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Bardsley, Peter; Olekalns, Nilss. (1999) "Cigarette and Tobacco Consumption: Have Anti-Smoking Policies Made a Difference?" The Economic Record. September Vol. 75 (230) p. 225-40.

In order to find the article I chose to work with, I used the *EconLit* database. I searched for articles with the keyword "cigarette." There were a total of 224 articles on the subject, but only 35 articles remained once I limited the search down to the years 1998-2000. There were only 24 articles once I limited the articles down to 1999-2000. This provided me with a list of interesting articles that I could have easily worked with. I eliminated some because of length and content, and chose "Cigarette and Tobacco Consumption: Have Anti-Smoking Policies Made a Difference?" because it seemed interesting and there was a copy of it in Olin, and therefore was easy to locate.

This article tries to decipher the relevance of anti-smoking policies on the consumption of cigarette and tobacco products. The authors, Peter Bardsley and Nilss Olekalns, examine cigarette and tobacco consumption in Australia over two time periods, 1962/63 and 1995/96. They use the Becker and Murphy addiction theory to interpret the data they have collected on advertising, regulatory intervention and demographics. The main goal of the article is to determine whether government policies aimed at reducing cigarette and tobacco consumption are working. In order to isolate the effects of government intervention, all other factors must be considered. Therefore the article focuses on the effects of price (including tobacco taxes), real income, and demographics.

Australia attributes 15% of all recorded deaths to tobacco related causes. Many anti-tobacco public policies have been implemented in order to curtail these deaths. Australia employed a combination of taxation measures, provisions of public health information and health warnings, and prohibitive actions in an effort to decrease use of tobacco. In addition, public funds helped sponsor anti-smoking advertising campaigns. Bardsley and Olekalns focus on the effect these policies have made on the quantity of cigarette and tobacco consumption (p. 225).

During the late 1950's and 1960's the connection between smoking and health became apparent. State and Federal taxes on tobacco steadily increased after the 1964 statement issued by the US Surgeon General. A mandatory health warning has been required on cigarette packs since 1972 and cigarette and tobacco advertising in the electronic media has been phased out since 1973. Federal workplaces have been smoke free since 1986 and in 1987 smoking was banned on aircrafts. In 1989, the print media was targeted and by 1996 all advertising on billboards, illuminated and other outdoor signs was banned. Since 1983, anti-smoking campaigns have been funded from both State and Federal governments. However, in real per capita terms, advertising expenditure has been more than 20 times higher than anti-smoking advertising expenditure (p. 227).

In order to estimate addiction levels through the Becker and Murphy model, many exogenous variables were taken into consideration. The variables included were: income, the age structure of the population, number of smoking bans, and pro and anti-smoking advertising expenditures. Bardsley and Olekalns attribute part of the decline in smoking

and tobacco consumption to demographics. The population that became heavily addicted to tobacco during the World War II is now diminishing. The awareness of the health risks associated with smoking has increased tremendously over the past 30 years. This awareness could have had something to do with the anti-smoking campaigns. However, it may also have been part of a general shift toward healthier lifestyles including jogging, dieting etc. (p. 233).

The results from the Becker and Murphy model show that cigarette and tobacco consumption is affected by income, price, and the age structure of the population. If all other factors were held constant, consumption would rise as the population ages and as real incomes rise. However, the price of tobacco products (including taxes) has increased by 174% since 1969. This price increase has greatly contributed to the 60% decrease in consumption since that date. This gives good reason for the tobacco taxes in Australia to continue to increase. The workplace smoking bans and health warnings on cigarette and tobacco packaging have both contributed to a very small decline in consumption. Anti-smoking advertising and the electronic media ban are both insignificant factors. Therefore, all the reduction in tobacco consumption can be attributed to tobacco taxes (p. 235, 238).

I think this article presents a good argument against the anti-smoking campaigns. Through graphs, equations, and tables, this article shows that the anti-smoking expenditures have had no impact on the consumption of cigarettes and tobacco products. Bardsley and Olekalns do not, however, describe how their information was gathered. The mathematical equations are very convincing, but I do not understand how many of the variables were determined. The Becker and Murphy model has been successfully applied to other addictive commodities such as gambling and caffeine. Therefore, I find the application of this model to cigarette and tobacco consumption to be very convincing. I think the only weak point of this article is the lack of information attributed to the initial data gathering process.