

## Epilogue

*Kretek Capitalism* shows that the cigarette industry in Indonesia is sustained through an extraordinary amount of paid and unpaid labor on the part of employees, contractors, retailers, community groups, artists, influencers, and consumers. This is to say that the profoundly consequential relationship between Indonesians and clove cigarettes is not a simple function of the “pull of desire”; kretek producers like Sampoerna are not merely fulfilling a preexisting popular demand for cigarettes, whether that demand stems from nicotine addiction or adherence to national cultural tradition. Instead, the kretek industry actively secures the ongoing relationship between Indonesians and clove cigarettes through the “relentless push” of “predatory capitalism” (Wailoo 2021, 289) and the exploitation of labor that undergirds it. Philip Morris International’s subsidiary Sampoerna goes to great lengths to enlist and orchestrate this labor and to make it seem meaningful and fulfilling to those who perform it, even when its ultimate purpose is increasing company profits. Some of the jobs that kretek capitalism creates are stable, pay well, and offer opportunities for advancement and upward mobility in Indonesia’s difficult labor market. But a great deal of kretek capitalist labor is partial, seasonal, contract, low-paying, or unpaid. And as the industry continues to shift from labor-intensive hand-rolled to machine-rolled kretek, more kretek are being made more cheaply with less tobacco, cloves, and labor.

Kretek capitalism, then, depends on extracting value from the labor it enlists so as to produce and sell cigarettes, but it also exerts control over its expansive workforce in ways that forestall opposition and foster a broad national base of support for the industry. The games, prizes, rewards, promotion possibilities, and other incentives that Sampoerna uses to extract labor tend to direct workers’ attention to the task at hand rather than to the system that their labor serves. By setting small and short-term goals and objectives (e.g., tobacco or cigarette quality and quantity, audience numbers at promotional events, retail points, peer belonging), the industry enlists people to support and perpetuate a harm industry that

diverts land from food crops, chops down trees and releases carbon for flue-curing, maims and kills Indonesians and surrounds them with advertisements, strews toxic litter on the ground and in waterways, and deprives children of nutrition, education, and clean air.

Sampoerna remains Indonesia's largest cigarette producer, although the COVID-19 pandemic and subsequent government tax policies have weakened its market position. Indonesia's cigarette market declined from almost 306 billion sticks sold in 2019 to 276 billion in 2020, rebounding and again reaching over 300 billion in 2022. Sampoerna's 32.2 percent market share in 2019, however, fell to about 28 percent from 2020 to 2022. The company's annual reports blame the stiff "headwinds" the company faces on the pandemic and the government's "double digit" (11 percent average) excise tax hikes on the largest cigarette producers and lower tax hikes on smaller producers. Indonesian smokers have been "downtrading," gravitating toward products with lower excise taxes and prices (Sampoerna 2023). Under these circumstances, Sampoerna did not dare pass the entire excise tax hike onto customers and thus experienced decreased profitability alongside its lower market share.

Sampoerna can be expected to fight tooth and nail to regain some of the market share it has lost. As we have seen, market-share battles translate into special promotional events for youth, social overtures and contracts for musicians, artists, community groups, and campus clubs, and turf wars over the hearts and minds—and the walls and display cases—of independent retailers. When cigarette companies fight for market share, they claim that they are only trying to win over existing smokers who consume competitor products. Of course, they are also always recruiting new smokers, whom the industry once categorize as replacement smokers, succeeding those who died or managed to quit.

Despite the obstacles it faces, Sampoerna has maintained a dominant position in several market sectors, including white cigarettes, "low-tar" machine-rolled kretek, and hand-rolled kretek. Moreover, under PMI, it has its sights set on leading the nascent "reduced-risk" nicotine product sector. In late 2022, the company began producing "smoke-free" HEETS tobacco products at its new \$186 million plant in Karawang, and it has been marketing these heat-rather-than-combust products (which look like stubby cigarettes) along with the IQOS device in Indonesia. Public health researchers who have examined the rise of such new products have urged skepticism toward industry claims of their revolutionary potential. The industry has assured regulators that new products are designed to facilitate smoking cessation, then aggressively marketed them to youth and created a new generation of nicotine addicts. Much like the "light" cigarette, new devices have also perpetuated nicotine addiction among "dual users" who do not fully switch to e-cigarettes but use them alongside conventional combustibles. In the United States, Juul's potent nicotine salt formula and aggressive youth marketing on social media led to an epidemic of teen vaping and addiction that inspired Altria,

Philip Morris's parent company, to acquire a 35 percent stake in the company for \$12.8 billion. Juul's value fell soon thereafter as a result of public backlash over the company's marketing tactics and a 2019 outbreak of cases of severe lung damage and over sixty deaths from vaping black-market THC pods.<sup>1</sup> The health impacts and chemical constituents of "smoke-free" products are also less benign than company marketing implies (Jackler 2022, 140–42).

For now, though, the reduced-risk sector remains a thin slice of the industry, especially in low- and middle-income countries like Indonesia. Sampoerna boasted in 2021 that IQOS Club Indonesia had gained sixty-five thousand registered members, but this number—which represents about 0.1 percent of the 65.7 million smokers in Indonesia—makes PMI's stated ambition of seeing "at least 30 percent of PMI's adult consumers who would otherwise continue smoking switch to PMI's smoke free products by 2025" seem ludicrously out of reach in Indonesia (Sampoerna 2022, 24, 159). Likewise, Sampoerna's two hundred IQOS outlets in 2022 hardly register in comparison to the estimated 2.4 million retailers that not only sell cigarettes but serve as scaffolding for cigarette ads and point-of-sales displays, as discussed in chapter 5 (Lian and Dorotheo 2021, 5; Sampoerna 2023).

Indonesians live neither in the fictionalized and romanticized past depicted by kretek nationalists nor in the equally imaginative and deceptive smoke-free future that the tobacco industry itself promises to deliver. They instead bear the misfortune and challenge of living with kretek capitalism as it exists in the present. In contemporary kretek capitalism, a significant share of the industry is controlled by foreign firms, kretek are mostly machine-rolled, the poorest smoke the most, and tobacco control activists struggle for influence in a context where policy decisions are shaped by patriarchal sympathy with male smokers and friendly relations between industry and government. Understanding the realities of kretek capitalism—including the labor and working conditions involved in sustaining it—is key to transforming it.