Intertemporal Dependence in Alcohol Consumption Data: Evidence of Rational Addiction?

Michael P. McCullough[1], *Trenton G. Smith*[2], *Thomas L. Marsh*[3]
California Polytechnic State University, University of Otago, Washington State University United States.

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Abstract

Intertemporal patterns in alcohol consumption for the United States are analyzed at the national, regional, and state level. We address shortcomings of linear time series models by employing nonlinear estimation techniques. Our findings are consistent with the theoretical model of cyclical rational addiction, with periodicity generally between 6 and 16 years. Further examination shows a positive relationship between average volume of consumption and intertemporal cycle period.

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[1]Corresponding author: mpmccullcalpoly.edu, Assistant Professor, Agribusiness, California Polytechnic State University 1 Grand Ave. San Luis Obispo, CA 93407. Phone 1.805.756.5009.
[2]Senior Lecturer, Department of Economics, University of Otago.
[3]Professor, School of Economic Sciences, Washington State University.