people held officials responsible for the catastrophe and congregated in the tobacco houses to complain about the government. The Sultan, angered, ordered all tobacco houses razed, and penalized tobacco use with death. From 1633 through 1640 the number of people condemned to die for smoking increased, often in order for the Sultan to receive their estates upon their death (Corti 1931:137-38). In this way tobacco use became associated at that time with political dissent.

Despite this persecution, smoking persisted. Many who feared the penalty for smoking turned to snuff taking instead, and it became a widespread habit. After Mohammed IV, a smoker, ascended to the throne in 1648, prohibitions against smoking, including condemnation to death, were relaxed and smoking became even more widespread (Corti 1931:139; Laufer 1924:63). Eventually, the Ottoman Empire ended its tobacco trading with England in order to stop the outflow of silver specie that the Ottomans had gained in their opium trade with the

British. They began to cultivate their own tobacco and developed a flourishing domestic tobacco industry. Along with this, of course, the use of tobacco was made fully legal.

In sum, the history of tobacco was somewhat different in Turkey than in Western European nations. This perhaps was due in part to the relatively greater distance of Turkey from the source of tobacco in the Americas and the consequent early introduction and control of tobacco by Western nations such as England. The role of Western nations as importers encouraged the association of tobacco with foreign ideas and thus encouraged an anti-tobacco response on the part of the conservative clergy and the autocratic sultanate. Yet at the same time, tobacco presented a great opportunity for state revenues, if only the trade could be captured from the foreigners. Thus tobacco use was long suppressed for religious and political reasons (which often combine in the Islamic world), but eventually its use was permitted for economic reasons once a state monopoly had been established.

Tobacco in Seventeenth Century Russia

Italian, Spanish, and Portuguese sailors introduced tobacco to Eastern Europe around 1600. Turkish ships then carried it to the coastal cities of the Black Sea, English sailors brought it to the Baltic, and travelers from Germany and Poland carried it to inland Russia (Corti 1931:65, 140; Price 1961:18). Smoking spread among the population of Central and Eastern Europe, and thence to Russia. During the Thirty Years War (16xx-16xx), armies also spread tobacco throughout this region (Corti 1931:100-103, 108). The orthodox clergy resisted the spread of tobacco smoking for religious and anti-foreign reasons. Patriarch Philaretos, Michael Romanov's father, convinced his son that smoking was profane and abominable. Smoking also

lead to high absenteeism at work and caused many fires in Moscow, a city built of wood like old Istanbul (Corti 1931:140). This danger was noted by officials of the time:

The poorer sort would rather lay out their money upon tobacco than bread, but also, when drunk, did set their houses on fire through their negligence. They used to appear before... [religious] images with their stinking and infectious breath; all of which obliged the Great Duke, ...to forbid both the use and sale of tobacco (quoted in Crull 1698:145).

Urged by the Patriarch, in 1634 Tsar Michael declared through an edict (ukase) that smoking was a deadly sin. Russians as well as foreigners were forbidden to smoke, take snuff, or trade tobacco. Also at this time, private trade in brandy and beer was banned as well. A special “drug court” was established to hear cases in which the defendant had been accused of smoking (Orlearius 1696:100, 140; Corti 1931:140; Brooks 1952:76-77). Yet smoking continued unabated (Orlearius 1696:100, 140).

Pressed for money, and propelled by the constancy of demand for tobacco, despite attempts to suppress it, the Tsar finally established a fiscal monopoly on "the God-hated and impious herb," profiting greatly in the process (Price 1961:18, 120). From 1649 on, the Dutch were growing tobacco on their colonial plantations and smuggling it to "underground" smokers in Russia, thereby violating the repeated prohibitions against tobacco. Also in 1649, Tsar Alexis, the second Romanov ruler, who governed until 1676, issued a new edict that forbade smoking (Corti 1931:142-143). Later, Tsar Theodore III (1676-1682) softened punishments for those who smoked tobacco, and smoking began to spread from the Court and foreign circles to the broader population.

During the regency of Sophia (1682-1689), Western ideas permeated Russia, including smoking and trading tobacco. Late in Theodore's reign, Patriarch Joachim lamented the changes in dress, lack of beards, and the use of tobacco (Price 1961:19). In 1681, the British began diplomatic maneuvers with Russia in order to obtain access to the market for smoking tobacco (Price 1961:20-22). Peter the Great (1689-1725) became the sole ruler of Russia and promoted modernization with the assistance of Western models and advisors. Peter, a modernizer and Europhile, ignored the smoking bans and received foreign smokers at court. At the close of the seventeenth century, Peter traveled to Western Europe, became a tobacco smoker himself, and decried the Russian clergy's prohibition against smoking. With the urging of English planters, King William III of England asked Peter for access to the Russian market for tobacco. This led to an edict stipulating that tobacco may be consumed and sold (imported), due to "its wide use and ubiquitous secret trade" from which the state failed to benefit (Corti 1931:176-7, Brooks 1952:151, Price 1961:20).

Also at this time, a British joint stock company made loans to the Tsar in exchange for the sole right to import tobacco into Russia. Peter granted the monopoly for internal distribution of tobacco to a friend, and British workmen set up factories in Russia to manufacture the imported British tobacco into smokeable and snuffable products (Corti 1931:177-8, Brooks 1952: 152, Price 1961:20-29). The Russian clergy protested Peter's agreement with the British along with his policy of modernization and westernization in general, of which tobacco use had become a symbol. Peter suppressed this minor revolt and established his independence from the orthodox church, a move that was applauded by Voltaire (Voltaire:148, 487-8). Later Peter allowed the cultivation of Circassian tobacco. This disturbed the British, who before retreating

from Russia destroyed their machinery for manufacturing tobacco into useable forms (Brooks 1952:152-3; Price 1961:52). The smoking habit spread throughout Russia along with other new customs that Peter had introduced (Corti 1931:178).

Although tobacco was being accepted and put to use in most of Europe, barriers of religious ideology, political conditions and economics protected Russia from western influences, in addition to geographic isolation. The Russian Orthodox Church feared the modernizing influences of the West, and these influences were symbolized by the use of tobacco, especially imported tobacco. Tobacco also was seen as a health and fire hazard, but more importantly as a symbol of foreign influence that the Church felt would undermine its power and, as such, must be opposed.

A second argument against tobacco among elites was its potential as a focal point for political dissent. With the habit of smoking came the establishment of tobacco houses where men would gather to buy their tobacco and paraphernalia and to talk and smoke. Tobacco houses became centers of sociability where people could congregate freely, voice their opinions, and share their feelings of contempt for the system. In this, the tobacco houses of Russia resemble those of Ottoman Turkey, the coffee houses of 17th and 18th century England, and the beer halls and taverns of Germany in the 1920s and 30s. Political elites of Russia tried to control speech and the press, but tobacco houses were places where people could share opinions against the government and thus realize that they were not alone in their complaints. Conservatives sought to suppress tobacco as a symbol and gathering point for foreign and subversive ideas. Along with prohibition came the ordinances of severe penalties for use, sale or possession of tobacco. In Russia, first offenders received 20 and 26 lashes with the knout. Although the penalties were

harsh, smoking persisted and penalties were made even more severe. Specialists were appointed to search for contraband tobacco, and people found to be involved with tobacco were tortured and exiled.

The final and most important factor against tobacco was economic. Because tobacco use and trade already had been established in Europe prior to its introduction to Russia (as in Turkey), tobacco could only be obtained through import from the West, especially England, resulting in net outflows of cash. Thus the governing powers resisted the importation and use of tobacco until they could finally bring it under their own control. Peter the Great made a deal with England allowing the latter to set up factories in Russia using British workmen. Russia later broke this contract by mixing Russian tobacco with English imported tobacco, which was strictly against the accord. The British workmen were sent back to England, but this set the wheels turning for the establishment of the Russian tobacco industry and a concomitant relaxation of legal proscriptions against tobacco use.

Tobacco Use and Policy in the United States

Although tobacco is indigenous to the Americas and has always been used by its native peoples, an export trade began only after colonization. Since John Rolfe introduced commercial cultivation to Virginia in 1613, the role of government in the regulation of tobacco from colonial to modern times has been to further the prosperity of the tobacco industry.

American tourists brought cigarettes from England back to the United States in the 1850s. At first, the smoking habit spread slowly (NCMDA 1972:519), but by 1854 Dr. R. T. Trail could report that America had the highest per capita use of tobacco in the world. New York society

ladies "are aping the silly ways of some pseudo-accomplished foreigners, in smoking Tobacco through a weaker and more feminine article [than cigars], which has been most delicately denominated cigarette" (quoted in Robert 1949:112, see Wagner 1971:30).

Tenant (1950) suggests that part of the anti-cigarette sentiment may be explained by the fact that the first users of cigarettes were urban immigrants, a much stigmatized group. During the Civil War, despite some attempts to restrain the growth and manufacture of tobacco in the South, the anti-tobacco movement practically disappeared and the habit of tobacco use expanded. Many considered tobacco essential to the well-being of soldiers, and cigarettes become an established military ration (Neuhring and Markle 1974:514, Brooks 1952: 119-120). In 1862, the first federal excise tax on tobacco was imposed on cigars to raise money for the Union war effort (Wagner 1971:46). In 1864, the cigar tax was raised and cigarettes also were taxed. Thereafter taxes were raised in 1865, 1866, and 1875, with foes of cigarettes constantly pressing for still higher taxes (Wagner 1971:46-47).

At this time cigarettes were still handmade by laborers who rolled and packaged the product in sweatshops, earning eighty cents per thousand cigarettes. This labor-intensive method of manufacture contributed to high prices, and many Americans continued to smoke cigars or roll their own cigarettes with inexpensive papers and shredded tobacco (Prince and Simpson 2000: 49). With members of the tobacco industry offering large rewards for the construction of a viable cigarette rolling machine, James Albert Bonsack began work on the Bonsack Cigarette Machine, which was completed in 1880 and put to work four years later in the Durham, NC factories of Washington Duke and sons. The Bonsack machine made 120,000 cigarettes a day, roughly fifty times the rate of hand rollers, and it required only three machine operators. The lower costs and

increased output associated with this new mode of production allowed the Duke company to cut prices in half, contributing to a rapid increase in American consumption (Prince and Simpson 2000: 49-50; Robert 1952: 141-142). Large outputs and profits have also allowed big tobacco companies to buy out all the shelf and advertising space in stores, literally leaving no room for competitors to enter the market (Parker-Pope 2001: 63-64).

With the rise of mechanized cigarette production, leading cigarette manufacturers undertook a major advertising campaign. As European apothecaries had promoted the medicinal use of the mysterious "heathen wound plant" in the 1600s, so the wholesalers and retailers of New York in the 1870s and 1880s called on the lure and lore of the American Indian and of the mysterious East to sell cigarettes (Wagner 1971:34-35). The cigar store Indian became an American fixture. At the same time, Allen and Ginter placed puzzles, maps, pictures of boats, flags, and actors and actresses inside their cigarette packs. Duke and Sons countered with promotions like the color poster entitled "Sporting Girls" that was offered to anyone having purchased seventy-five boxes of cigarettes (Robert 1952: 144). Sales of cigarettes increased, passing one billion in 1884 and two billion in 1887, and cigar manufacturers counterattacked by claiming that cigarettes were drugged with opium, that their paper was bleached with arsenic, that the tobacco was picked out of the gutters, and that they were made by Chinese lepers (Brooks 1952:253-4). Also at this time and into the twentieth century, strong religious opposition grew to cigarettes, particularly if smoked by women and children. In 1884 the New York Times described cigarette smoking as a vice (Brooks 1952:258). In these days before income tax, however, tobacco taxes accounted for an estimated 31% of the total Federal tax

receipts (NCMDA 1972: 515), which certainly contributed to the government's unwillingness to officially condemn it.

In 1890 America's five leading tobacco firms formed a cartel, the American Tobacco Company (Robert 1949:144-5; Wagner 1971:254). James B. Duke, who was spending \$800,000 a year on advertising at the time, was behind the initial proposal that these firms combine. The American Tobacco Company instituted more efficient systems of accounting and management, and cut out tobacco dealers and speculators from their supply chain. Most importantly, they purchased exclusive use of the Bonsack machine, the best cigarette-rolling machine on the market, thus establishing a formidable barrier to any potential competitors thinking about entering into the market (Robert 1952: 145-146).

At the same time, Lucy Page Gaston of the anti-alcohol Women's Christian Temperance Union became the leader and greatest warrior of the anti-cigarette campaign (Neuhring and Markle 1974:514-515; Wagner 1971:40). Between 1895 and 1921, fourteen states, mostly in the mid-West, completely banned cigarettes. All other states, with the exception of Texas, regulated the sale of cigarettes and their possession by minors. A temporary decline in consumption was generally credited to anti-cigarette legislation and greater taxation (Brooks 1952:259; Robert 1949:169). However, Breecher and his associates (1972:229-232) conclude that the anti-cigarette laws and campaigns helped to popularize the cigarette, in that the notoriety and prohibitions appear to have lured people to cigarette smoking, just as the laws and campaigns of the 1960s against LSD and marijuana helped to popularize those drugs.

Tobacco use continued to increase despite the energetic campaigns of the reform movement. Harper's Weekly noted at the time that hostility to tobacco was now focused on

cigarettes (Robert 1949: 169). In 1904, tobacco farmers in west Kentucky and Tennessee formed a Protective Association against the American Tobacco Company cartel. Its militants, the Night Riders, wreaked destruction and terror among the independent local planters, the Hill Billies, who did business with the trust (Robert 1949:154-158). A few years later, the government brought suit against the American Tobacco Company under the Sherman Antitrust Act (Robert 1949: 160-166). Between 1910 and 1920, federal tax collection on tobacco products increased by 500 percent, the largest increase of any single decade (NCMDA 1972:516). In 1911, the Supreme Court finally decided in favor of the government, and the tobacco cartel was dissolved among three major firms, Liggett and Meyers, J.C. Reynolds, and Phillip Morris, which continue (under different names) until today. By this time the quantity of cigarettes marketed doubled that of 1896 (Brooks 1952:260).

J.C. Reynolds introduced the first "modern" or "mild" cigarette, Camel, which revolutionized the cigarette industry and triggered a rapid upward spiral of cigarette sales (Neuhring and Markle 1974:515). On the anti-tobacco side, however, in 1915 cigarette smoking was declared to cause delinquency and school failure. Free clinics for tobacco addicts were established in some cities (Neuhring and Markle 1974:514; Robert 1949:115). Weary of prohibitions or eager to preserve profits, groups were formed to lobby against the anti-tobacco campaigners. The earliest such group was the Tobacco Merchants Association, whose active lobbying along with others was successful (Robert 1949:247-8).

As in many poor countries today, cigarettes were a symbol of emancipation for many women, who were smoking in the cities in the early 1920s and in the smaller towns and villages by the middle of the decade. Women users were still attacked as immoral and dismissed from

jobs and colleges. In 1921 a bill was introduced in the District of Columbia to prevent women from smoking. By the same year, however, only five states still banned cigarette smoking. Indeed, states had begun to tax cigarettes; by 1930 eleven states had cigarettes taxes, which rose to forty states and the District of Columbia by 1950 (NCMDA). During World War II, federal and state income from cigarette taxes soared to new heights as cigarette consumption rose dramatically, with demand sometimes exceeding supply (Neuhring and Markle 1974:515; Robert 1967:269-70, 276). Cigarette smoking also was shown in a favorable light in American films. By the end of the war, smoking was not only an accepted behavior, but was socially desirable and even necessary in some subcultures (Neuhring and Markle 1974:515).

Anti-cigarette sentiments soon renewed themselves, however, this time with a medical more than a moral discourse. In 1945 the Mayo Clinic cautioned against cigarette smoking by patients with vascular diseases or arterial injury. In the early 1950s, fourteen major studies (many conducted by Dr. E. Hammond of the American Cancer Society) reported a link between cigarette smoking and serious ailments such as cancer and heart disease. In the mid to late 1950s startling statistics made a greater impact on the public than the earlier studies (Fritschler 1969:16), although sales still increased yearly (Neuhring and Markle 1974:515; Fritschler 1969:145).

Tobacco manufacturers reacted to this medical evidence by calling for further degrees of exactitude of measurement or greater representativeness of samples, as well as with specious research that they sponsored. They also insisted that correlation between disease and smoking is not causality and cited the need for environmental studies (Fritschler 1969:18-19). The Tobacco Institute was formed by major cigarette manufacturers in 1958 to counteract possible adverse

political effects of the health studies (Fritschler 1969:20-22, 43, 146). Cigarette sales continued to rise each year. The government responded slowly to the link between smoking and disease, partly due to the pressure of the Tobacco Institute, and partly due to the weakness of groups interested in public health (Fritschler 1969:22).

By 1962 tobacco ranked fourth in the over-all value of cash crops grown by American farmers (Wagner 1971:120-121). Fifteen bills were introduced into Congress to restrict tobacco sales or to convey health warnings, but none of them were seriously considered due to a lack of public support and the opposition of powerful Congressmen from the tobacco states (Fritschler 1969:24-5). Tobacco policy was controlled in a cooperative spirit by a coalition of certain segments of Congress, the federal bureaucracy, and the industry. Congressmen representing tobacco-growing states were leading members of four subcommittees, including two appropriations committees and two committees in each house of Congress handling tobacco legislation (Wagner 1971:120-121). In opposition, health organizations and the general public began to support the anti-cigarette effort (Neuhring and Markle 1974:524-525). One key battle was over the Cigarette Labeling and Advertising Act of 1965 in which each side got part of what it wanted. This act required a health warning on cigarette packages, but it prohibited the Federal Trade Commission (FTC) and other federal agencies from regulating advertising and it also nullified state and local regulatory efforts (Neuhring and Markle 1974:516; Fritschler 1969:115).

From 1965 until today the tobacco industry has questioned FTC authority to make policy decisions, demanding that such decisions be made by Congress, which has been more sympathetic and responsive to the tobacco industry's interests. A power struggle developed between the FTC and Congress on this question (Fritschler 1969:130). At this same time, state

taxes on cigarettes increased, and organized crime began to take advantage of differential state taxes to smuggle cigarettes across state lines (Neuhring and Markle 1974:517, 522).

The U.S. tobacco industry spent an estimated \$250 million on advertising in 1965 and was the single largest advertiser on TV (Szasz 19xx:205). Congressional hearings revealed that broadcasters were failing to monitor cigarette advertising. Broadcasters responded by offering first to phase out advertising cigarettes with high tar and nicotine content, and then to end all cigarette advertising by 1973. The tobacco industry retaliated by requesting anti-trust immunity and threatening to withdraw all network advertising. To avoid granting anti-trust immunity, the Senate Commerce Committee voted to ban all cigarette commercials from the air (Neuhring and Markle 1974:516). Taxes on cigarettes were raised by 40% in 1971 (Rublowky 1974:87).

Social opposition to smoking by both smokers and nonsmokers has risen since 1960. Social norms began to change as well, as smoking became labeled as "annoying" or "a dirty habit" instead of modern, cool, or chic (Neuhring and Markle 1974:519-22). Despite increasingly negative social and medical views, however, absolute levels of cigarette consumption continued to rise (Medler 1972:234), although per capita consumption has declined since its peak in 1963. This absolute increase occurred despite a 40% rise in retail cigarette prices. Moreover, NCHS surveys suggest that during 1968-1970, the proportion of teenage users actually increased (Medler 1972:234-6).

Cigarette smoking has been considered no more than a pernicious and tenacious habit, but not really a "drug". As Rublowky (1974:87) noted, however, "our experience with smoking in relationship to its health hazards has unquestionably refuted this concept. Smokers are addicted, and they may be addicted to the most powerfully compulsive substance we know". Adherence to

this view has expanded in almost all sectors of American society, with an increasing intolerance of tobacco smoking in public places and a decline in domestic cigarette smoking. The American tobacco industry is doing well, however, making up for declines in domestic consumption with increases in international sales, and also diversifying into other economic sectors.

The Emergence of an International Tobacco Cartel in the 17th and 18th Centuries

By the mid-1600's many states, including Spain, Portugal, Italy, and France, had determined that they could obtain high profit revenues if they established state monopolies on tobacco. The creation of state tobacco monopolies was quite significant in that they exerted the interests of the state in the realm of agriculture and commerce. According to Deans-Smith (19xx:7-8) tobacco occupied an important position in state taxation systems because of its high demand or level of consumption. The Spanish economist Geronimo de Uztariz wrote in one treatise that

[Tobacco] is the most flourishing revenue of the Crown^{1/4}and yet it is shared by millions of people. And though on this account it be but a trifle to each individual, it is a great sum which is raised up to the whole: besides that it is in some measure a voluntary tax, as it does not fall upon any of the supports of life (quoted in Deans-Smith 19xx:7-8).

Many European states established monopolies in the tobacco trade, including Austria, Spain, Sicily, Sardinia, Poland, the Papal States, Portugal, Tuscany, Modena, Parma, San Marino, and Lichtenstein (Billings 19xx:123). The Swiss and Dutch stand out as the few exception to this practice (?? 61-3).

France established a tobacco monopoly in 1674. Although revenues were low at first, they gradually increased as more French citizens began acquiring a habit for tobacco use. France strictly limited the districts where tobacco could be cultivated, yet found that under state

protection cultivation in these districts prospered for two generations until John Law's disastrous rule. However, France, at least initially, still wanted tobacco to be shipped to the country from its American colonies. After the government discovered that the price of West Indian tobacco production would have to be double that of Chesapeake tobacco in order to be profitable, the state decided against such a policy. This decision resulted in the ultimate demise of St. Dominique tobacco cultivation by 1700 and stultified the potential growth of Louisiana tobacco cultivation. Therefore, the French monopolists found themselves completely dependent upon foreign tobacco sources from the 1720s onwards (Price 19xx:xvii-xix).

A few French frontier provinces, however, found themselves outside of the monopoly jurisdiction, including Flanders, Artois, Hainault, Cambresis, Alsace, Franche Comte and the *pays de Labourd* in Bayonne. Tobacco was both planted and manufactured in some of these areas, and though the monopolists fought against those engaging in these practices, tobacco cultivation in these provinces survived, and actually came to triumph over the monopoly in 1791 (Price 19xx:xvii-xix).

Spain, like France, also created a tobacco monopoly to exert its state power and collect state revenue. Established in 1636 under Hapsburg rule, the monopoly was first rented out under a contract system, but fiscal officers gradually took control of it. State tobacco monopolies were instituted between 1717 and 1783 in Spain's American colonies (Deans-Smith 19xx: 7-8.) The importance of the tobacco monopoly to Spain's economy at the time was quite significant as the state had few industries outside of agriculture to speak of. Most of Spain's exports were agricultural products and it relied on its American silver surplus to pay for imports of manufactured goods from other European countries (Deans-Smith 19xx:4-5). "Spain," according

to Deans-Smith (19xx:4-5), “acted as a conduit for commerce between its colonies and the rest of Europe.”

In light of Spain position in the world economy it had a strong interest in protecting its control over the tobacco industry. In Mexico and the Philippines Spain established total control of the domestic tobacco trade—from the raw material to the finished product. The state purchased tobacco leaves and produced cigars and cigarettes in state-owned factories, which were then sold only in stores licensed by the government. The cultivation of many types of tobacco leaves was administered by the state monopoly in Cuba and Venezuela. These leaves were exported to Spain to be processed into cigars, cigarettes, and snuff. Two types of tobacco grown in Venezuela were especially popular in Europe and Spain—the Berinas cura seca and cura negra. Fortunate for the Spanish state both commanded high prices (Deans-Smith 19xx:7-8).

Spain did permit its American colonies, as well as Cuba and Venezuela, to ship tobacco to Spain itself for reshipment to European countries. However, prohibitory tariffs dissuaded most from taking such action. Although the tobacco grown in Cuban and Venezuela was superior in quality to that grown in English colonies, it was too expensive for those outside of the luxury market to consume. These high prices even convinced France to purchase most of its tobacco from its enemy, England. In 1788 when new international tariff came into effect Spain’s share of the world tobacco market was even more tightly curtailed. For example, Pitt’s Tobacco Act imposed a duty of 3 S 6d per pound on Spanish and Portuguese tobacco, while the duty on British and American tobacco was only 1S 3d. Under these strict regulations Spain decided to limit its tobacco exports to only those that were in high demand. It also began to focus more

attention on gaining tax revenues from tighter controls on its domestic colonial markets (Deans-Smith 19xx:7-8).

In 1747 the Spain entertained the possibility of establishing a tobacco monopoly in Mexico to increase state revenue. Financial concerns, particularly the cost of the War of Jenkins' Ear (1739-1748) with Britain, made this possibility a reality. In 1748 a survey was conducted to gain information on the value of the domestic tobacco trade in Mexico. Findings from this survey estimated the value of this to be extraordinarily high—12,348,000 pesco. The tobacco trade in Mexico City accounted for approximately one half of this value. In 1762, shortly after Charles III began his reign, it was determined that a tobacco monopoly would be established in Mexico. However, due to some hesitation a full monopoly was not established immediately. The first measure involved importing snuff from Havana, which was sold at a few government-approved stores in Mexico City. The logic behind this first measure was an attempt to undermine the trade of snuff sold below market prices by private merchants with the intent of driving them out of business and leaving the state as the sole distributor. This was the only monopoly action taken in Mexico by the Spanish state until its loss of Havana to Britain in 1762. This defeat pushed Spain to create colonial armies in 1764, which, of course, required vast sums of money. It was decided that this money to finance these armies should come, in part, from taxes imposed on tobacco sold in Mexico (Deans-Smith 19xx:10-11).

According to the Spanish economist Geronimo de Uztariz the state tobacco monopoly was a good means to collect revenue because the tax on tobacco was an “easy and gentle tax.” Even during this time the price of tobacco was low in terms of elasticity, which meant that the consumption of tobacco was not strongly effected by taxes. From the state's perspective this

meant that a potentially large amount of money could be collected, which in turn, would strengthen its military power. This potential was realized shortly after a tobacco monopoly was established in Mexico in 1764. The revenue returns to the Spanish state were high and it faced little opposition from tobacco taxes. The most contentious dimension of the monopoly was the take over of all private manufacturers of tobacco products by state-controlled firms. According to Deans-Smith (19xx:21-3) even this did not cause much controversy because “most manufactories provided the sine qua non of an absolutist state built on warfare and welfare objectives: profits for the king and provision of employment for the urban poor.” Riots did break out in Puebla when the public protested the against the monopoly, proclaiming “Death to the king of Spain and long live the English” (Deans-Smith 19xx:21-3.) This action convinced Spain to suspend monopoly manufacturing in Peubla, Veracruz, Guadalajara, and Jalapa, but keep the production and sale of tobacco leaf under state control (Deans-Smith 19xx:21-2).

Spain did, however, encounter difficulties with constraints or limits on the supply of tobacco from Mexico. This was due to the fact that growth in the tobacco industry did not depend on the innovation of productivity techniques, but on raw materials. After 1790 limits were reached as a result of a bottleneck in the supply of raw materials, which made the colony of Mexico susceptible to scarcities (Deans-Smith 19xx:xiii-xiv; 9).

Although the creation of the tobacco monopoly was a demonstration of the power of the Spanish state, according to Deans-Smith (19xx:xiii-xiv) this power was not absolute. The state did have to use its budding military capabilities to control those people that its tobacco monopoly frustrated, but the vested interests of other actors in the monopoly meant that the state’s power was incomplete. Interest in the survival of the tobacco monopoly grew strong among Mexican

merchants, tobacco planters and manufactory workers. Along with the state, these actors also realized financial gains from the monopoly and worked for its survival. Thus, according to Deans-Smith (19xx:xv), the development of the tobacco monopoly was not the result of a “revolution in government,” but rather a negotiation of power between various interested actors. Therefore, the maintenance of the monopoly was not simply the exertion of state strength, but also the power that other interested actors tried to exert as “they sought to improve their position within the monopoly” (Deans-Smith 19xx:xv).

State fiscal policy also played a role in the eventual failure of Spain’s tobacco monopoly, particularly under the Bourbon reign of power. Desperate for money, the Bourbon rulers could not efficiently solve, or really even identify, the changing conditions under which the monopoly was conducted. Thus, they lacked the entrepreneurial sensibilities of past state rulers, which had maintained the profitability of the monopoly (Deans-Smith 19xx:xv). Furthermore, interest group politics played a large role in the monopoly’s downfall. According to Deans-Smith (19xx:xv) an “emphasis on political stability and short-term profits resulted in basically conservative policy toward the tobacco manufactory workers and the planters.” This resulted in sacrificing a growth in productivity to the maintenance of the status quo in the workplace (Deans-Smith 19xx:xv). Ultimately, Deans-Smith (19xx:xv) concludes that the actual success of Spain’s tobacco monopoly engendered its collapse because success “prevented any innovative reforms to improve its performance and productivity.”

The tobacco trade was also financially important to England, which relied on its American colonies for imports that it then re-exported to other European countries. The growth in colonial tobacco exports was quite amazing—increasing from 100,000 pounds in 1620 to

100,000,000 pounds just before the Revolutionary War began. The tobacco trade was so critical to the Southern economy that many tobacco growers supported the Revolution because they wanted to be freed from the excessive taxes that the British imposed on their product. Many Southern tobacco growers were also subject to the whims of their creditors who financed their endeavors. They hoped that these debts would be forgiven after the war was over, but this hope was never realized (see Robert 1967; Johnson 19xx:5).

Britain's dominance in the tobacco trade resulted almost by accident. When it built its colony in Virginia it was expecting that gold and silver would be the major export commodities.

According to Beers:

The precious metals were, however not found in Virginia, nor could the other desired commodities be produced on a commercial scale, on account of lack of skill, inadequate natural resources, and the heavy cost of carrying them to market. On the other hand, early in the history of the colony, tobacco proved a most advantageous crop. The soil was well adapted to it. More fundamental, however, was the fact that the high prices which prevailed at this time in England bore practically no relation to the comparatively moderate cost of production (1993:86-7).

The fact that the weight of tobacco was light, thus cost little to ship, also contributed to Britain's decision to build up tobacco farming in its colonies. Indeed, after they were founded almost every British colony in the New World depended upon tobacco as its major export (Best 19xx:175).

The British crown took careful steps to balance the moral objections to tobacco use and the financial potential of protecting its trade in tobacco. Although James would have probably been cautious about colonizing Virginia if he knew it could increase tobacco use, after the profits from cultivating tobacco were recognized, both he and Charles were more interested in securing their fortunes. Most concerns raised about tobacco policy were resolved in favor of protecting

the tobacco industry. For example, tobacco policy under the Stuarts was directed at examining imports to detect adulteration in order to protect consumers, adjusting taxes to make the illegal tobacco trade less attractive, restricting Spanish imports, and controlling cultivation in the colonies to avoid over-supply (Best 19xx:177).

Given the fact that tobacco was legal in all European countries at the time, England embarked on creating new markets for the tobacco it imported from its colonies. Before any tobacco was shipped to other countries it was first shipped to England where it was taxed. This “re-exporting” practice quickly came to dominate the world tobacco trade. In 1669 annual exports from Virginia and Maryland were 15 million pounds; about 8 million of this was re-exported by England to other European countries (Price 1964:499.) It is important to note that the English state was not the only party to profit from this trade—colonial growers and shipping companies also became financially dependent upon tobacco (MacInnes 1926). Ironically, notes Best

the English, who at the start of the seventeenth century led Europe in an anti-tobacco crusade, came to profit immensely by taxing and trading in the drug, and closed the century serving as missionaries of smoking to the other governments in Europe (19xx:178).

In order to increase its revenue from tobacco trade England encouraged rapid population growth in its Chesapeake colonies. When in 1730 the Board of Trade asked Governor William Gooch of Virginia how much the colony’s population was increasing, he replied:

The great number of Negroes and white servants imported since the year 1720, together with the early Marriages of the Youth, prolific Temperament of Women both White and Black, must necessarily Occasion a great Increase of People in a Country where Nature has been bountiful as to furnish the conveniences of Life with less Labour and Anxiety than in many Places in the World (quoted in Kulikoff 19xx:45).

Monopoly control depended on the colonies to act as both producers and consumers of tobacco, and the revenues raised from this double duty served to buttress the colonial rule that demanded it.

The Emergence of an International Tobacco Cartel in the 20th Century

After 1900 James B. Duke, the owner of American Tobacco, felt that he had secured a strong position for his cigarette products in the American market and set his goals on conquering the British market. Cigarette consumption had been growing quickly in Britain during this time.

The leading British tobacco firm, Wills of Bristol, reported in 1890 that it was producing approximately 85,000 cigarettes per day. Wills of Bristol, along with its main competitors Lambert & Butler of London, Stephen Mitchell & Son of Glasgow, and John Player & Sons of Nottingham, were all weary of Duke's desire to bring his tobacco products to British consumers—and his power to lure their customers away from them. Their concerns were not unfounded. During one of Duke's visits to England it was reported that he “burst” in on Player & Sons, announcing “Hello boys: I'm Duke from New York, come to take over your business” (Taylor 19xx:35).

Fearing Duke's potential to destroy their businesses, the thirteen British tobacco companies decided to combine their forces. They established the Imperial Tobacco Company in 1901, which Will of Bristol led. Determined to fight Duke rather than passively compete with him, Imperial devised a plan to bring its products into the American market. This plan forced Duke to back off and enter into business negotiations with Imperial. Instead of competing against each other Duke and Imperial figured that they could all make more money by marketing

each other's brands. Imperial and American Tobacco created the British-American Tobacco Company (BAT) in 1902—an enormous monopoly that sought to oversee the overseas business of each company. American Tobacco owned two-thirds of BAT stock, while Imperial owned the remaining one-third. Duke was the first chairman of BAT, but the company itself was based in Britain (Taylor 19xx:35).

There was little doubt that American Tobacco constituted a monopoly under the Sherman Anti-Trust Act, passed by the U.S. Congress in 1890. The U.S. Supreme Court ordered Duke to dismantle American Tobacco in 1911. R.J. Reynolds, Lorillard, and Liggett & Myers—all firms that Duke had taken over and merged into American Tobacco—were now free to re-establish themselves. After the Court's ruling Duke was forced to sell most of his stock in BAT, although he remained its chairman. The British firms that had created Imperial remained together, even though Duke was no longer a threat. Indeed, these British tobacco firms did not encounter significant competition from an American tobacco firm until 1968 when American Tobacco, which was now a multinational corporation called American Brands, bought Gallaher's, Imperial's biggest rival (Taylor 19xx:36-7).

Philip Morris, which today is one of the largest tobacco companies in the world, was never subsumed in the Duke monopoly. Originating in London, Philip Morris became known for its hand-rolled Turkish cigarette by the late 1800s. The cigarette gained popularity in the U.S. after American tourists began bringing them back to New York. Philip Morris established a corporation in New York in 1902 in an effort to compete directly with Duke. Morris's most popular brand in America, Marlboro, was originally from London. The Marlboro brand proved so successful that seventy years later it became the world's top selling cigarette, making Philip

Morris the most powerful of all tobacco firms (Taylor 19xx:36-7).

Another multinational tobacco company, the Rembrant Group, has also become a major player in the world tobacco trade. Dr. Anton Rupert, a South African financier, created the company after World War Two, and it developed into South Africa's third largest corporation. In the 1950s Rembrant purchased shares in two British companies, Carreras and Rothmans, which they merged into Rothmans International in the early 1970s. With operations in Britain, West Germany, Belgium and Holland, Rothmans International became the world's fifth largest tobacco company (Taylor 19xx:36-7).

The world's leading multinational tobacco corporations have even been able to penetrate the historically closed markets of centrally-planned economies, such as those in the Soviet Union and China. Before the collapse of the Soviet Union, Philip Morris was selling its brands throughout the Eastern bloc countries. R.J. Reynolds has moved into China where it manufactures its cigarettes for the largest cigarette market in the world. 700 billion cigarettes are sold annually in China, which is 100 billion more than in the United States (Taylor 19xx:36-7).

The volume of tobacco exported by the United States has not fluctuated greatly over the past 20 years, but the location of its customers has. For example, England imported 120 million pounds of U.S. tobacco in 1966, while it only imported 30 million in 1981. Spain, on the other hand, has increased its U.S. tobacco imported from 1.6 million pounds in 1965 to 28 million in 1981. Japan, which was only the third or fourth largest consumer of U.S. tobacco in the mid 1960s, is currently the top buyer. These changes were caused by a variety of factors. After England became a member of the Common Market in the early 1970s the import practices of the country were altered (Johnson 19xx:108). The EEC tariff structure that England was now under

allowed it to import tobacco from countries with little or no tariff charge attached. For example, sanctions were lifted from Zimbabwe in 1979, which gave England an additional source of cheap tobacco. (Johnson 19xx:108).

The tobacco trade seems to lend itself to cooperation or collusion rather than outright competition, whether between nations or corporations. The financial needs of states and other powerful economic actors determine the course of the trade, and even anti-trust decisions like the one that broke up the American Tobacco Company seem ineffective in the long run at preventing a small number of companies from controlling the bulk of the market. Today, six multinational tobacco corporations produce around 40 percent of the world's cigarettes, and those companies are increasingly looking to the third world as a source of new markets as well as cheap labor.

The International Tobacco Cartel in the Third World

The FAO Commodities and Trade Division compiled a report, *Economic Significance of Tobacco*, in October 1982 at the request of the World Health Assembly. The main finding of the report was that tobacco was “an important source of employment and cash income” (Taylor 19xx:269). Some of the specific findings included (all from Taylor 19xx:269):

- _ The tobacco industry in Zimbabwe was the nation’s largest employer of labor, supporting 17,000 tobacco farmers
- _ In Malawi 100,000 families depended on cash income from tobacco
- _ In Tanzania 370,000 people, or 2% of the population, relied on tobacco cultivation for income
- _ In Southern Brazil there were 115,000 tobacco farmers and an additional 650,000 people who were dependent on tobacco for their livelihood
- _ In the Indian region of Andhra Pradesh 75,000 farmers made their living growing tobacco and another 2 million people were employed in curing, packing, and processing

The FAO Commodities and Trade Division made no attempts to evaluate the dangerousness of smoking tobacco products in its report. It felt that this should be undertaken by the World Health Organization. This was, however, the first step the two organizations took in terms of working together to weigh the social and economic costs of smoking against the economic and social benefits derived from tobacco production, manufacturing and trade (Taylor 19xx:269). It was obvious from the FAO's report, though, that the economic and social benefits of tobacco were significant to the development in third world countries. For example, the report concluded that

the cultivation and manufacture of tobacco result in a number of immediate and tangible social and economic benefits, particularly in the poorer producing countries. Tobacco-growing generates large scale rural employment in over-populated areas and provides a ready source of cash for small holders who would otherwise be dependent on less remunerative crops or on subsistence farming. In nearly every producing country, tobacco is one of the most valuable crops grown, and its contribution to total agricultural income is almost invariably significant, reaching 25 percent in the case of Zimbabwe. Tobacco is also one of the most remunerative cash crops, yielding net returns per unit of land which may be several times higher than those obtained from industrial crops or staple foodstuffs. In addition, tobacco leaf is an important source of foreign exchange for exporting countries. The value of world exports in 1979-81 averaged U.S. \$4,000 million, of which about U.S. \$1,600 million accrued to developing countries" (in Taylor 19xx:268-9).

The social and economic impact of the tobacco industry in Brazil is a telling example that supports the FAO's findings. Brazil is the fourth largest tobacco producer in the world and also has one of the fastest-growing cigarette markets. Cigarette sales have been increasing at a rate of over 6% annually, which is approximately six times faster than the growth in Western countries. This market is expected to increase as 70 million Brazilians are under the age of 25 and 40 million of these are between the ages of 10 and 20. "Brazil is a tobacco man's dream," according to Taylor (19xx:272). "Rio de Janeiro's Ipanema beach on a weekend is the biggest and most

glamorous cigarette advertisement in Latin America: wall-to-wall teenagers, stunningly beautiful women and cigarettes everywhere” (Taylor 19xx:272).

British-American Tobacco has controlled the tobacco trade in Brazil since the 1920s. Its subsidiary, Souza Cruz, has controlled 80% of the cigarette market there since the 1980s. Souza Cruz’s best selling brand, Hollywood, ranks in the world’s 20 top selling cigarettes. Its second best selling brand, Arizona, was introduced to the market to compete with Marlboro, and has been gradually gaining in popularity. However, BAT’s monopoly has not discouraged competitors from entering the Brazilian cigarette market. Rothman’s attempted to compete with BAT in 1969 only to withdraw from the Brazilian market, conceding defeat. Philip Morris and R.J. Reynolds tried to take on BAT in Brazil in 1974. Both suffered extreme profit losses of approximately \$15 million a year by the late 1970s. Souza Cruz, on the other hand, witnessed increasing profits of \$100 million and kept its 8% market share during this same time period. The financial setback encountered by Philip Morris and R.J. Reynolds did not diminish their eagerness to capture a piece of the cigarette market in Brazil (Taylor 19xx:272-3). For example, Philip Morris declared

While we are still experiencing considerable start-up losses in this market, we consider it a long term investment in much the same way Germany presented itself ten years ago and we are confident of the long-term profit potential for us in Brazil (quoted in Taylor 19xx:272-3).

R.J. Reynolds expressed similar sentiments in 1981

Brazil is the fifth-largest cigarette market in the world with unit sales this year of \$141 billion. It is also one of the fastest growing markets anywhere, and we have a deep commitment to building our position in this country over the long term. For R.J.R. we see daylight at the end of a very long and dark tunnel (quoted in Taylor 19xx:272-3.)

The Brazilian government has exerted little pressure on Souza Cruz or other cigarette companies in regards to the health effects of tobacco. After all, as Taylor notes (19xx:276), given the fact that the Brazilian government is practically bankrupt it needs all of the wealthy friends it can get. Brazil's foreign debt reached about \$80 billion in 1982 due mostly to massive development loans it could not make payments on. It also faced a trade deficit of \$10 billion annually and inflation rates of 80%. Thus, as Taylor concludes (19xx:276), the Brazilian state was not going to make demands on the tobacco industry, which provided \$1 billion worth of exports, around \$1 billion in tax revenues, and employment to about 3 million people. The only conflict to arise between the Brazilian state and the tobacco industry concerned the prices of cigarettes. With inflation at 70% in 1980 the government did not allow tobacco companies to raise the price for a pack of cigarettes above .48 cents. The government was unpopular the way it was—it did not want to deal with the grievances of 22 million smokers (Taylor 19xx:276).

The fact that so many consumers in the Third World are now dependent on tobacco products was hardly unintentional. Not only the tobacco industries, but also the U.S. government, have encouraged this dependency. The U.S. government has viewed the Third World as an important export market for its crops and American brand cigarettes. The U.S. exports about half of the tobacco it produces and in 1981 sold \$600 million of Virginia blond tobacco overseas. Indeed, the popularity of American tobacco in many Third World countries has resulted in a “taste” shift from dark local blends to the American blond variety. This shift in tobacco taste has forced local tobacco producers in the Third World to begin developing their own blond blends (Taylor 19xx:287).

U.S. export of tobacco was valued at \$2.7 billion in 1981. Much of this tobacco is being exported to Third World markets. Asian countries, in particular, have become a favored destination of U.S. tobacco and in 1981 they accounted for about one half of all U.S. tobacco exports. These exports included 18 million pounds to Thailand, 10 million pounds to Korea, 7 million pounds to Malaysia, 11 million pounds to the Philippines, and 22 million pounds to Taiwan (Taylor 19xx:288-9).

The influx of U.S. tobacco in Asia can partially be explained through the U.S. involvement in the “Food for Peace” program, also known as P.L. 480 “The Agricultural Trade, Development and Food Assistance Act.” The purpose of this program was to fight hunger and malnutrition in developing countries, but the U.S. government saw it as an opportunity to develop new markets for its agricultural products as well as dispose of surplus agricultural commodities (Taylor 19xx:288-9). Although tobacco is not generally thought of as a crop to fight hunger, the U.S. was able to get this commodity included in the act.

According to Taylor (19xx:288-9), “under the ‘Food for Peace’ program, developing countries could purchase American tobacco on federally guaranteed long-term dollar loans (up to forty years) at low rates of interest (two to three percent). Governments who received this aid could gain an exemption for their debt by reselling tobacco locally and using this money to finance development projects that were approved by the U.S. Tobacco only accounted for two percent of the “Food for Peace” program, yet by 1980 almost \$1 billion worth of tobacco exports had been financed through it. For the U.S., participation in the program accounted for almost 20 percent of the country’s total tobacco exports in the 1960s (Taylor 19xx:288-9).

The U.S. Congress has repeatedly tried to limit the country's participation in the "Food for Peace" program. One such effort in 1977 involved a proposal to exclude tobacco from the program's list of commodities. While the House voted 229 to 178 in favor of this proposal, the Senate voted against it 56 to 37. According to one dissenting opinion, that of Senator Jesse Helms, "historically, these sales have developed new markets for American tobacco" (in Taylor 19xx:288-9). Some liberal Democrats agreed with Helms, such as Hubert Humphrey, who voted against the bill because of his farming constituency in Minnesota. However, Senator Mark Hatfield, who vote for the proposal, argued that the U.S. had no business promoting a commodity that was dangerous to the public health of developing nations when what they really needed was food for survival. The year after the Senate struck down the proposal the U.S. exported another \$62 million of tobacco through the "Food for Peace" program (Taylor 19xx:288-9).

Conclusions

Let us try to summarize and interpret our findings. In most countries of the world today tobacco is looked upon as a normal part of everyday life. But in early modern Europe, Eurasia, and East Asia, this substance was considered both a Godsend and a tool of Satan, a cure and a hazard, and it was the occasion of heated debate and energetic actions. One of the earliest and most dramatic conflicts occurred in England during the reign of King James I (1603-1625), an ardent anti-tobacconist. The bitter events in England foreshadowed those that were to occur elsewhere: the rise of a belief in tobacco's health giving properties and the moralistic attacks on its use; the rapidity with which it became a fad among the aristocracy and upper classes whose use was soon imitated by the masses; the centrality of political and economic interests in

governmental attempts at control; the failure of admonitions, prohibitions, and taxes to end use; and finally the growth of governmental dependence upon tobacco revenues and the gradual acceptance, even encouragement, of its use.

In Italy, as in England, the court circles were the first to adopt tobacco smoking, and from there it spread to other social groups. Renaissance Italy possessed a worldly and sophisticated nobility and the most highly developed trading class in Europe. Cosmopolitan, commercially oriented Italians were quick to grasp the pecuniary potential of tobacco, and the techniques they developed for monopolizing it set the standard for the rest of Europe. The spread of tobacco in Italy also was facilitated by prominent clerics who followed Monardes and Nicot in regarding tobacco as a medicinal plant. The Papacy repeatedly attempted to restrain tobacco use among the Italian and Spanish clergy, but even the Papacy felt obliged to allow exceptions to its ban on smoking and finally it capitulated entirely, forming its own tobacco monopoly.

The history of tobacco in 17th and 18th century France also illustrates a number of characteristics of drug regulation: the spread of its use and the decline of opposition as its commercial and tax potentials were discovered, the rise of dependence on it for revenue, and the growth of monopolies. The system of tax and trade monopolies initiated by Richelieu, Louis XIV, and Colbert were similar to those of Italy, reflecting a theory of mercantilism and import substitution as well as serving as a source of tax revenue. Louis XIV disliked tobacco personally but regulated it through monopoly concessionaires. Conversely, the populace regularly used tobacco but disliked the monopoly, which was abolished during the French Revolution but soon reinstated, suggesting the seductive revenue and profit potentials of this drug.

Whereas the reaction of Western European governments to tobacco ultimately was one of flexibility and opportunism, Russia and Turkey long prohibited it. The Ottoman Turkish reaction also was characterized by close cooperation between religious and lay opposition, reflecting the integration of church and state in Islam and their authoritarian resistance to more liberal ideas that came to be associated with tobacco. This official opposition in turn made tobacco use and tobacco houses soon a symbol of resistance to the oppressive Sultanate rule, and as such were suppressed under penalty of death.

In Russia the response to the spread of tobacco use in the 17th century also illustrates the links that can develop between popular attitudes and social movements, elite economic and ideological interests, and drug use and regulation. The Orthodox Church feared modernization and other Western influences, one of which was thought to be tobacco use. But the tsars, and especially Peter the Great, were drawing on Western models in their efforts to modernize their country, and tobacco became a symbol of these struggles. As in Turkey, the initial response was a violent attack on the substance by religious and secular authorities, who denounced tobacco as irreligious, unhealthy, and a fire hazard, and who feared tobacco houses as sources of resistance. The Russian efforts at repression failed and were finally abandoned by Peter, who began a trade monopoly in partnership with the English until, finally, as in Turkey, a state-run tobacco industry was established in Russia.

The experience of the United States with tobacco is also ambivalent, but there tobacco was an indigenous substance that from early days had played a major role as an agricultural commodity and source of government tax revenues and not principally as an item of domestic consumption. Nonetheless, an anti-tobacco movement grew up after cigarette use expanded

during the Civil War. At first the language of this movement was religious and moral. Later it became the secular and instrumental discourse of medical science and public health. Producers became more powerful when the industry was monopolized and then oligopolized by the "big three" producers. Allied with a broad base of users, tobacco-financed congressmen, and local and federal governments that view tobacco more as a source of income than of illness, the tobacco industry has continued to resist growing anti-tobacco sentiment and regulation in the contemporary United States.

These cases also share features that we have seen in our discussions of opium, heroin, and coffee. Like the opiates in the nineteenth century, tobacco today is an internationally traded commodity dominated by a cartel with strong representation at the national and international levels. The international traffic in opiates was dominated by the British, who controlled both production at the source in British India and distribution networks internationally. Like the British with opium, the mid-Atlantic tidewater region of America has been a principal source of tobacco worldwide, American firms dominate international distribution networks, and Americans have been the most active in promoting free trade in this drug through national and international political and regulatory organizations. American firms were also the first to mechanize tobacco production, giving them leverage in international competition and further incentive to encourage an international tobacco habit.

Like coffee and opium, tobacco also has been constituted variously through different power/knowledge discourses. Religious authorities – Protestant reformers in the United States and England, Islamic leaders in the Ottoman Empire, and Russian Orthodox priests – have generally denounced these drugs as evil, corrupting, contrary to scripture, and un-Christian or un-

Islamic, and thereby advanced themselves as the authority that could define and impose proper conduct and belief. Apothecarists, pharmacists, and physicians have viewed these substances alternately as medicinals or as health hazards, either way empowering themselves as the authoritative agencies of control. Political elites have defined tobacco and other drugs as permissible or prohibited depending on the function of these substances either as sources of political resistance or economic revenue. In each case, of coffee or tobacco, ideological symbolization through a forbidden substance proved to be weaker than the continuing revenue potential, and eventually these drugs were legalized under systems of monopolies, state franchises, and taxation.

Another affinity between tobacco and the other drugs that we have so far considered is the mode of diffusion of use. Newly introduced substances – such as those imported into Europe from the New World – seem often to be adopted first by elite style setters, as with the use of tobacco by Sir Walter Raleigh in England or coffee by Frederick the Great in Prussia. From these elites use may extend to what modern marketing specialists call "life-style imitators," such as the gentry or the bourgeoisie and, from them (cost and availability permitting) to the popular classes. But this is not always the case. Cigarette smoking was early associated in the United States with poor, socially marginal immigrants, as opium smoking in the United States was associated with Chinese. Similarly, as we shall see, marijuana and cocaine use in the United States were early associated respectively with low esteemed Mexican and African Americans. In this sense, social origins may presage legal destiny, since the high or low status of initial users tends to correlate with the ultimate high or low degree of regulation of the substance.

Further, in the cases examined so far we can see a tendency for drugs to become associated not only with social classes, but also with national identities. Perhaps because these substances so powerfully escalate the senses, they may serve as powerful symbols of deeply felt sentiments. Sentiment against opium in the United States was possible in part because opium had been made a metonym of despised Chinese in America or British rivals overseas. Similarly, Chinese anti-opium feeling was part of a broader Chinese anti-imperialist sentiment. As tobacco became identified with its English purveyors, it became a target for anti-Western and nationalist ideologies.

Tobacco, like other drugs, often is paired symbolically, politically, or economically with another substance. For example, coffee in the Islamic world is seen as a substitute for alcohol, and often has been called the wine of Islam. Although physiologically one acts as a stimulant and the other as a sedative, both are ingested through drinking. Tobacco and khat, both smoked, have been intertwined in the histories of the peoples around the Horn of Africa. Coffee interacted directly with beer in Prussia and in England, and economic trade-offs between the two were important considerations in the calculations of industry advocates, government regulators, and users. So it was also with coffee and tea in England, and with marijuana and alcohol in the United States during Prohibition, when the former drug was legal and the latter not, and use of marijuana increased as that of alcohol declined. The tobacco industry in America likewise has closely watched the movements and regulation of marijuana. Given the other historical cases that we have examined, we may expect that if tobacco continues to be more taxed and restricted in the United States in relation to marijuana, use of the latter will increase proportionately,

possibly with commercial involvement of the tobacco industry, much as, during the oil crises, major petroleum firms moved heavily into coal and other parallel energy commodities.

Finally, we may note that regulation of tobacco and other drugs tends to generate an illicit market. Thus regulators aiming purely at enhancing revenues have tried to calculate the exact degree of regulation that would best balance levels of market price, extent of use, and degree of illicit traffic in order to maximize income from licit monopolies, franchises, or taxation. This kind of instrumental, profit-minded regulation has been the norm for the better part of tobacco's history, as ideological or symbolic measures have proven weaker than the revenue potential of government control, no matter how undesirable tobacco use may be seen by governments. Thus, interests of monopoly capital have dominated official policies concerning tobacco throughout its history, and they continue to do so today.