

# **Education, Taxes, Life-Course Smoking Behavior, Self-reported health, and Satisfaction with Life: A cross-country comparison**

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## **Abstract**

We use retrospective data on lifetime smoking behavior from the Swiss Household Panel, German Socio-Economic Panel, British Household Panel Study, and the Panel Study of Income Dynamics to describe the statistical association between attained years of education, lifetime smoking behavior, self-reported health and satisfaction with life. With the retrospective smoking data we construct measures of smoking behavior in every year of life from birth until the survey year the smoking data were collected. We predict smoking in each year of life using time series data on cigarette taxes or price in each country, allowing for heterogeneous responses for people with different levels of (attained) education. We then model how self-reported health and satisfaction with life systematically vary with measures of each person's smoking history (whether ever smoked, currently smoke, years smoked), controlling for observed differences in education and other demographic characteristics. The paper tests the proposition that, controlling for unobserved factors that induce people to smoke, smokers are more likely to report worse health and be less satisfied with life than are observationally similar non-smokers. Because the retrospective smoking data are available for everyone who answered the survey(s) that asked those questions – including both current and former smokers – the sample size available for analysis is large. Further, because all four panel studies sample the general population in each country, the time period included for analysis spans most of the 20<sup>th</sup> and all of the 21<sup>st</sup> centuries. The principal advantage of this long sample period is that it affords the chance to exploit more of the temporal variation in taxes (which do not change frequently). As a consequence, the effect of taxes on decisions to smoke is more precisely estimated. Study results directly test a hypothesis that is commonly invoked in public health but never formally tested – that smoking causes people to be unhappy.