



# **Smoking, Time Preference and Educational Outcomes**

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In this study, we set up a theoretical model the schooling choice and smoking decision of an individual as a function of time preference. Using high school graduate cohort data from the Korean Education and Employment Panel (KEEP) survey 2004-2005, we estimate the effect of smoking during the senior year of high school on academic achievement such as the Korean Scholastic Aptitude Test (KSAT) score and college attendance. We perform the Two Stage Least Squares (2SLS) estimation to incorporate the possible endogeneity of smoking status due to unobserved individual heterogeneity. Further, we conduct three identification tests to confirm the validity of our choice of instrumental variables for smoking variable. Findings uniformly show that heavy smoking during the school year is negatively associated with test scores and college attendance. The usual OLS estimates for the cost of youth smoking in educational outcomes are found underestimated.

**Keywords:** Smoking; Schooling Choice; Korea; High School Graduate; Identification Tests

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