

Is Policy Discouraging Smoking Participation in Poland"

Christina Czart, Frank Chaloupka

University of Illinois at Chicago

&

Krzysztof Przewozniak , Witold Zatonski

Warsaw Cancer Institute

Poland & The Need for Economic Tobacco Control

- ◆ **Market Efficiency:** Fully informed consumers bearing the full costs of consumption of a good
- ◆ **Failures in the Tobacco Market:**
 - Externalities: Health care costs; 2nd Hand smoke
 - Imperfect Information: Youth
- ◆ **Economic Solution: Raise Costs of Smoking**
 - Retail Price of Cigarettes (increased taxes)
 - Cost of Obtaining/Buying (restrictions on access, points of sale & advertising)
 - Cost of Consumption (restrictions on use, counter advertising)

Making Cigarette Smoking a Public Issue in Poland

◆ 1990 - Enters a Global Market Economy

- Low cigarette prices; Non-existent tobacco taxing structure
- Aggressive cigarette advertising & marketing tactics

◆ 1993 - Tax Reform/Health Campaigns

- Introduction of VAT and tobacco excise taxes
- Dissemination of Health Info; Polish Smoke-Out Day

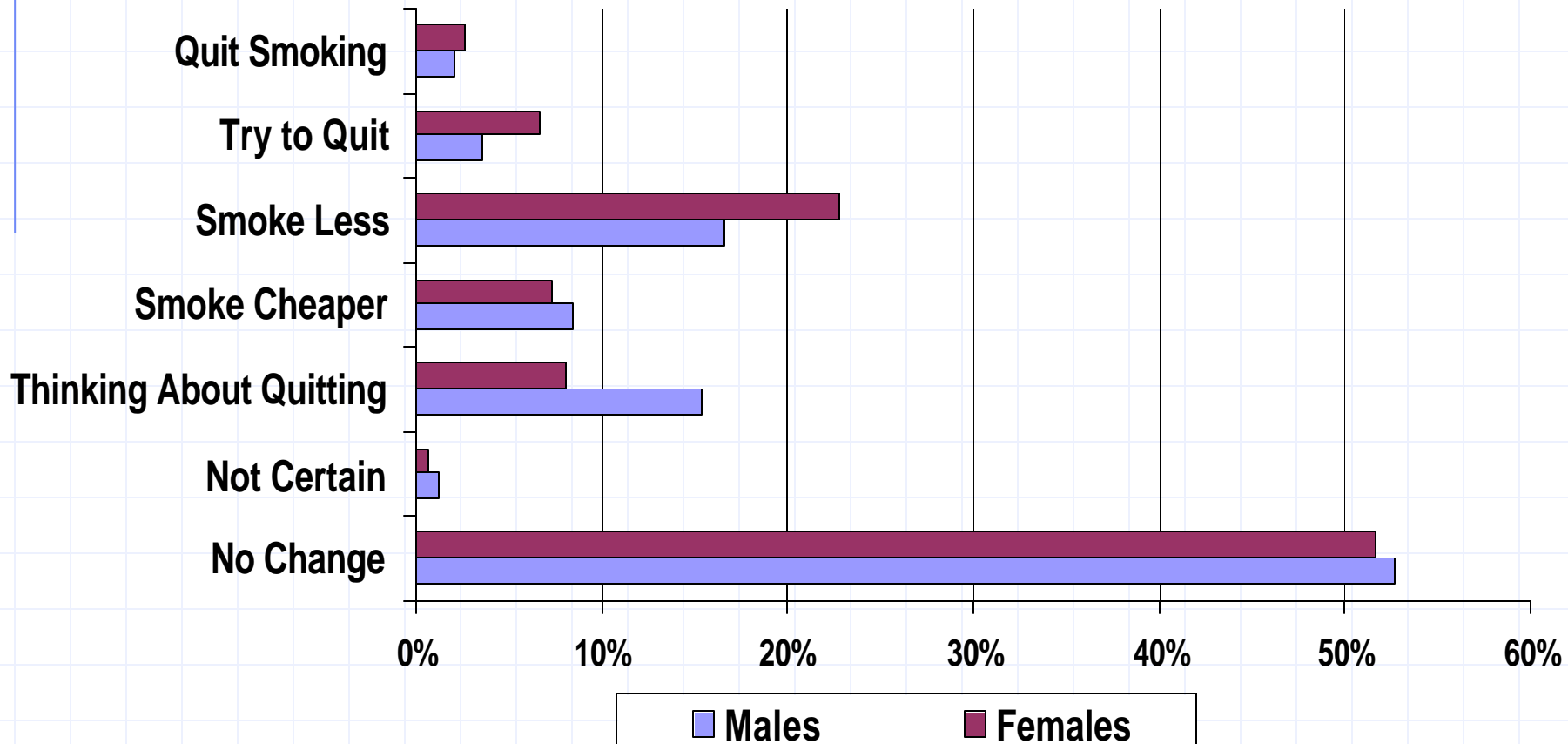
◆ 1995 - Tobacco Control Legislation

- Part I: Restrictions on use, access and advertising
- Part II: Health warning labels
- Part III: Increasingly aggressive tobacco excise taxes
- Part IV: Total ban on cigarette advertising (Amended 1999)

Poland & The Effects of Price Changes on Consumption

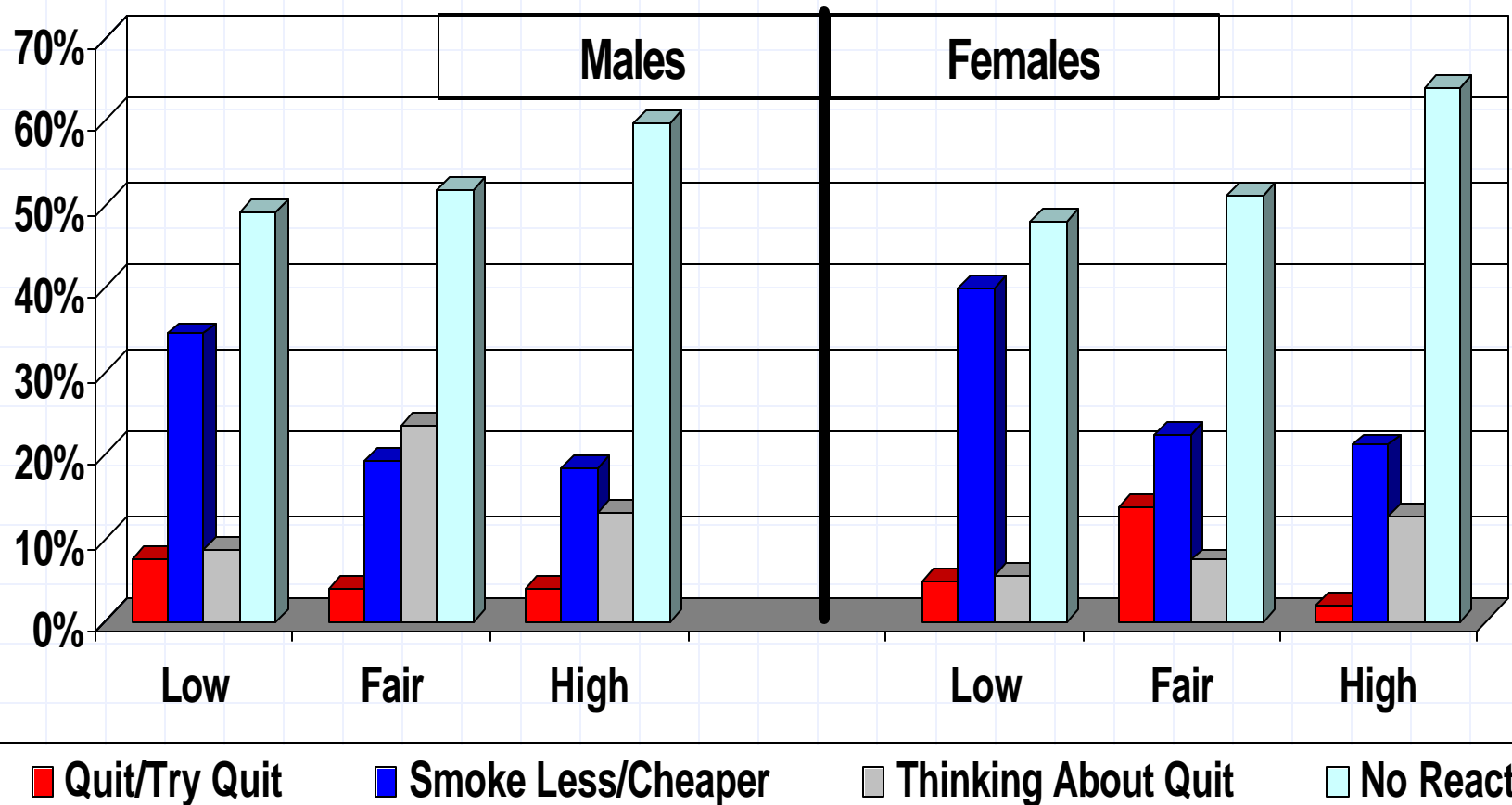
Rising Excise Taxes & Smoking Behavior

By Gender, April 1999



Poland & The Effects of Price Changes on Consumption

The Impacts of Rising Excise Taxes on Smoking Behavior
By Gender and Standard of Living, April 1999 Survey



Poland & The Effects of Price Changes on Consumption

- ◆ Over 20 years of research indicate: Rising cigarette prices discourage use
- ◆ “Price Elasticity of Demand” measures the change in consumption which results from a change in price
- ◆ Cigarette Demand Elasticity Estimates in Poland:
 - Average Estimated Elasticity on Prevalence: -1.07
 - Price Elasticity for Conditional Demand: -2.09
- ◆ A 10% increase in the price of cigarettes sold in Poland would reduce smoking participation by over 10% and reduce consumption of cigarettes among smokers by nearly 21%.

Poland's Econometric Database

◆ Individual Level Survey Data:

- **1993 -1999:** 13 cross-sectional surveys and over 15,000 observations
- **Smoking Characteristics:** prevalence, daily consumption, duration, initiation/cessation
- **Socio-Demographic Descriptives:** age, gender, education, socio-occupational status, marital status, standard of living, area of residence

◆ Price and Policy Data:

- Excise tax information
- Bi-monthly retail prices
- Dummy variables to represent waves of tobacco control policies

Poland's Econometric Database

