

Economic Aspect of Smoke Free Workplaces

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Smoking Restrictions and Economic Incentives

- **Smoking restrictions change the economic environment by increasing indirect price of smoking**
- **Smoking becomes less attractive due to reduced opportunities to smoke and due to changes in social norms towards smoking**

Full Price of Smoking

Price Based Interventions

Non-Price Interventions

The Full Price of Smoking = **Monetary Cost** + Cost of Obtaining + **Consumption Cost**

Market Price of Cigarettes (taxes)

- Restrictions on access/purchasing
- Bans on advertising and/or sponsorship

- Restrictions on Use
- Health Information

Evidence on the Effects

- **Smoking restrictions (either imposed by public laws or in private firms) reduce smoking**
- **Effect: 5-15% reductions in population rates of consumption and smoking prevalence**
- **The quantity smoked decreases shortly after implementation, cessation increases in later years**
- **Lower exposure of non-smokers to passive smoking**

Variance in the Effects

- **Due to gender (smaller effects for females vs. males)**
- **Due to income (smaller effects for low vs. high-income groups)**
- **Due to age (60% smaller effects for smokers < 24 and > 65 compared to ages 24-65)**
- **Due to the number of firms already having smoking restrictions**
- **Due to the percentage of the adult population that does not work indoors or does not work at all**

Types of Restrictions and Their Impact

- **Work site laws - the biggest effect: 7-8% reduction in smoking prevalence (if all work sites non smoking, cigarettes/per capita would drop 4.5% in the US, 7.6% in the UK)**
- **Restaurant laws - 2-3% reduction in smoking prevalence**
- **Less than a strict ban will have about 50% effect of a strict ban (companies allowing smoking only in designated areas have substantially smaller effects on smoking behaviors than smoke-free sites)**

Restrictions' Impact

Depends on:

- **% population already covered by smoking restrictions**
- **Enforcement (can be helped by public support)**
- **Compliance (media publicity and public support can increase compliance)**
- **Ease of circumventing the law**
- **Access to and affordability of cessation services**

Are There Costs to Businesses?

- **Reduced restaurant, bars hotel sales?**

There is no evidence of negative impact in 26 peer reviewed studies, 1 tobacco industry funded study shows negative impact

- **Reduced employment?**

5 studies have examined employment changes – 3 non-industry studies conclude no effect, 2 industry funded studies show negative impact

Quality of the Research Evidence

- **Caution needs to be used when interpreting studies examining the economic impact of smoke-free laws.**
- **Funding source should be considered: all studies concluding a negative economic impact of smoking restrictions are supported by the tobacco industry**
- **Papers in peer-review publications guarantee the quality of the research**

Costs & Benefits of Smoke Free Workplaces

Costs for the business:

- **Costs of enforcement**
- **Costs of building smoking lounges (in the case of partial bans)**

Benefits for the business:

- **Reduced risk of fires**
- **Lower cleaning costs**
- **Higher productivity through lower absenteeism and lower health related costs (among both smokers and non-smokers previously exposed to second hand smoke)**

Cost Effectiveness of Smoking Restrictions Law Enforcement

- **\$ 358 per DALY (adjusted for PPP) if enforcement of these laws is the only TC policy**
- **Compares favorably to NRT - \$ 2,164 per DALY if NRT is the only TC policy**
- **Policy that would double the highest tax: \$ 13 per DALY (very little costs with implementing a tax increase, and relatively high costs of law enforcement)**
- **Calculation is for all smoking restriction, results for workplace restrictions only are not available. They would be cost effective if self-enforced.**