

# Forbes

## Obama's Gun-Control Laws Would Limit, Not Destroy \$32 B Firearm Industry

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By Abram Brown

President Obama this morning outlined the White House's new gun-control proposals, a push that would be the most sweeping change to firearms in decades. While the new laws would certainly dent the nation's \$32 billion gun industry, it would not cripple it.

The president highlighted more than 20 executive orders that he signed today that he hopes will curb gun violence. "In the days ahead, I intend to use whatever weight this office holds to make them a reality," the president said. "Because while there is no law or set of laws that can prevent every senseless act of violence completely, no piece of legislation that will prevent every tragedy, every act of evil, if there is even one thing we can do to reduce this violence, if there is even one life that can be saved, then we've got an obligation to try." The orders ranged from strengthening the existing background-check system to adding new resources to school safety initiatives. (You can read the president's entire presentation here.)

Beyond that, Obama told lawmakers that he wanted them to swiftly pass an assault-weapon ban and limit magazines to 10 bullets. This would mean reinstating the gun-control law created in 1994 that expired a decade later. Significantly, that will need Congress' acquiescence, and many conservatives and gun-rights groups like the NRA have vowed to fight any legislation they feel infringes on the Second Amendment.



The assault weapons ban would restrict what gun manufacturers call modern sporting rifles. The man who wreaked havoc at Sandy Hook used such a weapon—a Bushmaster AR-15 manufactured by the Freedom Group, the largest long-gun manufacturer in America. The ban would likely parallel the one signed into law in New York yesterday: there, any rifle with even one militarized feature, like a pistol grip or a flash suppressor, is now illegal.

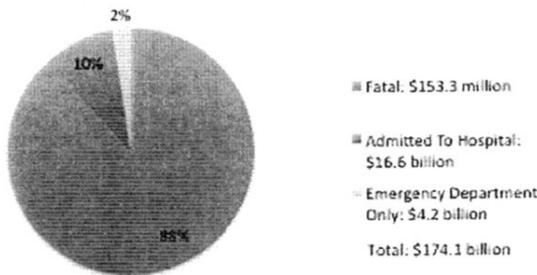
Any sort of ban on modern sporting rifles will greatly affect the closely held Freedom Group and also impact Smith & Wesson and Sturm, Ruger, too. Modern sporting rifles are among the most profitable weapons that gunmakers produced, says Rommel Dionisio, a Wedbush Securities analyst, as well as one of its fastest-growing segments. Freedom Group has said that modern sporting rifles are a useful tool in driving youth interest in firearms.

These types of rifles account for 20% or so of Smith & Wesson's sales, Dionisio estimates. It's probably a slightly smaller amount for Ruger. Ruger's recent explosive growth has centered on its new compact handguns, made to take advantage of expanded concealed-carry laws. The White House did not specifically mention whether high-capacity pistols would be affected. New York has already limited large pistol magazines. If that went nationwide, customers could stop buying bigger, higher-margin pistols. These more profitable guns are primarily bought for enthusiasts to enjoy the added capacity in the clips.

Shortly after the president's remarks, Smith & Wesson shares gained 3.8% to \$8.75 and Ruger climbed 4.2% to \$50.01.

As for the new background checks, it could reduce some of the popularity of private gun shows. By turn, that could drive greater traffic at places like Dick's Sporting Goods, Cabela's and Wal-Mart, the largest gun retailers in the U.S.

### U.S. Firearm Violence, 2010



Source: PIRE

How Guns And Violence Cost Every American \$564 In 2010  
Abram Brown/Forbes Staff

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