

Smoking Bans, Cigarette Prices and Life Satisfaction

Reto Odermatt and Alois Stutzer*

(University of Basel)

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ABSTRACT

Smoking bans have been prominent in recent health policy with consequences for individual welfare that are controversially discussed and largely unexplored. According to traditional economics, bans constrain smokers in their habits which makes them worse off, while non-smokers are better off due to the protection from second-hand smoke. However, insights from psychology suggest time inconsistent smoking behavior so that bans may serve as a self-control device and benefit smokers as well. We evaluate the impact of smoking bans on subjective well-being analyzing panel data from the Eurobarometer for 40 European countries and regions since 1990 exploiting the staggered introduction of bans. We find, on average, no effect of smoking bans but a negative effect of higher cigarette prices on life satisfaction. Applying an imputation strategy allows us to analyze the effect of anti-smoking policies on people with different smoking propensities independently of observed smoking behavior. While people with a high propensity to smoke suffer substantially from higher cigarette prices the effect of bans is more subtle. Bans are beneficial for smokers who want to quit but not otherwise.

Keywords: Addiction, cigarette prices, life satisfaction, self-control, smoking ban

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* Faculty of Business and Economics, University of Basel, Peter Merian-Weg 6, CH-4002 Basel, Switzerland. Phone: +41 (0)61 267 33 61, fax: +41 (0)61 267 33 40, email: reto.odermatt@unibas.ch, alois.stutzer@unibas.ch.