There are many sides to the augment to the elasticity of tobacco demand which are influenced by behavior than doe’s price while other see price as the moving force. Some see it that individuals will purchasing tobacco products no matter what the prices are. Although I'm sure if it went to high the price would start having some effects, but that is the case for everything to varying extent. Medical drugs are probably the most inelastic out of anything. People need them. Tabaco products are inelastic because of the nicotine and the difficulty of quitting. I think that tobacco products are very inelastic which means total change in quantity demanded does not really change much with a change in price. Both the cigarette companies and the government know this, which is why the companies continue to thrive and the government continues to impose taxes on tobacco. In simple terms, as cigarette prices rise, the quantity sold doesn't change much.

According to World Bank despite debates on the finer points of theory and despite all these methodological limitations, there is no doubt that price exerts a profound impact on tobacco consumption. A falls in consumption following large price increases are consistently much more rapid and more significant than falls following implementation of most other tobacco-control policies, and the World Bank has stated that increasing tobacco taxes is the single most effective measure that governments can take to reduce health burdens. (World Bank, 1999). Increasing taxes on tobacco is a key plank in every major international tobacco-control strategy.

A lot of people are highly dependent on tobacco-delivered nicotine and persist in smoking despite recognizing that tobacco products are dangerous, many early economists theorized that tobacco use was an irrational behavior and not suitable for conventional economic analysis (World Health Organization, 2008).

I will conclude by saying that economists should not ignore the addictive nature of tobacco products and the addictive user who nothing will stop them from the use of tobacco. What about it medical use? More recent studies explicitly address the addictive nature of cigarette smoking. The economic models of addiction underlying such research can be divided into three group’s imperfectly rational models of addictive behavior; models of myopic addictive behavior; and models of rational addictive behavior (Chaloupka . and Warner . 2000).

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