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**ECONOMIC COSTS OF SMOKING**  
**AN INCIDENCE APPROACH TO ESTIMATING THE**  
**TRUE COST OF SMOKING**

**A THESIS PRESENTED IN PARTIAL**  
**FULFILMENT OF THE REQUIREMENTS FOR**  
**THE DEGREE OF MASTER OF ARTS**  
**IN ECONOMICS**

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# ABSTRACT

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Cigarette smoking is a major cause of morbidity and mortality in New Zealand today. Links between smoking and many diseases are well established. Cigarette smoking is, however, still in fashion. Although increasing public awareness of the health risks associated with cigarette smoking has somewhat improved the current smoking patterns in recent years, the evidence regarding health risks alone is still unable to prevent some 4,000 lives from being lost every year due to smoking in New Zealand.

This study focused on the economic implications of smoking from the perspective of an individual. It has produced understandable and meaningful information about the likely lifetime economic costs associated with cigarette smoking. Knowing such costs associated with cigarette smoking may well provide each individual smoker with the incentive needed for smoking cessation.

The results of this study show that the economic costs of cigarette smoking is significant by any measure. The magnitude of the loss varies with gender, age and the type of disease. The greatest concern is for people, both male and female, under 60 years of age, especially for people in their forties who are expected to lose more incomes than any other people in the other age groups due to smoking induced diseases. A male smoker in that group is expected to incur up to 22 months worth of current income. A female smoker, on the other hand, is expected to incur at most 9 months worth of current income. Such costs are by no means insignificant in magnitude.

With the economic costs of cigarette smoking in such an understandable and meaningful format, it is hoped, progress in smoking cessation will be more successful.

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Finally I have attempted to present the results in such a way that would be clear to the lay reader. I hope that many find the study interesting.