



Evan Matthews: Smoking bans DO have economic consequences

By Indianapolis Libertarian Examiner, Brett Perry
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There is a new rejuvenated push to ban smoking in private businesses in Indianapolis. Evan Matthews of the Libertarian Party of Indiana had [a great op-ed on the topic](#).

Smoking bans are onerous, misguided and

dangerous. As Indianapolis lawmakers debate whether the Circle City requires more stringent smoking legislation, they should stop to consider the economic and realistic implications.

The owner of a private establishment, be it bar, bowling alley or barber shop, should be able to determine whether or not smoking is permissible on their property. Proprietors would display a sign on the door, reading either "Smoking" or "Non-Smoking," both enforced with vigor. Individuals would then be able to make informed and individual choices, free from government coercion.

About three-fourths of the population are non-smokers. Establishments would be foolish to alienate this huge market. As a result, many will enforce their own bans in order to cater to clientele. Government intervention isn't needed to create non-smoking environments in private establishments.

One highly visible side effect of smoking bans is their adverse economic effects. A Montreal Economic Institute study examining several Canadian cities concluded that sales at bars and pubs were 22.5% lower than they would have been without the ban. Interestingly, the article adds that the population's smoking rate remained at 25%, about a fifth above the

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national average, despite the ban, providing evidence that prohibitive measures do not change smoking habits. (Footnote 1)

A ban in Dallas prompted a study by two economists from the University of North Texas. They concluded that the ban contributed to an \$11.8 million decline in alcohol sales, with restaurants experiencing individual declines of 9 to 50%. (Footnote 2)

In July, 2003, New York state imposed a ban on smoking in enclosed public places of employment. The year after the ban, the state lost \$37 million in gross state product in the bar and tavern industry alone. Also, 2,000 workers lost their jobs, adding up to \$28.5 million in lost wages and salary payments. (Footnote 3)

According to a study by *The Economist*, the number of pubs closing per week in Britain doubled after a 2007 smoking ban. (Footnote 4)

In a study analyzing 2,724 pubs in Scotland and England, researchers found that the Scottish smoking ban led a 10% decline in sales and a 14% decline in customers. (Footnote 5)

Columbia, Mo., enacted a smoking ban in 2007. According to an analysis by Michael R.

Pakko, a research officer at the Federal Reserve Bank of St. Louis, the legislation is responsible for shocking revenue declines of 6 to 11.5% in bars and alcohol-serving restaurants. Anecdotal evidence also suggests that individual establishments lost up to 30% of total revenue due to the ban. It also caused a 5% sales decline in diners and other restaurants. (Footnote 6)

In the worst economic climate since the Great Depression, how will our struggling economy benefit by inflicting similar damages on Indianapolis business owners?

But what about the health risks to patrons and employees?

Even the federal government admits that the dangers of secondhand smoke are greatly exaggerated. The United States Occupational Safety and Health Act, designed to enforce safe work environments, determined that the dangers of environmental tobacco smoke (ETS) were negligible and are not subject to government interference. (Footnote 7)

A study published in the British Medical Journal followed 35,500 non-smokers with smoking spouses for 28 years. The long-term study found no causal relationship between second-hand smoke exposure and increased tobacco related mortality, although it

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conceded that a small effect could not be ruled out. (Footnote 8)

In 1992, the Environmental Protection Agency issued its influential report, *Respiratory Health Effects of Passive Smoking: Lung Cancer and Other Disorders*, extolling the dangers of secondhand smoke. A federal judge (*Flue-Cured Tobacco Coop. Stabilization Corp. v. U.S. EPA*) declared that the EPA “publicly committed to a conclusion before research had begun; excluded industry by violating the Act’s procedural requirements [and] adjusted established procedure and scientific norms to validate the Agency’s public conclusion.” The critique added that the “EPA disregarded information and made findings on selective information; did not disseminate significant epidemiologic information; deviated from its Risk Assessment Guidelines; failed to disclose important findings and reasoning; and left significant questions without answers.”

If secondhand smoke is a real and recognized hazard, the market will adjust and fairly compensate workers who subject themselves to potentially unhealthy environments. The wages of fishermen and loggers are inflated precisely because of the risk that they put themselves in. If smoke exposure is dangerous enough, employers will be forced to increase wages, lest the employees seek

greener and safer pastures.

Perhaps worst of all, prohibitive legislation has been shown to increase alcohol-related fatalities. Bans give patrons incentives to drive farther in order to find bars that allow smoking. Studies have shown (Footnote 9) that smoking bans increase the number of DUI arrests. A June 2008 study published by the Journal of Public Economics examined alcohol-related accidents in neighboring counties where only one enforced a smoking ban. It concluded that towns that enacted smoking bans from 2000 to 2005, on average, enjoyed a 13% increase in drunk driving fatalities the following year. Of particular note, a ban in Boulder, Co., increased fatal accidents in neighboring Jefferson County by more than 40%. When the study analyzed all border counties (where one has a ban and the other does not), it found that alcohol-related accidents increased by nearly 25%. (Footnote 10)

Smoking bans are heavy-handed attempts to control individual preference and limit choice. As a by-product of this oppressive, one-size-fits-all legislation, local business owners will likely face revenue declines in the tens of millions. Stubborn smokers will travel to neighboring counties, driving business out of Indianapolis in order to drink and smoke in peace. Afterward, they’ll drunkenly swerve



their Buicks and Camrys through Circle City streets, recklessly endangering the Marion County populace.

All because adults aren't trusted to choose smoking or non.

Footnotes:

1. http://www.tlw.org/public/content/Documents/Smoking%20Ban/Economic_Impac...

2. http://www.tlw.org/public/content/Documents/Smoking%20Ban/Economic_Impac...

3. http://www.tlw.org/public/content/Documents/Smoking%20Ban/Economic_Impac...

4. http://www.economist.com/daily/chartgallery/displaystory.cfm?story_id=14...

5. <http://ije.oxfordjournals.org/cgi/content/full/36/1/149>

6. <http://research.stlouisfed.org/regecon/op/CRE8OP-2007-002.pdf>

7. http://www.osha.gov/pls/oshaweb/owadispl.show_document?p_table=INTERPRETA...

8. <http://www.bmj.com/cgi/content/full/326/7398/1057>

9. http://www.economist.com/world/unitedstates/displaystory.cfm?story_id=10...

10. http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6V76-4RHWP04-2...



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