



Policy Analysis

Addiction surplus: The add-on margin that makes addictive consumptions difficult to contain

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ABSTRACT

Addictive consumptions generate financial surpluses over-and-above non-addictive consumptions because of the excessive consumption of addicted consumers. This add-on margin or 'addiction surplus' provides a powerful incentive for beneficiaries to protect their income by ensuring addicted consumers keep consuming. Not only that, addiction surplus provides the financial base that enables producers to sponsor activities which aim to prevent public health initiatives from reducing consumption. This paper examines the potency of addiction surplus to engage industry, governments and communities in an on-going reliance on addiction surplus. It then explores how neo-liberal constructions of a rational consumer disguise the ethical and exploitative dynamics of addiction surplus by examining ways in which addictive consumptions fail to conform to notions of autonomy and rationality. Four measures are identified to contain the distorting effects of addiction surplus.

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Neo-liberal economics with its emphasis on the freedom of individual consumers to access open markets draws heavily on the idealized image of autonomous, informed and rational consumers whose collective choices shape how markets evolve. For example, in choosing where to purchase a sandwich for lunch, a consumer might consider factors such as the convenience of the location, the efficiency and friendliness of the salespeople, the quality of the food and, of course, the price. The consumer weighs up these various considerations, making an informed judgment, which is then implemented, in a spending choice. Such judgments then combine with many other similar judgments by other people and collectively the power of these purchasing choices determine how products become available and how markets develop.

However, this way of understanding the shaping of market via the rational exercise of individual's consumption decisions is not so easily reconciled with what happens with addictive consumptions. When people consume addictively they, by definition, consume to excess. They engage knowingly with a product to such an extent that its consumption leads to ongoing problems at a number of levels. Such problems typically include risks to health, relationships, finances and freedom. Whatever drives this destructive pattern, it is arguably linked more to perceived need than to a willing 'choice'

in the neo-liberal sense of the term. In the context of the physical drivers (such as tolerance) and psychological drivers (such as control issues) associated with addiction, factors such as convenience, friendliness, quality and price are but minor considerations compared to a driving impulse to obtain, to consume and to acquire more; balanced consumer choice comes a low second place to these overriding drivers. Accordingly, does the normal concept of consumer choice apply in these contexts? How much can we assume these additional amounts of money are coming from rational and willing consumers?

This article describes 'addiction surplus' as referring to the additional amounts of money derived from the excessive spending by addicted consumers. In other words addiction surplus refers to all amounts of money made from that consumption minus those from non-addicted consumers. This extra boost, this addiction add-on is seen as playing an important role in fostering the growth of addictive consumptions and in challenging recipients of this money on the ethics of how they are benefiting. The deployment of addiction surplus has important consequences for public health in that it enables beneficiaries to effectively.

The potency of addiction surplus

One historical illustration of the power associated with addiction surplus occurred during the Opium War of the 1840s between Britain and China. Throughout the nineteenth century Britain had

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sought to balance its trade deficit from importation of Chinese tea by cajoling farmers in their Indian colonies to grow poppies, the opium from which they could then sell at a large profit to traders in southern China. As more Chinese became addicted, the trade in opium increased steadily to a point that the Chinese Emperor grew increasingly concerned by claims of widespread opium addiction and, accordingly, commanded his officials to curtail what they saw increasingly as a pernicious trade. The British Prime Minister, Lord Palmerston, in recognition of the extent to which the British economy depended on this trade, responded by sending an expeditionary force to compel China to continue buying their opium (Ingليس, 1976; Yangwen, 2005). In reflecting on this trade, a Director of the British company responsible, Henry St. George Tucker, argued:

Is there any man so blind as not to perceive that it [the opium trade] has had a most injurious effect upon our national reputation? If a revenue cannot be drawn from such an article [opium], otherwise than by quadrupling the supply, by promoting the general use of the drug, and by placing it within the reach of the lower classes of people, no fiscal consideration can justify inflicting upon the Malays and Chinese so grievous an evil. (quoted in Ingليس, 1976, p187).

And yet, despite these sentiments the trade flourished for another century under the careful protection of the British government. What is most remarkable is how an empire at the peak of its pride and power could be swayed by a commitment to such ethically questionable trade practices.

A similar but more recent demonstration of the potency of addiction surplus has occurred in Mexico where trade in illicit drugs (heroin, cocaine, cannabis) has led to the emergence of powerful drug cartels devoted to preserving their dominance of this trade at all costs and leading to corruption, coercion and murder on a grand scale. For example, from 2006 to 2012 over 50,000 people connected in some way to this trade are estimated to have been killed (Archibold & Cave, 2012). As occurred similarly in Columbia and Afghanistan, the scale of this trade, dependent on demand from addicted consumers, yields surpluses which are too sizeable to ignore. The scale of crime and official corruption led President Felipe Calderón to declare in June 2009 that the future of Mexico's democracy was at stake (Associated Press, 2009).

While trade in illicit drugs highlights the financial surplus generating capacity of addictive consumptions, it is with legalized addictive consumptions that the value add-on of demand from addicted consumers generates the largest and most enduring presence. Addiction surplus not only provides strong incentives to promote such consumptions but also provides a resource base for activities aimed at influencing policy and regulation (Adams, 2009). This influence is sought in a wide variety of ways. One approach is through direct payments to influence brokers such as political lobbyists, public relations firms and advertising agencies (Bond, Daube, & Chikritzhs, 2009; Chapman & Shatenstein, 2001; Tesler & Malone, 2008). But financial clout can also be instrumental in a range of less direct strategies such as appointments (e.g. appointing retired politicians to boards), cross-board memberships (e.g. company executives on government advisory committees), exchanges in kind (e.g. building an events centre for loosened casino regulations) and currying favor with the public (e.g. funding local cultural events).

One illustration of the way in which these add-on surpluses from legalised consumptions infiltrate social networks can be seen in the way tobacco corporations invest in science. For example, Fields and Chapman (2003) reviewed internal industry documents concerning a large cigarette firm, Philip Morris, and the firm's grooming

over a 40-year period of a leading tobacco scientist, Ernst Wynder. They provided detailed evidence from documents that revealed the thinking of the firm's executives at the time. For example, in considering the rising anti-tobacco health lobby, Philip Morris executives commented:

Get scientists who are against us on the primary issue to speak up in our favour on the ETS [environmental tobacco smoke] issue. There are probably quite a number of scientists who would be ready to do this—Wynder is one example. These people should address scientific meetings, conduct interviews with the media, appear on talk shows etc. We should attempt to arrange debates between these scientists and the more rabid or silly antis (Fields & Chapman, 2003, p574).

They were subsequently amply supported by scientists eager to embrace what appeared to be an important source of research funding. They concluded that “in austere funding environments, today's scientists face ongoing funding challenges” and will be tempted by easy access to “allegedly no strings research funds” (p576). Other authors have discussed similar exposés of tobacco industry investment into science (e.g. Cohen, 2001; Hong & Bero, 2006; Turcotte, 2003).

A further example of the potency of addiction surplus can be observed in the way liquor industry corporations invest their financial surpluses into promoting a public image of corporate social responsibility. They often do this through the formation of what have been referred to as “social aspects/public relations' organizations” (SAPROs), examples of which include, at an international level, the International Center for Alcohol Policies and, at a national level, Drinkwise in Australia and Drinkaware in the United Kingdom (Foxcroft, 2005; Miller, de Groot, McKenzie, & Droste, 2011). For example, Babor and Robaina (2013) have examined the broad range of ways alcohol sponsored SAPROs influence perceptions of public health initiatives through their funding of research, their dissemination and interpretation of research outcomes and through their backing of particular alcohol policy initiatives—at least those that are unlikely to impact significantly on consumption.

One final illustration concerns the entrenched spread of electronic gambling machines (EGMs, 'slots') in Australia. The amounts of money lost on these machines have risen steadily in real terms from A\$2.6 billion in 1990–91 to A\$10.2 billion in 2009–10 (Delfabbro & King, 2012). The scale of these surpluses is such that state governments have become highly dependent on gambling taxation. For example, in 2010–11 Victoria derived 11% of its own tax revenue from gambling taxes, 61% of it from taxes on suburban EGMs. New South Wales derived 8.6% of its state tax revenue from the same source, 64.4% of it from EGMs located in suburban settings. Collectively, Australian state and territory governments extracted more than A\$5 billion from gambling taxes in 2010–11, 60% of it from local EGMs (ABS, 2012). When the Australian national elections in 2010 resulted in a hung parliament, an independent member from Tasmania, Andrew Wilkie, negotiated a deal with Prime Minister Julia Gillard to provide parliamentary support to her Australian Labor Party. A condition of his support was EGM law reform, notably the introduction of a mandatory pre-commitment system for local EGMs. This was immediately perceived as a threat to powerful interests in the EGM industry, in particular the heavily EGM-dependent New South Wales clubs, who subsequently announced they were committing up to A\$40 million into a media campaign to attack the reforms. Given the annual revenue in New South Wales from suburban EGMs is about \$5 billion (AGS, 2012), this represented a modest investment in protection of a significant revenue stream. The clubs' investment led to a range of media and lobbying initiatives including

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