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Smoking persistence in Europe: A semi-parametric panel data analysis with selectivity

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Abstract

We study smoking persistence, which can be due to both true state dependence and individual unobserved heterogeneity, in ten European countries. We distinguish between the two sources of persistence by using semi-parametric dynamic panel selection methods, applied to both smoking participation and cigarette consumption. We find that for both smoking decisions true state dependence is generally much smaller when unobserved individual heterogeneity is taken into account, and we also uncover large differences in true state dependence across countries. Finally, allowing for heaping in the reported number of cigarettes smoked considerably improves the fit of our model.

Keywords
smoking, panel data, state dependence, selectivity

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