

than for women historically, the cost per male smoker is \$29,037. The cost per female smoker is only half this, \$15,985. The national cost of spousal smoking, again for the 24-year-old who smokes, is \$28 billion. The estimates exclude additional medical care attributable to spouse smoking.

### *The External Cost of Smoking*

The external costs are much smaller than either their private or quasi-external counterparts, \$6,201 per 24-year-old smoker, \$3,829 for female and \$8,001 for male smokers at this age, net of federal and state cigarette excise taxes paid by smokers (table 11.3). On a per-pack basis, the external cost is \$2.20 in contrast to \$0.76 in excise taxes paid per pack. Net of taxes, the per-pack external cost of smoking is \$1.44.

This implies that even with a narrow definition of external cost, one that excludes the quasi-external costs, cigarette excise taxes are too

**Table 11.3**  
External Cost of Smoking Caused by a 24-Year-Old Smoker

	Cost per Smoker			National Cost (Millions 2000 Dollars)	Cost per Pack
	Female Smoker	Male Smoker	Mean Cost <sup>4</sup>		
Work loss (sick leave)	2,658	3,747	3,277	3,911	0.76
Medical care cost not borne by the smoker	2,806	1,501	2,064	2,463	0.49
Social Security outlays <sup>1</sup>	-1,509	-5,264	-3,644	-4,348	-0.84
Income taxes on Social Security taxable earnings <sup>2</sup>	126	7,713	4,440	5,299	1.02
Defined benefit private pension outlays	-88	-9,436	-5,404	-6,448	-1.24
Life insurance outlays	2,019	12,013	7,702	9,190	1.78
Productivity losses <sup>3</sup>	984	1,024	1,007	1,201	0.24
Total external cost of smoking	6,996	11,299	9,443	11,268	2.20
Federal excise taxes	-1,489	-1,550	-1,523	-1,818	-0.36
State excise taxes	-1,678	-1,748	-1,718	-2,050	-0.40
Net external cost of smoking	3,829	8,001	6,201	7,400	1.44

1. Accounts for the effect of smokers' early death on their spouses' benefit receipt.

2. Assumes an average income tax rate of 20% on the marginal earnings.

3. \$5 billion per year, see chapter 3.

4. Weighted average based on 514,733 female and 678,554 male 24-year-old smokers.