

One Constant: American Gun Industry Thrives

Trace the long history of guns in American life and one truism remains constant: The firearms industry always manages to sell large volumes of product.

This has been so in flush times and during recession; through periods of crime and relative public safety; in war and in peacetime. It has held in the wake of horrific acts of conspicuous violence and the public hand-wringing they provoke. Such is the business reality that has made handguns permanently abundant on the streets of American communities, an issue once again at the forefront following the shooting rampage in Tucson last weekend.

Legal, retail sales of new guns have averaged about \$3.5 billion a year in inflation-adjusted terms going back to the mid-1990s, said Andy Molchan, director of the Professional Gun Retailers Association, an industry trade group.

"The gun industry really hasn't changed very much in about forty years," Molchan said. "It's been extremely steady."

The tragedy in Arizona has reinvigorated demands for beefed-up gun control laws. Yet most experts expect firearm sales to continue, and even accelerate, as gun owners who fear new restrictions rush out to add to their arsenals before any rules can take effect. Time and again, the powerful industry lobby--led by the National Rifle Association--has proven adept at mobilizing to fend off new controls, maintaining a lucrative status quo.

New guns sold legally in the United States reached an all-time high of nearly 9 million in 2009, the last year for which full data exists, according to William J. Vizzard, professor of criminal justice at California State University, Sacramento, who crafts estimates by analyzing federal data. That number does not include millions of used guns sold at gun shows or new models exchanged among unlicensed dealers.

Nothing fuels gun sales like uncertainty about the future--particularly when such uncertainty centers on the availability of handguns. The last pronounced surge in sales came in the wake of 2008's financial crisis of 2008 and into 2009, as President Obama took office. Those two events formed a powerful combination, spreading financial anxiety just as the airwaves filled with talk of dark conspiracies that the new president planned the seize weapons.

"People were rushing out to buy guns, because they were worried [Obama] was going to take their guns away," Vizzard said. "He didn't have a single proposal on the table for gun laws. It defies reason. It's a culture unto itself."

Though many industries cratered after the financial crisis, the gun industry was not one of them. Smith and Wesson, one the nation's largest distributors of firearms, saw sales increase by 25 percent over the last three months of 2008 compared to the same period a year earlier.

Smith and Wesson explained the surge in sales by pointing to political factors, including "a new administration taking office in Washington, D.C., speculation surrounding increased gun control and heightened fears of terrorism and crime," according to the company's annual earnings report.

Other firearms brands saw a similar spike in sales.

"When the election process took place, people were fearful they were going to lose access to tactical firearms with high capacity magazines, as has been the case in the past when Democrats took office," said Blake Mechem, national accounts manager for Browning and its subsidiary, Winchester.

The same sort of dynamic played out on a smaller scale in 1994, after President Clinton signed a ban on assault rifles into law.

The carnage in Tucson appears to have delivered yet another promising market for the firearms industry. Just two days after an Arizona shooter killed six people and wounded 14 others, including Rep. Gabrielle Giffords (D-Ariz.), sales for Glock 19s -- the \$599 semi-automatic pistol Loughner allegedly used -- shot up, according to reporting by *Bloomberg*.

"We're at double our volume over what we usually do," the owner of two Arizona gun shops told *Bloomberg*.

Unlike many industries in which a handful of major players dominate, the firearms trade has traditionally been fragmented, with niche players capturing significant slices of the market, though consolidation has been a force in recent years.

"If you put the whole industry together, you still wouldn't have one Fortune 500 company," said David Kopel, a policy analyst at the Cato Institute.

Experts say the structure of the industry owes to the fact the gun-owners rarely feel the need to replace their weapons, with new purchases motivated by a desire to simply own more or to collect for novelty purposes.

Much like hammers and crowbars, guns remain capable of fulfilling their basic function for a very long time. Unlike computers or cars, their technology doesn't change rapidly enough to prompt constant consumer upgrades.

The vast majority of new gun sales each year involve a few large customers such as police forces. In 2009, only six customers made up 69 percent of the sales for major handgun producer Sturm, Ruger and Smith.

But sales of firearms have proven steady and notably impervious to the fluctuations of the business cycle that shape other industries.

"Economics is a secondary factor," said Molchan, the retailers association director. "For the last half century, when gun sales have gone down, it usually means people are less apprehensive about firearms restrictions and laws. Anxiety is always a factor in gun sales."

Under federal law, every gun purchased from a licensed dealer requires an FBI background check. In 2009, 14 million background checks were performed, a jump from 12 million in 2008.

Even if new gun laws are now passed in the wake of the latest high-profile tragedy, the gun industry is unlikely to see a slowdown in its business.

"Gun control sells guns," said Kopel, the Cato analyst. "If people worry that their ability to buy guns will be restricted or taken away, it typically leads them to buy firearms when they can."

Current rhetoric aside, fresh gun control regulations are no sure thing. Many Americans value individual gun ownership as a core civil liberty, a position that has gained great political currency in recent decades--particularly in southern and western states.

Given the enduring influence of the gun lobby in Washington and in state legislatures, championing gun restrictions is politically risky, a reliable way for an incumbent to find themselves facing a well-financed challenger.

During the election cycle following the 1999 shooting at Columbine High School--a grisly spectacle that brought sustained calls for gun control--the NRA's political action committee more than doubled its campaign spending relative to the previous election, shelling out a total of \$16.8 million, according to OpenSecrets.org.

During the 2004 election cycle, when the Clinton assault weapon ban law was set to expire, the political action committee spent \$12.8 million, 17 percent more than in the previous cycle.

After the 2007 shooting at Virginia Tech, the same PAC expended \$15.6 million, an increase of nearly 40 percent over to the previous cycle.

Experts say the NRA has proven skillful at portraying individual gun ownership as an almost sacred piece of American freedom, casting proposed restrictions as the bleeding edge of totalitarianism. The NRA did not return calls seeking comment.

"The NRA depends on scared members," said Vizzard. "You have to have people constantly in a state of fear and agitation or they might not send in their membership fees this year. They've got a lot invested in people being afraid."

Yepoka Yeebo and William Alden contributed to this report.