

ABSTRACT

Cigarette consumption in Indonesia is increasing every year. In 2014 Indonesia's cigarette consumption per capita was ranked first in the ASEAN region. From 2013 until 2016 it was noted that consumption per capita on cigarettes was ranked the second largest after consumption on rice. Cigarettes contain addictive substances that can make addictions to consumers.

This study aims to analyze the effect of poverty, income per capita, cigarette prices and cigarette production on cigarette consumption per capita in Indonesia. This study uses secondary data from 1986 until 2016 obtained from the Badan Pusat Statistik, the World Bank and the Dirjen Perkebunan Kementan RI. The analytical method used in this study is Ordinary Least Squares (OLS).

The result from this study showed that the variables of poverty, income per capita and cigarette production in Indonesia had a positive and significant effect on cigarette consumption per capita in Indonesia. while the cigarette price variable has no significant effect on cigarette consumption per capita in Indonesia.

Keywords : cigarette consumption, poverty, income per capita, price of cigarette, and cigarette production.