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When Health Policy and Empirical Evidence Collide: The Case of Cigarette Package Warning Labels and Economic Consumer Surplus

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Contributors

S. A. Glantz conceptualized the idea for the article. A. Song wrote the first draft. A. Song and S. A. Glantz further developed the draft of the article. P. Brown reviewed an advanced draft of the article, and suggested revisions and contributed additional material.

ABSTRACT

In its graphic warning label regulations on cigarette packages, the Food and Drug Administration severely discounts the benefits of reduced smoking because of the lost “pleasure” smokers experience when they stop smoking; this is quantified as lost “consumer surplus.” Consumer surplus is grounded in rational choice theory. However, empirical evidence from psychological cognitive science and behavioral economics demonstrates that the assumptions of rational choice are inconsistent with complex multidimensional decisions, particularly smoking. Rational choice does not account for the roles of emotions, misperceptions, optimistic bias, regret, and cognitive inefficiency that are germane to smoking, particularly because most smokers begin smoking in their youth. Continued application of a consumer surplus discount will undermine sensible policies to reduce tobacco use and other policies to promote public health.