

A response by Cancer Research UK to ***Canada's ruinous tobacco display ban: economic and public health lessons*** by Patrick Basham, Institute of Economic Affairs Discussion Paper 29

This briefing focuses on recent claims by Patrick Basham about the experiences of Canada, Iceland, Thailand and Ireland in introducing legislation to put tobacco out of sight at the point of sale.

The World Health Organisation (WHO) states that “the [tobacco] industry has a long history of using seemingly independent ‘front groups’ to advance its case”. This has certainly been true for the lobbying around the Health Act 2009.

The Tobacco Manufacturers' Association (funded by Imperial Tobacco, Gallaher and British American Tobacco) funds the Tobacco Retailers' Alliance, which in turn created the Responsible Retailers group that operates the 'Save Our Shop' campaign. During the passage of the Health Bill, the Tobacco Retailers' Alliance funded a key report from the Centre for Economic and Business Research and quoted their figures without saying that they funded them or that they themselves are ultimately funded by tobacco companies.

### ***Canada's ruinous tobacco display ban: economic and public health lessons***

In this paper, Patrick Basham claims that Canada's removal of tobacco displays has increased youth smoking, increased tobacco smuggling and had a devastating impact on small shops.

However, the paper has a number of general weaknesses:

- It does not disclose Patrick Basham's long-standing links with the tobacco industry.
- Neither the paper, nor the evidence it relies on, is published in peer-reviewed journals.
- It has internal inconsistencies in which factors are considered or discounted in different countries.

The report also contains selective evidence that undermines claims about the effects of a display ban:

- The arguments in favour of removing displays of tobacco in shops are incompletely covered as they ignore the key point that displays are recognised by WHO (and marketers) as a form of advertising
- Claims about Canadian youth smoking rates use statistically underpowered data, claims about the effect on shops are from non-peer reviewed sources and claims about smuggling ignore the situations in different states and appear to be regarded as irrelevant by those dealing with smuggling in Canada.
- It uses figures about Iceland's smoking prevalence that have been rejected by the Icelandic Ministry of Health and in order to claim that smoking rose from before the ban to after it uses the 'smokes daily' figure for before then ban and combines the 'smokes daily' and 'smokes occasionally' figures from a completely different survey.

### **General problems**

*Patrick Basham's links with the tobacco industry*

Patrick Basham does not disclose his long-standing links with the tobacco industry in this document, which are set out in a recent ASH report<sup>1</sup>:

- Patrick Basham was founding director of the Social Affairs Unit at the Canadian Fraser Institute, set up in 1999 and funded by Philip Morris, BAT and Rothmans International.
- The Unit, under the directorship of Basham, went on to produce publications such as *'The History of Tobacco Regulation'*. This suggests government regulation of tobacco is "a mix of good intentions, confusion and the naked self-interest of regulators and their supporters". Funders described as "on side" with the Centre's research programme included Imperial Tobacco, JTI MacDonal Corp, Rothmans, Benson and Hedges and Brown and Williamson Tobacco.
- His work on tobacco has continued: last year he published *"Butt Out! How Philip Morris Burned Ted Kennedy, the FDA and the Anti-Tobacco Movement"*.

Therefore although he claims that his statistical analysis, reproduced in the IEA report, is 'not supported by the tobacco industry'<sup>2</sup>, Basham fails to be transparent about his long-standing links with the tobacco industry.

#### *The quality of the evidence cited*

Despite the fact that there is an extensive peer-reviewed literature on the effects of tobacco marketing in general and point of sale displays in particular, it would seem little if any is used. Instead Patrick Basham seems to base his arguments predominantly on tobacco industry data, reports from consulting firms working on their behalf and on small retailer spokespeople.

For example on page 10, he cites a report as by "PriceWaterhouseCoopes (PWC) and HEC Montreal, a Canadian university". However the report was in fact published by the Canadian Convenience Stores Association (CCSA), which was involved in the campaign against the legislation here in the UK as well as in Canada. PWC is cited as 'in collaboration' on the report and does not appear to be the author or publisher<sup>3</sup>. Basham also neglects to mention that both CCSA President Dave Bryans and Vice President Michel Gadbois previously worked for tobacco companies<sup>4</sup>.

#### *Internal inconsistencies*

- To attack the Canadian experience of point of sale bans, Basham is content to use year-on-year cross sectional data before and after introduction of the legislation. However, in the context of Iceland, where the figures show a drop in prevalence, he claims that these kinds of data are "highly unreliable" (p.12) because they do not control for other contributory factors or look at the longer-term trends.
- He cites evidence (p.8) that claims there is no correlation in Canada between price, the introduction of the display ban and falls in tobacco consumption. However on

---

<sup>1</sup> 'The smoke filled room: How big tobacco influences health policy in the UK' (2010) London: ASH.

<sup>2</sup> Basham, P. *Canada's ruinous tobacco display ban: economic and public health lessons.* (2010) London: IEA, p.7

<sup>3</sup> [http://www.conveniencestores.ca/index.php?option=com\\_content&task=view&id=209&Itemid=1](http://www.conveniencestores.ca/index.php?option=com_content&task=view&id=209&Itemid=1)

<sup>4</sup> Canadian Convenience Stores Association and the National Coalition Against Contraband Tobacco: Independent organizations or groups fronting for Big Tobacco? *Non-Smokers' Rights Association / Smoking and Health Action Foundation*

page 12 he sees price as a possible reason for the fall in prevalence among Icelandic teenagers.

- There are a number of graphs showing youth prevalence or daily consumption – figures two, four and five – which do not start at zero and therefore differences appear larger than they actually are eg figure 5 shows a 1.1% increase that looks far greater due to the scaling used.

### **Specific weaknesses in the argument**

#### *Ignoring the key argument for removing displays of tobacco in shops*

- The paper claims that there are three types of evidence in support of display bans experimental studies about people's reactions to displays; recall and recognition of brands and evidence from places that have implemented display bans (p 2).
- However, the essential argument about tobacco displays is that they are a form of tobacco advertising, as confirmed by the WHO, and so point of sale promotion is undermining the effectiveness of the generally successful Tobacco Advertising and Promotions Act (TAPA).<sup>5</sup>
- Basham has stated that ending advertising is “useless grandstanding” and that it will harm competition between tobacco companies<sup>6</sup> yet TAPA was introduced because of the influence of tobacco promotion on youth uptake of smoking<sup>5</sup>.

#### *Insufficient data to make claims about the Canadian experience by province*

When considering the Canadian data, Basham presents year-on-year cross sections for 10 provinces and reviews the data province by province among 15-19 year olds, from which he concludes that there is a two per cent increase in smoking rates in this age group.

However, Statistics Canada in the *Canada Tobacco Use Monitoring survey (CTUMS)*

*Overview of Historical Trends 1999-2008* warns ‘Note that the margin of error increases for smaller sample sizes, such as for breakdowns by age, sex, province’.

Also, at most, two observations per province pre-policy or post-policy are used, which is inadequate to understand the secular trends. The data he cites are therefore not strong enough to support his claims.

#### *Specific weaknesses of Basham's claims about the effect on small shops*

Basham says the effect of the point of sale ban is to increase illicit tobacco sales, reduce footfall to small shops and impose extra costs. Each of these claims is examined below. The key evidence for this is a report from Convenience Stores Canada. As already noted, Basham cites this as a PriceWaterhouseCoopers report, but PWC was not the publisher and the previous job of the report's signatory was in the tobacco industry.

---

<sup>5</sup> The Cancer Research UK funded report: Hastings G. et al, Point of Sale Display of Tobacco Products (2008) University of Stirling.

<sup>6</sup> Craver, C. (2009) Patrick Basham on the unholy alliance between Philip Morris & the FDA in the Winston-Salem Journal. Winston-Salem Journal. 7 June 2009. Available from:

<http://www.democracynstitute.org/AnnouncementRetrieve.aspx?ID=34512> [Accessed on 12 July 2010]

### Illicit tobacco

Basham claims illicit sales rise because tobacco not being visible blurs the distinction between legal and illicit products and undermines the belief that tobacco is a legal product: displays bans make it "*far more likely*" that smokers will move away from the legitimate market.

However, Basham cites no evidence that this is the case nor is it intuitively plausible. It is true that Canada has seen a steady increase in tobacco smuggling but this started in 2001 - before Canadian provinces introduced bans on tobacco displays. Recent analysis of Canadian tobacco sales data shows that the greatest increase in smuggling was in provinces that had not yet introduced display bans, such as Ontario and Quebec which implemented their bans in June 2008.<sup>7, 8</sup>

The Government of Canada's 2008 Contraband Tobacco Enforcement Strategy lists the main drivers of tobacco smuggling, such as pricing and organised crime, but does not cite the removal of point of sale displays as a factor.

### Fewer customers

Basham claims that without displays smokers may believe small shops do not have the same range as larger shops. However, there is no evidence produced for this and smokers are generally frequent purchasers and so will have a good knowledge of the selections in different types of shops. Also, given that smokers are increasingly a minority, it is just as plausible that small shops will be able to sell more of other goods in the prime retail space behind the counter.

### Extra costs

Basham does not cite any evidence for the extra costs or for what they are relative to the revenue and profits of convenience stores. Research from the Republic of Ireland found that the cost of conversion was an average £300 per shop<sup>9</sup>. In many cases, this cost was met by the tobacco industry.

### *Iceland*

In his discussion of Iceland Basham raises all the methodological questions he ignored in his discussion of Canada.

Youth smoking rates fell significantly when a display ban was implemented in Iceland in 2001. Iceland has had a national tobacco control strategy for many years. When a ban on PoS displays was introduced, youth smoking rates measured by a survey of all 10th grade students fell from 18.6% in 1999 to 13.6% in 2003. This rate of decline was twice as fast as

---

<sup>7</sup> Physicians for a Smoke-Free Canada. The Canadian Tobacco Market Place: Estimating the volume of Contraband Tobacco Sales in Canada. December 2008. [http://www.smoke-free.ca/pdf\\_1/EstimatesofContraband-2008.pdf](http://www.smoke-free.ca/pdf_1/EstimatesofContraband-2008.pdf)

<sup>8</sup> Canadian Tobacco Manufacturers Council. Illegal Tobacco Sales: A crisis for Canadians. 2008. [http://www.imperialtobacco.com/onewebca/sites/IMP\\_5TUJVZ.nsf/vwPagesWebLive/DO65HJNQ/\\$FILE/medMD7JDHEG.pdf?openelement](http://www.imperialtobacco.com/onewebca/sites/IMP_5TUJVZ.nsf/vwPagesWebLive/DO65HJNQ/$FILE/medMD7JDHEG.pdf?openelement).

<sup>9</sup> Implementation of the Tobacco Display Ban in Republic of Ireland. ACS 2009

during the previous period<sup>10</sup>. Basham dismisses the 10<sup>th</sup> grade student survey preferring one from the Public Health Institute of Iceland (PHII) and published by Statistics Iceland.

The difference between the two surveys was discussed during the passage of the Health Act and is explained in a letter from Stefan Hrafn Jonsson, Division Director, Research and Development of the PHII. The European School Survey Project on Alcohol and Other Drugs (ESPAD) survey covers almost all Icelanders in the 10<sup>th</sup> Grade, ie about 16 years old, but takes place less frequently. The PHII survey uses a sample of approximately 2,400 Icelanders aged 15-89 years old. This means the sample size for any given age group is only a few hundred. The PHII regard the ESPAD survey as more appropriate for measuring youth smoking.

He says that in 2000, a year before the display ban, the prevalence rate was 14.4 per cent, using the PHII survey and that by 2006 it had risen to 15.5 per cent using a one-off survey called 'Youth in Iceland' (pp13-14). This claim has a number of problems. He is comparing two very different surveys, the PHII survey is a relatively small survey whereas the Youth in Iceland survey covers 81% of 14-16 year olds in Iceland. If he used the PHII survey for both 2000 and 2006 he would have reported a decline in prevalence to 12.2 per cent.

His pre-ban figure of 14.4 per cent is for daily smokers, his figure from the 2006 survey is the sum of daily and occasional smokers. The figure for daily smokers is 8.8 per cent and for occasional smokers is 6.7 per cent.<sup>11</sup>

### *Thailand*

Basham says that data from the World Health Organisation's General Adult Tobacco Survey shows that smoking prevalence has increased among the general population since the introduction of legislation to remove tobacco displays. However, there is only one year of these data and so he has to make this comparison with a different survey carried out by the Thai government. However, there is no evidence that these two surveys are comparable and they are not particularly relevant to a policy aimed at youth smoking.

### *Ireland*

Basham's discussion of Ireland is similarly focussed on adult smoking and so it is not particularly relevant to youth smoking levels.

## **Conclusion**

Basham's report has a series of weaknesses which mean that it is not possible for him to substantiate his claims that displays bans "may well have been counterproductive" or that display bans have increased smuggling or harmed small shops.

It would be more helpful to look at whether overall tobacco sales have declined in small shops and at awareness among young people. The forthcoming publication of a study from the Irish Office of Tobacco Control and the University of Nottingham shows compliance in

---

<sup>10</sup> The European School Survey Project on Alcohol and Other Drugs (ESPAD).  
[www.espad.org/sa/node.asp?node=730](http://www.espad.org/sa/node.asp?node=730)

<sup>11</sup> Kristjansson et al. 'Social correlates of cigarette smoking among Icelandic adolescents: A population-based cross-sectional study' *BMC Public Health*, 2008, 8: 66 [Link](#)

Ireland is very high and the law is popular. Recall of displays dropped significantly among adults and teenagers post-legislation and there are encouraging signs that the law has reduced the extent to which teenagers think smoking is the norm<sup>12</sup>.

During the passage of the Health Bill, the evidence and the issues were extensively debated including a key review by Professor Gerard Hastings<sup>5</sup>, and we would be happy to re-circulate this detailed evidence about protecting children from tobacco.

---

<sup>12</sup> Currently undergoing peer review