The Economics of Addiction

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Overview

• Economic models of demand for addictive products
• Impact of taxes/prices on demand for addictive and/or unhealthy products
• Myths & Facts on economic “costs” of tobacco control
• Ongoing activities

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Economic Models of Demand for Addictive Goods
Standard Demand Models

\[ C(t) = \alpha_0 + \alpha_1 P(t) + X(t) \Gamma \]

- Ignore the factors that distinguish addictive goods from other consumer goods:
  - Tolerance – body’s adaptation to consumption of addictive substance
  - Reinforcement – learned response to consumption and associated rewards
  - Withdrawal – disutility from cessation or interruption of consumption

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Myopic Addiction Models

\[ C(t) = \alpha_0 + \alpha_1 P(t) + \pi S(t) + X(t) \Gamma \]

- Captures the intertemporal dependence that characterizes additive goods through \( S(t) \) – the stock of past consumption

\[ S(t) = C(t-1) + (1-\delta)S(t-1) \]

- But backward-looking only; does not allow for forward-looking behavior
  - e.g. response to new information about health consequences of addictive behavior

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Rational Addiction Models

\[ C(t) = \alpha_0 + \alpha_1 P_C(t) + \alpha_2 P_C(t-1) + \beta \alpha_2 P_C(t+1) \\
+ \alpha_3 C(t-1) + \beta \alpha_3 C(t+1) + X(t)\Gamma \]

- Captures the intertemporal dependence that characterizes additive goods through past consumption, price
- Allows for forward looking behavior through future consumption, price, where \( \beta = 1/(1+\sigma) \)
- More challenging empirically given endogeneity of past and future consumption
Rational Addiction Models

• Several policy relevant, empirically testable predictions
  • Populations with lower rates of time preference (e.g. youth, less educated) respond more to monetary price than those with higher rates of time preference
  • Populations with higher rates of time preference respond more to information about long term health consequences than those with lower rates of time preference
  • Permanent price changes have greater impact than temporary price changes
  • Anticipated price changes have greater impact than unanticipated price changes
  • Long run price elasticity greater than short run price elasticity

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Rational Addiction Models

  - Cigarette smoking in US
  - Long run price elasticity -0.27 to -0.48
    - About double estimates from standard demand models
  - Demand among younger populations less inelastic than among older populations
  - Demand among less educated less inelastic than among more education
Rational Addiction Models

• Various aspects of RA model criticized:

“[T]he addict looks strange because he sits down at period j=0, surveys future income, production technologies, investment/addiction functions, and consumption preferences over his lifetime to period T, maximizes the discounted value of his expected utility, and decides to be an alcoholic. That's the way he will get the greatest satisfaction out of life. Alcoholics are alcoholics because they want to be alcoholics, ex ante, with full knowledge of its consequences.” (Winston, 1980)
Rational Addiction Models

- Extensions to the RA model:
  - Uncertainty about future price, other costs
  - Learning and regret
  - Bounded rationality
  - Hyperbolic discounting and time inconsistent preferences
Monetary Prices

• Subsequently applied RA model to demand for alcoholic beverages, cocaine
  • Similar findings as for cigarette demand
    • Significant effects of price
    • Greater long run elasticity
    • Key subpopulations more responsive to price

• Relative addiction:
  • Comparing short and long run effects of price one way of assessing addictiveness of various substances
  • Estimates implied Cigarettes > Cocaine > Alcohol
“Full Price”

- Incorporates many factors in trying to capture the overall costs of using an addictive product
  - Monetary prices
  - Expected legal consequences
  - Perceived health consequences
  - Social norms
  - Time costs (availability)
  - Others….
Impact of Taxes & Prices on Addictive Behaviors
"Sugar, rum, and tobacco, are commodities which are nowhere necessaries of life, which are become objects of almost universal consumption, and which are therefore extremely proper subjects of taxation."
Impact of Tobacco Taxes & Prices on Tobacco Use
“Eliminating the price classification fees and applying a uniform specific tax of 26.30 pesos per pack, which is further indexed for inflation, could avert over 3.5 million premature deaths in the current population while raising 53.8 billion pesos (US$ 1.2 billion) annually in excise tax revenues.”
Tobacco Consumption and Cigarette Prices
New Zealand, 1990-2013, Inflation Adjusted

Sources: EIU, World Bank and OECD
Adult Prevalence & Price, Brazil

Adult Smoking Prevalence and Cigarette Price
Brazil, Inflation Adjusted, 2006-2013

Sources: Ministry of Health, Brazil; EIU; World Bank
Monthly Quit Line Calls, United States
11/04-11/09

- 4/1/09 Federal Tax Increase
- 1/1/08 WI Tax Increase
Cigarette Prices and Cessation
US States, 2009

% Ever Smokers Who Have Quit

Source: BRFSS, *Tax Burden on Tobacco*, 2010, and author’s calculations

\[
y = 0.0283x + 43.083
\]

\[
R^2 = 0.371
\]
Cigarette Price & Youth Smoking Prevalence
Chile, 2000-2015

Source: Paraje, 2017
Increasing Elasticity with Increasing Price

Sources: Tauras, et al., 2016; Pesko, et al., 2016

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Affordability and Tobacco Use
Cigarette Sales, Bangladesh, 1997-2010

Source: Euromonitor, EIU, World Bank

Affordability and Per Capita Consumption

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Prices and Tobacco Use

– Similar evidence for variety of other tobacco products
  • Generally see evidence of substitution between similar products (e.g. cigarettes, little cigars, roll-your-own
  • Some evidence of complementarity between combustibles and non-combustibles
France: smoking, tax and male lung cancer, 1980-2010

Lung cancer death rates per 100,000 (divided by four): men age 35-44

# cigarettes/adult/day

Relative price

Source: Jha, in progress
Cigarette Tax and Tax Revenues
Ukraine: 2008-2015

Average excise rate for cigarettes – increased 10-fold
Cigarette Tax Revenue – increased 6-fold

Source: Syvak and Krasovsky, 2017
Effectiveness of Tobacco Taxes

Chapter 4, Conclusion 1:

A substantial body of research, which has accumulated over many decades and from many countries, shows that significantly increasing the excise tax and price of tobacco products is the single most consistently effective tool for reducing tobacco use.
Reusable E-Cigarettes
Harm Reduction

- Significant tax on vaping products coupled with increased taxes on cigarettes and other combustible tobacco products
  - Maintain or increase relative price of combustibles to deter initiation and promote cessation for all nicotine products
  - Maximize switching among those unable to quit while discouraging initiation and dual use
  - Generates significant new revenues
  - Relatively low cost, legal substitute could help address concerns about illicit trade
Taxes, Prices & Excessive Drinking
Alcohol Taxes, Prices & Drinking

• Extensive econometric and other research shows that higher prices for alcoholic beverages significantly reduce drinking:
  • 10 percent price increase would reduce:
    • Overall consumption by 5.1% to 7.7% in HICs
    • Overall consumption by 6.4% in LMICs
  • Tax/price increases reduce all aspects of drinking
    • Prevalence, frequency, intensity
  • Generally larger effects on youth and young adults

Source: Chaloupka, et al., forthcoming

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Distilled Spirits Prices & Sales
Ukraine, Inflation Adjusted, 2002-2016

Sources: Chaloupka, et al., forthcoming
Distilled Spirits Prices & Sales
Ukraine, Inflation Adjusted, 2002-2016

Sources: Chaloupka, et al., forthcoming
Beer Tax and Binge Drinking Prevalence
US States, 2010

Source: Xuan et al., 2013
Alcohol Taxes, Prices & Consequences

- Econometric and other research shows that higher prices for alcoholic beverages significantly reduce:
  - Drinking and driving, traffic crashes, and motor-vehicle accident fatalities
  - Deaths from liver cirrhosis, acute alcohol poisoning, alcohol-related cancers, cardiovascular diseases, and other health consequences of excessive drinking
  - Violence (including spouse abuse, child abuse, and suicide) and other crime
  - Other consequences of drinking, including work-place accidents, teenage pregnancy, and incidence of sexually transmitted diseases

Source: Xin & Chaloupka, 2012; Wagenaar et al., 2010
Federal Beer Tax & Tax Revenues
United States, Inflation Adjusted, 1945-2013

Source: Brewers Almanac, 2013, ATTTB, 2014, and author’s calculations
Prices & Illicit Drug Use
Illicit Drug Use

• Consistent evidence that increases in monetary prices reduce drug use
  • Cocaine: 10% price increase reduces use by about 3%
  • Heroin: 10% price increase reduces use by over 9%
  • Marijuana: 10% price increases reduces prevalence of youth marijuana use by 3%

• Generally find evidence of economic complementarity among illicit, licit substances
“Full Price” and the Demand for Addictive Products
Impact of Full Price

Extensive research on various aspects of “full price” and demand for various products

- Comprehensive smoke-free air policies, graphic health warnings on cigarette packs, mass media public education campaigns, and others reduce cigarette smoking among youth and adults
- Minimum legal purchase ages reduce youth drinking
- Strong laws against drunk driving reduce binge drinking, drinking and driving
- Limits on outlet density reduce drinking and consequences
- And much more……
Full Price and Illicit Drug Use

• Marijuana decriminalization
  • Generally find evidence that decriminalization of marijuana associated with increased use among adolescents and adults

• Other drug penalties
  • Mixed evidence on effects of statutory penalties for various illicit drug offenses and drug use
    • Likely due to differences in enforcement and adjudication
Full Price and Illicit Drug Use

• Medical marijuana policies and youth marijuana use
  • Some evidence that perceived harms, disapproval are lower in states where marijuana has been approved for medical use
  • Some evidence that medical marijuana policies associated with increases in youth marijuana use
    • Particularly true for more liberal policies (e.g. those that allow home cultivation)
    • Appear to work through increases in perceived availability
Denver: More Marijuana Shops Than Starbucks & McDonalds

Marijuana 390 vs. Starbucks & McDonald's 233

Source: Doyle, 2015
“…offering cannabis consumers a **stealthy**, convenient way to get high in almost any location or situation.”

*High Times Magazine March 28, 2013*

“…it will produce almost scentless vapor and can be hit easily in a bathroom or on the street.”

*The Ipod of Getting Baked*, Rolling Stone, June 20, 2013

Source: Doyle, 2015
Taxes, Prices & Diet, Weight
Extensive economic research on the impact of food and beverage prices on consumption of various products; estimates suggest 10% own-price increase would reduce:

• Cereal consumption by 5.2%
• Soft drink consumption by 7.8%
• Sweets consumption by 3.5%
• Food away from home consumption by 8.1%

Source: Andreyeva, et al., 2010
Our more recent review finds similar evidence, with 10% increase in own-price leading to reductions in:

- Sugar-sweetened beverage consumption by 12.1%
- Fruit consumption by 4.9%
- Vegetable consumption by 4.8%
- Fast food consumption by 5.2%

Source: Powell, et al., 2013
Sweet & Savory Snack Prices & Consumption
Percentage Change, 2000-2014, Selected Countries

Source: Euromonitor, 2015, and author’s calculations
Soft Drink Prices & Consumption
Percentage Change, 2000-2014, Selected Countries

Source: Euromonitor, 2015, and author’s calculations
Prices and Weight Outcomes

While mixed, the weight of the evidence increasingly indicates that changes in relative prices for healthier and less healthy foods will affect weight outcomes, with greater impact on:

- Lower income, less educated populations
- Younger populations
- Populations at greater risk for obesity

Source: Powell, et al., 2013
Prices and Weight Outcomes

Subsidies alone likely to be counter-productive:

• Increase consumption of subsidized products
• Income effect leads to increased consumption of other products
• Net increase in caloric intake

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Sugary Beverage Taxes
Rationale for SSB Taxes

• Link to obesity
  • Several meta-analyses conclude that increased SSB consumption causes increased weight, obesity
  • Increased calories from SSBs not offset by reductions in calories from other sources

• Other health consequences
  • Type 2 diabetes, lower bone density, dental problems, headaches, anxiety and sleep disorders
  • Sugar Addiction?
Soda Consumption & Obesity
Selected Countries

Source: Soda consumption from Euromonitor, 2011; Obesity prevalence from OECD Health Data, 2005
Change in Soft Drink Affordability 2000-2013, Selected Countries

Source: Euromonitor, 2015, and author's calculations
Soda Taxes in the U.S.

Mixed evidence for impact of U.S. soft drink taxes on obesity:

- Small state sales taxes
- Do not differentiate sugary vs. low/no calorie beverages
  - often taxes on healthier options
- Are not comprehensive
- Estimates suggest that tax needs to raise price by at least 20% to have an impact on weight outcomes

Source: Powell, et al., 2013

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Evidence from Mexico’s peso per liter SSB tax;

- Increased prices for SSBs relative to non-taxed beverages
  - about 10% price increase
  - pass through varies by type, size, location
- Significant reduction in SSB sales, consumption
  - growing over time
- Significant increase in bottled water consumption
- Greater impact on heavier consumers, low-income population

Sources: Colchero, et al., 2015; Colchero, et al., 2016; Colchero, et al., 2015; Ng, et al., under review
Impact of Tax on Sales
Mexico, 2007-2016

Impact on SSB sales consistent with reductions in purchases:
• 6% drop in 2014
• 8% drop in 2015
• 11% drop in first half of 2016

5.2% increases in bottled water sales


Purchases of taxed beverages reduced in all SES groups.

- Reductions in purchases greatest among lowest SES households.
- 9% decline in 2014.

Colchero MA, Popkin BM, Rivera JA, Ng SW. Beverage purchases from stores in Mexico under the excise tax on sugar sweetened beverages: observational study. BMJ 2015;352.
Impact of Tax on Purchases Year One (2014)

• Greatest impact on heaviest consumers
  – Highest purchasers:
    • 31% of households, purchased average of 157 liters of SSB/capita/yr
    – 10% reduction in purchases following tax
  – Middle purchasers:
    • 40% of households, purchased average of 60 liters of SSB/capita/yr
    – 8% reduction of taxed beverages post-tax
  – Light and non purchasers:
    • Remaining households; small impact on light purchasers

Ng SW, Rivera J, Popkin B, Colchero MA. Did high purchasers respond differently to the excise tax on sugar-sweetened beverages in Mexico?
Oppositional Arguments
- Myths & Facts
Sugary Drink Taxes, January 2018

http://www.abc.net.au/news/2018-01-07/calls-for-a-sugar-tax-are-back-so-it-is-going-to-happen/9309386
Industries and allies use several common arguments in opposition to tax increases:

- Won’t have the intended impact in terms of reducing use and consequences
- Will lead to extensive tax avoidance and tax evasion
- Will harm poor and working class consumers
- Will lead to massive job losses

Common Oppositional Arguments

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Tax Avoidance & Evasion
Tax Avoidance & Evasion Do NOT Eliminate Health Impact of Higher Taxes

Source: Schroth, 2014
Tax Avoidance & Evasion Do NOT Eliminate Revenue Impact of Higher Taxes

Cook County Cigarette Tax and Tax Revenues - FY01-FY06

- Chicago tax rises from 16 to 48 cents
- Chicago tax up to 68 cents, 1/1/06
- Chicago smoking ban, 1/16/06

Tax Avoidance & Evasion Do NOT Eliminate Revenue Impact of Higher Taxes
Illicit Cigarette Market Share & Cigarette Prices, 2012

\[ y = -0.0076x + 0.1752 \]
\[ R^2 = 0.0496 \]

Sources: Euromonitor, WHO
Drivers of Illicit Tobacco

- Corruption
- Weak tax administration
- Poor enforcement
- Presence of informal distribution networks
- Presence of criminal networks
- Access to cheaper sources

Sources: NRC/IOM 2015; NCI/WHO 2016
Smuggling and Corruption, 2011

Sources: Euromonitor, Transparency International
Figure 12 – Estimated Volumes of Cigarettes Consumed in the U.K. – Duty paid, illicit, and cross-border shopping, 2000-01 – 2013-14

Source: HM Revenue & Customs, 2014
Combating Illicit Tobacco Trade

- Illicit trade protocol to the WHO FCTC
  - Adopted November 2012; entered into force September 2018; provisions calling for:
  - Strong tax administration
    - Prominent, high-tech tax stamps and other pack markings
    - Licensing of manufacturers, exporters, distributors, retailers
    - Export bonds
    - Unique identification codes on packages
  - Better enforcement
    - Increased resources
    - Focus on large scale smuggling
  - Swift, severe penalties
  - Multilateral/intersectoral cooperation

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Beverage Tax Avoidance & Evasion

Little evidence of significant tax avoidance & evasion

• low taxes relative to prices
• costly to avoid/evade taxes

• Ongoing research on alcoholic beverage tax avoidance and evasion
Impact on the Poor
Tobacco & Poverty

Vicious Cycle of Tobacco and Poverty

Forgone Income 1: More money spent on tobacco; high opportunity cost. Less money spent on education, nutrition, etc.

Forgone Income 2: Due to treatment cost and loss of work days

Forgone Income 3: Due to premature death

Breadwinner gets sick due to tobacco use

Income increases

Youth and women start smoking and men smoke more

Higher prevalence and consumption level

Family falls into poverty

Source: NCI & WHO 2016

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Impact on the Poor

• Concerns about the regressivity of higher alcohol & tobacco taxes, food/beverage taxes

  • Most excise taxes are regressive, but tax increases can be progressive

    • Greater price sensitivity of poor – relatively large reductions in use among lowest income populations, small reductions among higher income populations

  • Health benefits that result from tax increase are progressive
Who Pays & Who Benefits
Turkey, 25% Tax Increase

Change in Consumption  Change in Taxes Paid

Poorest: -35.3%  -2.2%
Middle: -20.4%  8.5%
Richest: -18.5%  9.7%

Source: Adapted from Önder & Yürekli, 2014
Who Pays & Who Benefits
Chile, 25% Tax Increase

Figure 6: Total Income Effect: Direct and Indirect Effect of Taxes
(tobacco price increase, medical expenditure and working years gained)

Source: Author's estimation using a price shock of 25%

Source: Fuchs, et al., 2017

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Impact on the Poor

– Need to consider overall fiscal system
  • Key issue with taxes is what’s done with the revenues generated by the tax
  • Greater public support for tax increases when revenues are used for prevention & control programs and/or other health programs
  • Net financial impact on low income households can be positive when taxes are used to support programs targeting the poor
  • Concerns about regressivity offset by use of revenues for programs directed to poor
Incremental Revenues for Health and the Poor Philippines, 2001-2016

Source: Adapted from Jeremias Paul, 2017
Impact on the Economy
Industries argue that production and consumption of their products makes a significant economic contribution

- employment in farming, manufacturing, distribution, retailing, and related sectors
- multiplier effects as income earned in these jobs is spent on other goods & services

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Excise Taxes and Jobs

Industry-sponsored studies tell only part of story:

• **Focus on the gross impact:**
  • New tax or tax increase will lead to decreased consumption of taxed product
  • Results in loss of some jobs dependent on production of taxed product

• **Ignore the net impact:**
  • Money not spent on taxed product will be spent on other goods and services
  • New/increased tax revenues spent by government
  • *Offsetting job gains in other sectors*
Tobacco Taxes and Jobs

• Many published studies assess impact of reductions in tobacco use from tax increases and/or other tobacco control measures:
  • Variety of high, middle, and low income countries
  • Use alternative methodologies
• Generally find that employment losses in tobacco sector more than offset by gains in other sectors

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Concerns about job losses in tobacco sector have been addressed using new tax revenues:

- Turkey, Philippines among countries that have allocated tobacco tax revenues to helping tobacco farmers and/or those employed in tobacco manufacturing make transition to other livelihoods
  - Crop substitution programs, retraining programs
Employment changes associated with the introduction of taxes on sugar-sweetened beverages and nonessential energy-dense food in Mexico

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ABSTRACT

We assessed changes in employment in the manufacturing industry, the commercial sector and national unemployment rates, associated with the fiscal policies implemented in 2014 in Mexico: a 1 peso per liter excise tax to sugar-sweetened beverages (SSB) and an 8% tax on nonessential energy-dense food. We used data from three nationally representative surveys. Controlling for contextual variables, we used interrupted time series analyses to model changes in number of employees in the SSB and nonessential energy-dense food industry, in commercial establishments selling beverages and food and changes in national unemployment rates. Our results show that there were no significant changes in employment associated with the taxes in the manufacturing industries (for beverages and nonessential energy-dense food). We found a very small increasing trend in the post-tax period for employment in commercial stores and a decreasing trend in the unemployment rate. However, these changes are negligible and unlikely to be caused by the implementation of the taxes. In conclusion, there were no employment reductions associated with the fiscal policies implemented in Mexico in 2014 on SSB and nonessential energy-dense food.
A- Sugar-sweetened beverages industry

Thousands of employees, Mexico, 2007-2016; Guerrero-Lopez, et al., 2017
Fig. 2. Thousands of employees in commercial establishments. Mexico, EMEC, 2011–2015.
Fig. 3. National unemployment rate. Mexico, ENOE 2005–2016.
Employment Impact of Sugar-Sweetened Beverage Taxes

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Sugar-sweetened beverages (SSBs) are the leading source of added sugar in the American diet and are associated with increased risk of type 2 diabetes, cardiovascular disease, dental caries, osteoporosis, and obesity.\textsuperscript{1-4} From 1988–1994 to 1999–2004, average daily caloric intake of SSBs increased from 157 to 203 kilocalories among adults and from 204 to 224 kilocalories among children aged 2 to 19 years.\textsuperscript{5,6} Recently, SSB consumption prevalence fell across all age groups from 1999–2000 to 2007–2008, although the prevalence of sports and energy drinks increased and heavy SSB consumption (≥ 500 kcal/day) increased among children.\textsuperscript{2,7} In 2009–2010,

Objective. We assessed the impact of sugar-sweetened beverage (SSB) taxes on net employment.

Methods. We used a macroeconomic simulation model to assess the employment impact of a 20% SSB tax accounting for changes in SSB demand, substitution to non-SSBs, Income effects, and government expenditures of tax revenues for Illinois and California in 2012.

Results. We found increased employment of 4406 jobs in Illinois and 6654 jobs in California, representing a respective 0.06% and 0.03% change in employment. Declines in employment within the beverage industry occurred but were offset by new employment in nonbeverage industry and government sectors.

Conclusions. SSB taxes do not have a negative impact on state-level employment, and industry claims of regional job losses are overstated and may mislead lawmakers and constituents. (Am J Public Health. 2014;104:672–677. doi:10.2105/AJPH.2013.301630)
Employment impacts of alcohol taxes

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Keywords: Alcohol taxes Excise taxes Sales taxes Employment

Abstract

There is strong scientific evidence supporting the effectiveness of increasing alcohol taxes for reducing excessive alcohol consumption and related problems. Opponents have argued that alcohol tax increases lead to job losses. However, there has been no comprehensive economic analysis of the impact of alcohol taxes on employment. To fill this gap, a regional macroeconomic simulation model was used to assess the net impact of two hypothetical alcohol tax increases (a 5-cent per drink excise tax increase and a 5% sales tax increase on beer, wine, and distilled spirits, respectively) on employment in Arkansas, Florida, Massachusetts, New Mexico, and Wisconsin. The model accounted for changes in alcohol demand, average state income, and substitution effects. The employment impact of spending the new tax revenue on general expenditures versus health care was also assessed. Simulation results showed that a 5-cent per drink additional excise tax on alcoholic beverages with new tax revenues allocated to general expenditures increased net employment in Arkansas (802 jobs); Florida (4583 jobs); Massachusetts (978 jobs); New Mexico (653 jobs); and Wisconsin (1167 jobs). A 5% additional sales tax also increased employment in Arkansas (789 jobs); Florida (4493 jobs); Massachusetts (898 jobs); New Mexico (621 jobs); and Wisconsin (991 jobs). Using new alcohol tax revenues to fund health care services resulted in slightly lower net increases in state employment. The overall economic impact of alcohol tax increases cannot be fully assessed without accounting for the job gains resulting from additional tax revenues.
Summary & Ongoing Activities
Summary

• Demand for addictive products responds to changes in monetary prices and other costs of consuming

• Tax and other policies targeting demand for addictive and/or unhealthy products are effective in reducing use and related health and economic consequences

• Counterarguments about negative economic impact of taxes and other control policies false or greatly overstated
Economic Research Priorities for Tobacco

• Country specific research on impact of tax/price on tobacco use in LMICs
• Research on the economic costs and benefits of tobacco taxation and tobacco control
• Research on the interrelationships between tobacco use, poverty, and tobacco control
• Other:
  – In small number of highly tobacco-dependent countries, research on economically viable alternatives to tobacco growing and manufacturing
  – In HICs, research to assess changes in price elasticity of tobacco products over time and at different tax/price levels
Work with ‘think tanks’ in selected countries and regions to develop local evidence on the impact of tobacco tax reforms and tax increases

Strategic engagement with decision makers to build technical capacity on tobacco tax policy

Develop/disseminate resources (policy briefs, white papers, etc.) on tobacco taxation to build knowledge about effective tobacco tax policy
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