

Peaceful Times
(pick up usual masthead)

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Front-Page Feature:

Major Head:

Local Smoking Bans Backfire, Hurt Restaurants

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In city after city, the anti-smoking movement is pushing for smoking bans. And in some places, they're succeeding. Their goal is backdoor prohibition -- a tobacco-free society. They want to make it virtually impossible for people to smoke anywhere without actually prohibiting smoking. And to further this radical goal, they often raise one-sided and often misleading perils of "secondhand smoke." (See our discussion of this issue in the last Peaceful Times.)

Often it works. Government officials cave into the pressure and pass intrusive laws that would have been unthinkable just a few years ago. In the process, they can devastate local businesses, particularly restaurants.

Smokers simply take their business to eateries in nearby towns that still permit smoking. Restaurateurs in the "smoke-free" localities lose thousands of dollars in sales. And in a low-margin business like food service, these losses matter. To survive, many restaurants lay off staff. Even then, some don't make it.

The upshot: The business community suffers, jobless rolls swell, and the city or county loses sales-tax revenue.

Subhead:

Case histories from California

The Golden State's "smoke-free" cities show how harmful bans can be:

In 1987, when Beverly Hills banned smoking, restaurants reported sales losses of 30 to 40 percent. Within seven months, the Beverly Hills City Council unanimously repealed the ban.

In 1991, when tourist mecca Paradise banned smoking, restaurant sales fell by \$723,000 in just one quarter, according to State Board of Equalization figures. And at the same time, sales in nearby Chico shot up by \$1,099,000. Paradise's loss was literally Chico's gain, as fed-up smokers crossed the town line in quest of restaurants where they could light up in peace.

Bellflower, Lodi and San Luis Obispo also saw steep sales losses due to smoking bans. Bellflower, like Beverly Hills, even responded by lifting its ordinance.

But perhaps the most dramatic "case study" is Los Angeles, the United States' largest smoke-free city.

In June 1993, the Los Angeles City Council banned smoking in all city restaurants, effective that August. Result: L.A. smokers flocked to restaurants in Santa Monica, Beverly Hills, Culver City, West Hollywood, Inglewood and Torrance.

According to Wes Idol, owner of the Pacific Dining Car, his L.A. restaurant lost \$45,000 to \$50,000 a month once the ban took effect. He had to lay off seven of his 56 employees.

This March, Idol fought back. Teaming up with the Southern California Business Association, he sponsored a survey of 300 L.A. eateries by the Charlton Group, an independent polling firm.

The results were eye-opening. Over half the respondents said they'd lost business because of the ban. Losses averaged more than \$11,000 a month -- nearly 25 percent of the restaurants' pre-ban sales!

And one out of six restaurant owners said their losses had forced them to fire workers.

Stunned, the L.A. City Council voted to study the ban's economic impact. Today that study is under way.

Subhead:

In other states, evidence mounts.

IN This April, the Charlton Group completed another survey, this time polling 800 restaurant owners and managers in smoke-free cities and towns in California, Colorado, Massachusetts and Texas. The results:

One-third of bars and restaurants said local smoking bans have affected their business volume. (According to verbatim responses, other owners/managers said they're ignoring the bans or they're unaware the bans are even in effect.)

Among those who cited an impact on business, 75 percent said sales had gone down. And 18 percent of all owners/managers surveyed said they knew of another local restaurant that had lost business through the ban.

Among the 75 percent reporting losses, the average loss equalled 18 percent of total revenues, or \$23,336 per month.

Twenty-one percent of restaurants reporting losses have had to lay off employees.

Subhead:

Will your town be next?

As we go to press, ^{restaurant} smoking-ban ordinances are pending in Plano and Lufkin, Texas; in New York City; in Northampton, Mass.; and in Hanford, Calif.

Will your town be the anti-smokers' next target? Possibly!

So, what can you do to head off a smoking-ban proposal -- or to fight one that's already pending?

First, get involved with your local restaurant association. Remember, there's strength in numbers! Politicians pay heed to interest groups.

Second, contact your local officials: your city council, county supervisors, and/or board of health. Find out where they stand on the smoking-ban issue. If they're undecided or if they're leaning toward bans, tell them such rules could hurt your business. Cite the survey results above to show how bans drive away customers. Tell them you don't need government interference in your private business decisions. Remind them that you already provide smoking and nonsmoking sections. Urge them to adopt that kind of policy -- a reasonable rule that accommodates smokers and nonsmokers alike.

Remember, in many areas, restaurant owners have successfully stopped smoking-ban threats. You can, too, but you must be proactive! So speak out now -- before it's too late.

Major Head -- Feature # 2:

Clinton Health Plan Plunges in Polls,
Yet Employer Mandates Still Threaten Restaurant Owners

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President Clinton's massive health-care plan is rapidly losing ground. According to a June 11-12 poll by CNN/USA Today/Gallup, 50 percent of respondents now oppose "ClintonCare," while only 42 percent favor it. And 55 percent say Congress should deal with health-care reform "gradually" instead of ramming it through this year.

Alarmed by these numbers, many members of Congress are running scared from the president's plan. In the crucial Senate Finance Committee, retiring Oklahoma Democrat David Boren has announced he won't support any health-care bill that lacks "a sustainable consensus" -- that is, GOP support. And Finance Chair Pat Moynihan (D-N.Y.) has privately told President Clinton he can't guarantee more than four committee votes (out of 20) for the White House plan.

But some members of the Administration and Congress aren't getting the message. They're still pushing hard for employer mandates, one of the Clinton

plan's most unpopular features. In fact, the House Ways and Means Committee recently voted, 20 to 18, to retain mandates.

If these politicians get their way, all employers will have to pay 80 percent of their employees' health coverage, up to a total of 7.9 percent of payroll. Small firms will get subsidies, but only temporarily.

This requirement would hit restaurateurs hard. Many provide no health insurance or offer only limited coverage, simply because they can't afford steep premiums. Even as it is, they struggle to get by with 3- to 5-percent margins.

An 80-percent mandate would blitz those margins. "In fact," says Boston restaurateur Stephen E. Elmont, president of the National Restaurant Association, "the lowest amount a typical restaurant would pay for mandated health insurance would eat up half its profit."

Such losses could threaten restaurants' survival. Inevitably, they'd have to cut staff. And the lowest-paid workers would be first to go.

In all, 2 to 3 million jobs could vanish in low-wage industries like food service, according to groups ranging from the International Mass Retail Association to the Employment Policies Institute.

Subhead:

Politicians call for "triggers."

No wonder so many restaurateurs oppose the Clinton plan's mandate! Along with other small-business owners, they're speaking out on Capitol Hill. Result: Many lawmakers are taking a hard look at the burdensome requirement.

Yet some aren't looking hard enough. Instead, they're proposing phased-in mandates or "triggers." Senator John Breaux (D-La.) is pushing a "hard trigger": If free-market reforms don't achieve "universal coverage" (health care for all) by a certain date, the employer mandate will automatically kick in.

Other lawmakers, including GOP moderates, favor a "soft trigger" that will let a future Congress decide when to impose the mandate.

But don't be fooled by these trigger-happy lawmakers. In an attempt to save face for the White House, they're seeking to salvage "universal coverage." Yet at the same time, they're trying to escape political fallout from their unpopular position. So they're pushing mandates into the future -- beyond the '94 elections.

Write and call your members of Congress now. Let them know a mandate is a mandate, even when it's disguised as a trigger. Tell them mandates will hurt the restaurant industry, especially people like you. Say that you're against radical "reforms" that would wreck one-seventh of the U.S. economy (government and public spending on health care). Instead, recommend more modest changes, such as insurance portability and malpractice reform.

You can reach your U.S. representative and two senators at:

The Honorable (Name)
U.S. House of Representatives

Washington, DC 20515

The Honorable (Name)
U.S. Senate
Washington, DC 20510

If you don't know your officials' names, call 1-800-862-2525 to find out.

Sidebar:

Head:

OSHA Proposal Update

Last time, we told you about the sweeping nationwide smoking ban proposed by OSHA--the U.S. Labor Department's Occupational Safety and Health Administration. As you may recall, these unelected bureaucrats want to impose a no-smoking rule in virtually all indoor workplaces, including restaurants and bars. Such a rule would take away even more of your decision-making power. And it could drive down your sales.

In recent congressional testimony, California restaurateur Rudy Cole, head of Restaurants for a Sensible Voluntary Policy (RSVP), made the point well. "Some have claimed [a nationwide smoking ban] would impose a level playing field," he said. "That idea ignores the American kitchen. Many smokers simply would choose to eat and entertain at home."

Precisely. That's why the OSHA plan poses such a big threat--both to your business and to your freedoms. So if you haven't already written to OSHA, do so today.

NOTE: OSHA has extended its deadline for written comments to August 13, 1994. So there's still time to make your voice heard!

Write a short, simple letter describing your opposition to the OSHA ban proposal. Then make three copies. Mail your original plus the copies--four letters in all--to:

The Docket Office
Docket No. H-122
Room N-2625
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Remember, all letters to OSHA must be postmarked by August 13, 1994. So don't delay. Write now. And remember: one letter plus three copies. OSHA will only "count" your input if you submit it in quadruplicate.

And don't forget to contact Congress to protest HR 3434, the nationwide smoking ban proposed by California Rep. Henry Waxman. This bill would have much the same negative impact as OSHA's proposal. So urge your lawmakers to vote against it!