

## The fiscal policy and the smoking control in Cuba

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### Abstract

**Introduction:** The efficient use of public policies for the smoking control had demonstrated be a very useful tool for the prevention and control of this risk factor. Several elements had influenced for that the use of economic policies in Cuba hadn't been an efficient mechanism for the smoking control. However, the experience of several countries including from Latin America, demonstrate that the fiscal policy can be a good tool for the economic smoking control.

**Objective:** To describe the importance of utilizes the fiscal policy in the activities of prevention and control of smoking in Cuba.

**Materials and Methods:** It made a descriptive research about the importance of apply efficient fiscal policies in the smoking control in Cuba. For that were utilized as theatricals methods were utilized the inductive-deductive and the historic-logic. As empiric method was utilized the bibliographic research.

**Conclusions:** The application of efficient fiscal policies in Cuba is present and no longer necessity because of the whole benefices associated to the application.

**Key words:** control; smoking; fiscal policy; Cuba

### Introduction

The economic policy constitute a powerful tool looking for important social and economic objectives. The role of the fiscal authorities applying public policies must be in a way like be focused on the social, the economic and the human develop. 1

The action and the applying of these economic policies must be based in a sufficient scientific knowledge which justifies the optimal utilization of the current public policy. An example of that is the use of the economic policy in the smoking control. Around the world there is sufficient scientific evidence of using effectively the economic policy for the smoking control.

In Latin america the Panamerican Health Organization had played a relevant role making and applying strategic of smoking prevention. The Panamerican Health Organization had contributed with several countries with economic researches about smoking too. An important part of these researches had gone moreover and explained in details the use of tributaries policies to reduce the tobacco consumption and increase the fiscal contribution. [2, 3, 4, 5, 6, 7, 8].

In this context is Cuba where the utilization of economic policies to reduce smoking had been inefficient. The cultural characteristic associated to the tobacco consumption and the overvalued importance of the tobacco economy in the Cuban economy had contributed to the cited inefficiency in the smoking control [9, 10, 11, 12, 13]

However, countries who had utilized efficiently the fiscal policies in the smoking control had checked the value of this tool for the smoking control [14, 15, 16, 17].

### Objective

Because of the previous reasons the main objective of this research is to describe the importance of apply efficient fiscal policies for the economic smoking control in Cuba.

### Materials and Methods

It made a descriptive research about the importance of apply efficient fiscal policies in the smoking control in Cuba. Were utilized as teoricals methods the inductive deductive and the historic logic. As empiric method was utilized the bibliographic research.

### Results and Disruption of Results

Cuba is an underdeveloped country who had obtained relative high social levels of human develops. These results are based on the constitutional strategic putting selected social sector as Education and the Public Health wholly in the government hands as guarantee for the human develop. In consequence the whole health spend constitute a fiscal spend [18].

By other side the Cuban Public Health had adopted the principle of be firstly preventive. By this way it focuses the relevant importance of the primary attention in the Public Health in the prevention of illness [19].

In the action of health promotion the prevention of risk factor has a determinant role agree with the health Cuban model. Then, smoking as risk factor must be objective of prevention strategic too stimulating the assumption of better life styles [20].

The strategic of smoking prevention must be agreed with the main characteristic of this risk factor. Smoking can be classified as a conductible, accumulative, socioeconomic and modifiable risk factor. It

is conductible because depend of the smoker decision continue smoking or not. It is accumulative because the smoking effects over morbidity are accumulative too and can be present including in futures moments where the present smoker don't smoke more. It is socioeconomic because of the economic and social role that smoking plays. This is one of the more complex aspect associated to smoking because is cause of benefits and costs at same time. It is modifiable too because the incidence over this risk factor carry to modify the smoking behavior. In the following this document will focus in the socioeconomic characteristic although in implicit way it references the others.

As part of the global strategic for the prevention and the control of smoking the MPOWER Program suggest the effective utilization of fiscal policies to reduce in a significant way the smoking impact over the society and the economy. In consequence suggest too that the fiscal authorities must play a protagonist role in the smoking prevention [21].

In that way the Cuban circumstance is complex. By one side the Cuban tobacco sector is an important cause of fiscal incomes. By other side the main resources are in the government hands. Then, the whole Public Health spends are covered with the fiscal budget for the Public Health [22].

The fiscal costs and benefits can be direct or indirect, touchable or untouchable, pasts or futures. The smoking effects in benefits or costs are direct if born in the morbidity attributable to smoking and indirect if this condition is not present. Are touchable if can be measured and untouchable if can't be measured. Can be past if occurred in the past and can be futures if it expect occur in the future. In the following the document only will take account the touchable benefits and costs of smoking and as point of reference it assumes the smoker death [23].

In the analysis of benefits and costs of smokers early death are present all type of them. In following will be described for the present Cuban context.

*Past's fiscal benefits.* These are associated to the whole benefits obtained in the past. The direct are in correspondance to the tax volume obtained by the tax over minor sales of tobacco and cigarettes. The indirect are associated to the whole amount of tax and contribution from the tobacco sector.

*Futures fiscal benefit.* After smoker death all fiscal benefits are limited to reducing the fiscal budget for the Social Security. This reduction is determinate by spends avoided for subsidies and retired payments because of the smoker early death.

In the fiscal costs case the analysis is more complex. The fiscal costs because of smoking are present mainly during the smoker life. That is why in the following the research don't take account the fiscal smoking cost after the smoker death.

*Past fiscal costs.* These have several ways to be showed. The direct are given by economic burden attributable to smoking over the Public Health and all economic sectors related directly with the morbidity directly related to smoking, as the Social Security for example. In the case of the Social Security sector is important take account the whole spends associated to the morbidity attributable to smoking. These are the cost resumed in the past fiscal costs [24].

As part of the past fiscal costs are included the social costs because of the labor productivity lose because smoke during work time and because of absolute labor productivity lose because the smoker early death [12, 13, 25].

The relation between fiscal costs and benefits depend from the consumption intensity and the time consuming tobacco. While earlier star the tobacco consumption more probabilities there are for that this smoker become in an addictive consumer because of the nicotine effects over the tobacco consumer. In the same way while higher be consumption intensity higher will be the negatives effects of smoking over the attributable morbidity [26].

The consumption intensity determinate in direct way the dynamic of the past costs and benefits attributable to smoking. By one side the direct past benefits have a lineal relation with the consumption intensity given by the tax over minor sales of tobacco and cigarettes. By other side the tobacco sector contributions are in direct relation with the minor sales of tobacco and cigarettes too.

Since the cost side the effects are different. While increases the consumption intensity the smoking effect over the morbidity attributable to smoking is showed in several morbidity causes at same time and the attributable cost to smoking too. Also, while the consumption intensity increases the smoker life expectative will be less every time [27].

As consequence it makes more probable the existence of the absolute labor productivity lose because of the smoker earlier death. In cases like that, while higher be the working potential life lose higher will be the social cost attributable to smoking for this cause.

This situation is pointy worrier for the incidence of smoking over the Cuban demography. Cuba is becoming in an old country with an old population very dependent from the active labor people.

In 2011 Cuba had 6802.8 thousand people in age economically active. In the same year 5010.1 thousand people were employed. With a population of 11175.4 thousand people the 44.8% of Cubans in 2011 must sustain with it work the necessities of the 55.2% of all Cubans. If in the analysis are included the smokers who died before arrive to retire age the relation will show a worst relation. For that year 36211 Cubans had died before arrive to the retire age and that cost to the Cuban economy close to 250 millions of pesos [13, 28].

By other side the past costs attributable to smoking show a more accelerated growing respect to the benefits. This behavior is given because increasing the consumption intensity of tobacco increase the multi morbidity probability and the costs attributable to smoking too.

Smoking is related mainly with no transmissible illness. The attention to patients with these morbidities causes is very expensive. This is because the high specialization required in the attention that generally can't be afforded in primary level of attention. In consequence the past cost attributable to smoking must increase in accelerate way front of the benefits with a pointy trajectory of superiority of the costs. This dynamics show the unsustainable characteristic of smoking for the society and the economy.

When the consumption of tobacco is occasional the direct costs are very few significant because of the close null effective demand of health services attributable to smoking. However, the smoking effects over the labor productivity are present since the less consumption level [29]

When the tobacco consumption isn't occasional but isn't severe yet the relation between cost and benefits will arrive to an inflexion point where this relation will be in favor to the costs and the cost dynamic will be higher than the benefits one. This unfavorable situation is irreversible at short time. In this period of consumption the fiscal benefits are going to become insufficient to cover the smoking costs until arrive to the cited inflexion point [27]

Once time the consumption becomes severe the smoking had been consolidated in the tobacco consumption. In situations like this is often the coexistence of several morbidity causes attributable to smoking in the smoker health. Consequently the fiscal smoking costs attributable to smoking will increase significantly [27].

The relation benefit/cost is a relevant ratio to measure the smoking incidence in the fiscal sector. The negative amount carries to fiscal authorities to adopt at less three alternatives. In first place fiscal authorities can use their own reserves to cover this deficit. This option only must be utilized eventually for don't affect the real ability of these resources. In societies with high consumption level like Cuba this option isn't sustainable.

In second place the fiscal authorities can use foreign resources in borrow condition. The recurrent use of this option carries to compromise the social develop until a total unsustainable situation where smokers and no smoker people must pay the consequences of this decision.

In third place the fiscal authorities can apply to an efficient fiscal policy that make optimum the real relation between costs and benefits attributable to smoking. In this case is important understand that the best position isn't where costs and benefits are equals. The best option is where cost-benefits is minimum.

Given the before described this option only would be when the tobacco consumption is occasional. Nevertheless, in this circumstance the smoking behavior is instable and few trustable the relation between costs and benefits. Then, since the economic point of view the best position is when the consumption is wholly null [29].

In 2011 the touchable social costs attributable to smoking in Cuba were around 2255.5 millions of pesos. In the same year the minor sales of tobaccos and cigarettes were 2532.2 millions of pesos. Take it account that only a part of these sales comebacks to the fiscal authorities in tax over sales. In the hypothetic case that benefits would be higher than costs the result is very low and questionable too [28, 30].

The tributary policy isn't a definitive solution for the smoking economic control. The tax over minor sales according to the effective demand and the general increase in the minor prices of tobaccos and cigarettes will have higher impact over starting consumers and consumer in low proportion in general because they are the consumers in less smoking dependence. That's why the fiscal policy must include no tributaries policies as complement of the tributaries to reduce the smoking impact [1]

The Cuban tobacco is the unique agriculture item that obtains a favorable amount in the foreign trade. This exceeding contributes to finance the importations from the own sector and others too like the Public Health [31].

In the domestic market of cigarettes and tobaccos an important part of the productions costs are covered by international currencies. The final product on sale in the domestic markets it sales in the domestic currency and never is possible back in the minor sale the production cost covered in the international currency. This situation is especially important for Cuba because the Cuban economy is very dependent from the foreign trade and the ability of international currency is very important to cover the domestic needs. This argument makes emphasis in the questionable capability from the tobacco sector to create a positive amount in the international currency [32].

Since the economic point of view an alternative of economic policy should be refocus in more straight the tobacco sector to the exportation

reducing the domestic supply. Since the Public Health point of view the best option would be eliminate the consumption and the production of tobacco and cigarettes. In all cases the Economy and the Epidemiology are agree in that the smoking in the domestic market is unsustainable sin the social, the economic and the epidemiologic point of view.

## Conclusions

The application of efficient fiscal policies for the smoking control in Cuba is an unquestionable necessity in the present context because of the potential benefits for the society, the economy and the Public Health in Cuba.

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