

Study: Wages vary based on history with smoking

By Khadeeja Safdar, Wall Street Journal

Former smokers earn higher wages than smokers and people who have never smoked, according to new research.

In a working paper published by the Federal Reserve Bank of Atlanta, research economists Julie L. Hotchkiss and M. Melinda Pitts studied the relationship between smoking and wages. Using data from the Tobacco Use Supplement to the U.S. Census Bureau's Current Population Survey over the period of 1992 to 2011, the economists found that people who had quit smoking for at least a year earned higher wages than smokers and people who had never smoked. The data shows that nonsmokers, which include never smokers and former smokers, bring in about 95 percent of the hourly wages of former smokers.

Smokers, on the other hand, are not rewarded as much in the workplace. They earned about 80 percent of nonsmokers' wages. Even one cigarette a day triggers a wage gap between smokers and nonsmokers, the economists write. "Smoking erodes the value of your human capital in the labor market," said Pitts.

Are tobacco users earning less because smoking reduces their productivity? Hotchkiss and Pitts didn't find evidence for this. The two economists tested the relationship between wages and smoking intensity and found that the frequency at which people smoke doesn't significantly affect their earnings. "The idea is that if the productivity was affected by smoking, then heavier smokers would have a much larger wage gap. We didn't find support for this hypothesis," said Pitts.

They determined that differences in the characteristics of smokers and nonsmokers, such as educational attainment, as well as unmeasured factors such as an employer's tolerance to

smoking behavior, are mostly driving the wage gap. They noted that education level was the largest contributing variable. Nonsmokers tend to be more educated, are less likely to have spouses who smoke and live in states where cigarette prices are higher than smokers.

The findings suggest that the characteristics of former smokers are more highly rewarded in the labor market than those of smokers and people who have never smoked. "It takes a special person to quit an addictive behavior, and there is a higher reward for smoking cessation than not ever starting it," said Pitts. "I think the qualities of persistence, patience and everything else that goes along with being able to quit are valuable to employers."