

Smoking and income distribution: Inequalities in new and old products

G. Carnazza^(*), P. Liberati^(*), G. Resce^(**) e S. Molinaro^(***)

ABSTRACT

There is widespread evidence that smoking is more spread among the least well-off, but few studies investigate the effects of the differentiation of smoking products. This paper provides new evidence on income related inequality of five different products using a database from the Italian Population Survey on Alcohol and other Drugs. In particular, we use the 2014 and 2018 surveys to estimate how the consumption of manufactured cigarettes, roll-your-own cigarettes, cigars, pipe, and e-cigarettes is distributed across the income scale. The results confirm the existing evidence that the use of manufactured and roll-your-own cigarettes is more concentrated among the poor, while the use of cigars and pipe tends to be more concentrated among richer individuals. On the other hand, an important result emerges that the use of electronic cigarettes appears to be more concentrated among the poor, giving support either to the possibility that e-cigs may induce entry into smoking at cheaper prices for less affluent people or that it helps downtrading and quitting of traditional smokers in the lowest part of the income distribution. In both cases, the policy implications, for example of how to tax these alternative products, are relevant, especially because individual socio-economic characteristics (gender, income, education, working condition and geographical location) play a significant and differentiated role across smoking products.

^(*) Università degli Studi Roma Tre, Department of Economics - giovanni.carnazza@uniroma3.it

^(*) Università degli Studi Roma Tre, Department of Economics - paolo.liberati@uniroma3.it

^(**) University of Molis, Department of Economics – giuliano.resce@unimol.it

^(***) Institute of Clinical Physiology, Italian National Research Council – sabrina.molinaro@ifr.cnr.it