

“The Economic Impact of Smoking Bans in Hospitality Venues”

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Tale of Two Literatures

(1) “Public health studies” in public health & medical journals claim no harm, or even beneficial impacts

“The vast majority of scientific evidence indicates that there is no negative economic impact of clean indoor air policies, with many studies finding that there may be some positive effects on local businesses.” (Eriksen & Chaloupka 2007)

(2) “Economic studies” in economics journals show harm

My Paper

- evidence for restaurants & bars
- unfortunate consequences of misguiding public about bans

Economic Theory

- conventional view: just ban smoking
- Coase Theorem: “reciprocal nature of externalities”
owners direct resources toward highest-valued users
range of solutions emerge according to customer preferences

Evidence of Owners Resolving Issues

SLO ban (Boyes & Marlow 1996)

61% owners reduced smoke prior to ban

62% nonsmokers believed smoking sections effective

restaurant & bars across US (Dunham & Marlow 2000A)

non-smoking seating: restaurants (54%), bars (5%)

40% restaurants allowed smoking throughout

restaurants & bars in WI (Dunham and Marlow 2004)

seating = f(smokers, occupations, children, college, liquor, age, corporate)

50% restaurants allowed smoking throughout, 20% forbid it

bars allowed smoking throughout

Predictions: Gainers, Losers & Unaffected

“Economic Studies” Show Harm

SLO: 17% gained, 25% lost, 57% unaffected

US nationwide

bars: 2% gained, 82% lost, 14% unaffected

restaurants: 10% gained, 39% lost, 51% unaffected

Wisconsin

bars: 1% gained, 81% lost, 13% unaffected

restaurants: 3% gained, 54% lost, 37% unaffected

US nationwide (Adams and Cotti 2007)

bar jobs fell 4% (12% in high-prevalence locations)
(more in cold-weather locations)

Scotland: 10% decrease in pub sales

India: hospitality stock prices fell

Non-Compliance: Rarely Examined

- Nick Hogan, 6 month sentence in UK (\$11,000 costs)

“90% of people who come into my pub want to smoke, even the non-smokers think there should be a choice.”

Deborah Arnott, chief exec of ASH:

“Many pubs have shifted their focus to serving food, so they have changed their nature.” & “Mr Hogan is the exception, not the norm, because compliance rates for the ban are way above 90 per cent.”

- but 40 pubs a week shutting down
- shifting from alcohol to food attempts to minimize harm on customers, workers & owners

47,000 Smoking Ban Violations in Ohio (since May 2007)

	<i>2007-09</i>
<i>Bars</i>	<i>43%</i>
<i>Organizations</i>	<i>25%</i>
<i>Restaurants</i>	<i>3%</i>
<i>Other</i>	<i>29%</i>
<i>Total Violations</i>	<i>47,152</i>

- violations: 19,803 (bars) vs. 1,414 (restaurants)
- bars: 14-times more likely
- 11,788 on fraternal & veteran's organizations
(consistent with bar impact since often provide alcohol)

Implications

- past studies under-estimate harm
- fuller enforcement = higher costs & possible closures

How “Public Health Studies” Misrepresent Evidence

No Economic Model of Harm

- never entertain that some owners lose

“Community Effects” Methodology

- trivial analysis routinely employed, never discussed

Dismiss (or ignore) Contrary Evidence

“The vast majority of scientific evidence indicates that there is no negative economic impact ... This is despite the fact that tobacco industry-sponsored research has attempted to create fears to the contrary.” (Eriksen & Chaloupka (2007))

- bias from public health agencies or nrt pharmaceuticals?

Tobacco Control Funds Its Own Studies

- \$5.3B over 2000–07, some funded “public health studies”

Package Economic with Epidemiological Issues

- **overstate risk of ETS**
- **claim bans lower acute myocardial infarction (AMI)**
- **IOM claimed 6-47% reduction following bans**

Few of Many Flaws in IOM study

- 1. based on too few studies; ignore Shetty et al. (2009)
bans don't affect AMI (cherry-picking of locations?)
(random draw from population finds equal # of increases as decreases)**
- 2. only 2 of 11 studies examined AMI incidence of non-smokers**
- 3. no information on duration or pattern of ETS exposure**
- 4. no direct evidence of ETS risk (inferred indirect evidence assoc.
with particulate matter in smoke from other pollution sources)**
- 5. ignored other health factors affecting AMI incidence**
- 6. implausible bans offer immediate & huge health benefits**

“Public Health Studies”

- **claim “free lunches” (benefits w/o costs)
(understand businesses more than owners)**
- **motivated by social agenda rather than science
media outlets provide “cover” from scrutiny**

Unfortunate Consequences for Public Health

- **drunk driving rises following bans in bars**
- **health suffers if leads to more intense smoking**
- **claims of reduced AMI leads to less concern about real causal factors behind heart disease**
- **reduced S&D for better filtration**
- **junking of science leads to further skepticism of public**