

Carbon, tobacco and economists: a modern tale

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A commentator on the blog, Robert Fox, offered the following tale in response to my [post on carbon taxation](#). I thought it well worth sharing. I have edited, very lightly:

Once upon a time, people in aircraft flying around used to smoke when they felt like it.

Yes, true !

Some passengers didn't like it, nor did the staff and pilots who thought it dangerous, increasing the risk of fire. So a choice had to be made. The options were between keeping smokers happy, the majority of customers happy, economists happy and elimination of the risk.

Option 1.

To reduce the degree of smoking, put a price on each cigarette that is lit. And maybe use the revenue to reduce the airfares. Also there are people who say that it's impossible for them to be ten or fifteen hours without a smoke.

Result: smoking is reduced and the consequent risk.

Economists are pretty happy with this idea.

Option 2.

Give every passenger a cigarette entitlement, say a coupon on boarding. Now the heavy smokers can buy their extras from the non-smokers, and a market can get going.

Next step, automate the process and have a private manager in software adjusting quantities and prices, and-oh, heaven !-clip the ticket along the way.

Result: smoking is reduced and the consequent risk.

Economists are ecstatic with this idea.

Option 3.

Ban smoking on flights.

Result: smoking is eliminated with the all consequent risk. Most customers are much happier.

Economists are utterly miserable.