
Cigarettes Can Take A Substantial Tax

To the Editor:

In "The Trouble With Punitive Smokers' Tax" (letter, July 2), Robert Tollison claims that a cigarette tax of 35 cents to 40 cents a pack will maximize tax revenues. He is responding to Michael Grossman, who argues in "For Best Revenue, Tax Cigarettes \$1.26" (letter, June 18) that the Treasury would lose money if the Federal excise tax exceeded the figure that he prefers.

If Mr. Tollison's tax of 35 cents to 40 cents were revenue maximizing, then how come the Governor and Legislature in Massachusetts are now locked in combat as to how they spend the tens of millions of extra tax dollars that have been generated by that state's recent tax increase from 26 cents to 51 cents a pack?

If Mr. Grossman's \$1.26 tax were revenue maximizing, then how come the Government of Canada collected billions of extra dollars when it raised provincial and federal taxes to more than \$3 a pack (in United States dollars, that is), even in the face of cross-border cigarette smuggling?

Professors Tollison and Grossman both relied upon high-powered statistical studies of notoriously flawed data on state tax-paid cigarette sales. Both of them would be advised to stop citing their favorite econometric research and start looking at the evidence.

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