

## Economics of Risky Behavior

**Course Website:** [Economics of Risky Behavior](#)

**Start Date:** August 25, 2015

**End Date:** August 27, 2015

**Registration Deadline:** August 1, 2015

**Fee:** Free of charge for students enrolled at Nordic universities, 250€ otherwise

**Location:** University of Southern Denmark, Odense Campus, [Room O99](#)

**Teaching Language:** English

**Credits:** 4 ECTS

**Prerequisites:** Microeconometrics

### Course Coordinator

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### Instructor

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### Course Description

Changes in risky healthy behaviors such as smoking, alcohol use, and overeating can explain a great deal of the changes in life expectancy worldwide. This PhD course reviews recent research on the causes (e.g., public policies, education shocks, early life interventions, income shocks) and consequences (e.g., health, labor market) of risky health behaviors from well-designed experimental or quasi-experimental studies. It begins with a review of relevant theoretical and empirical frameworks and then reviews recent advances in our understanding of smoking, alcohol use (including alcohol-involved driving), marijuana use and obesity. Other risky behaviors such as risky sex and preventive care may also be addressed. Differences between economics and public health approaches to understanding risky behaviors would be stressed, and knowledge gaps in each research would be identified to help students develop possible research topics.

### Learning Objectives

At the end of the course, the student will be able to:

1. Demonstrate awareness of key concepts in the economics of risky behaviors
2. Exhibit an understanding of a range of research designs used in the literature on the causes and consequences of risky behaviors
3. Demonstrate familiarity with and understanding of recent empirical papers in the field
4. Suggest potential original extensions to the literature



## Tentative Program

(short breaks will be incorporated)

### August 25, 2015

10:00-11:00	Introduction, Logistics, and Research Design Review
11:00-12:00	Research Design Review
12:00-13:00	Research Design Review
13:00-14:00	Lunch break/Office hours
14:00-15:00	Introduction to the Economics of Risky Behaviors
15:00-16:00	Introduction to the Economics of Risky Behaviors
16:00-17:00	Student Mini-Presentations/Research Feedback
17:00-18:00	Open office hours

### August 26, 2015

9:00-10:00	Alcohol
10:00-11:00	Alcohol
11:00-12:00	Extensions/Open Questions in the Economics of Alcohol Use
12:00-13:00	Lunch break/Office hours
13:00-14:00	Tobacco
14:00-15:00	Tobacco
15:00-16:00	Extensions/Open Questions in the Economics of Tobacco Use
16:00-17:00	Student Mini-Presentations/Research Feedback
17:00-18:00	Open office hours

### August 27, 2015

9:00-10:00	Marijuana
10:00-11:00	Marijuana
11:00-12:00	Extensions/Open Questions in the Economics of Marijuana Use
12:00-13:00	Lunch Break/Office hours
13:00-14:00	Obesity
14:00-15:00	Obesity
15:00-16:00	Extensions/Open Questions in the Economics of Obesity
16:00-17:00	Student Mini-Presentations/Research Feedback
17:00-18:00	Open office hours

### Student Mini-Presentations – Research Feedback

Students will be invited to sign up for a voluntary 20-minute mini-presentation in which they will present one of their work-in-progress or a new research idea with the goal of getting feedback from the instructor and other students. A student can sign up individually or as part of a small group. The presentation should \*quickly\* get to the main idea/finding/result for which feedback is desired. All student presentations should take the following form:

1. State the causal question of interest. (e.g., ‘What is the causal effect of alcohol use on wages?’)
2. Describe the thought experiment that would cleanly answer the causal question of interest, even if it is nonsensical. (e.g., ‘Randomize some people to be drinkers and some people to be abstainers; compare their wages.’)
3. State in one sentence why health economists should care about the question.
4. Identify the two most relevant existing papers. Summarize each paper in two sentences.
5. Describe in 1-2 sentences how what you are doing is different from those papers.
6. Describe the identification strategy.
7. Describe the data.
8. Describe the key findings (if there are findings).



## Course Evaluation

Students are expected to come to class having read the required readings and to participate actively in discussions. In addition, students are required to submit a written proposal that provides an extension of a paper discussed in class. The proposal should motivate the research question, place the idea in the existing literature, describe the identification strategy (the more detail, the better) and identify potentially suitable data sets. The format of the proposal should be as follows:

- maximum of 5 A4 pages (excluding title page and references)
- 2.5cm margins all sides
- 1.5 spacing
- Times New Roman 12pt

The proposals should be emailed to Prof. Daysal ([meltem.daysal@sam.sdu.dk](mailto:meltem.daysal@sam.sdu.dk)) by 5pm CET on September 30, 2015. The exam is graded on a Pass/Fail scale.

## Textbook

There will be no required textbook. The following books and articles are recommended as background/reference reading:

*Handbook of Health Economics*, Volume 2. Thomas M. McGuire, Mark V. Pauly, and Pedro Pita Barros (Eds). Elsevier: New York.

Angrist, Joshua and Steven Pischke (2009). *Mostly Harmless Econometrics: An Empiricist's Companion*: Princeton University Press.

Angrist, Joshua and Alan Krueger (1999). "Empirical Strategies in Labor Economics," in the *Handbook of Labor Economics*, Vol. 3A, O. Ashenfelter and D. Card, eds. Amsterdam: Elsevier Science.

Freedman, David (1991). "Statistical Models and Shoe Leather," *Sociological Methodology*, 21: 291-313.

## Reading List (\* means the article is required)

### Review of Research Designs

[Randomization, Difference-in-Differences, Instrumental Variables, and Regression Discontinuity]

\*Finkelstein, Amy, Sarah Taubman, Bill Wright, Mira Bernstein, Jonathan Gruber, Joseph P. Newhouse, Heidi Allen, Katherine Baicker, and the Oregon Health Study Group (2012). "The Oregon Health Insurance Experiment: Evidence from the First Year," forthcoming in *Quarterly Journal of Economics*. [Randomized Experiment]

\*Kolstad, Jonathan and Amanda Kowalski (2012). "The Impact of Health Care Reform on Hospital and Preventive Care: Evidence from Massachusetts," *Journal of Public Economics*, 96: 909-929. [Difference in Differences]

\*Currie, Janet and Jonathan Gruber (1996). "Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women," *Journal of Political Economy*, 104(6): 1263-1296. [Instrumental Variables]

\*Card, David, Carlos Dobkin, and Nicole Maestas (2009). "The impact of nearly universal insurance coverage on health care utilization: Evidence from Medicare," *American Economic Review*, 98(5): 224-58. [Regression Discontinuity]



## **Introduction to The Economics of Risky Behaviors**

\*Cawley, John and Christopher Ruhm (2012). "The Economics of Risky Health Behaviors," in *Handbook of Health Economics*, Volume 2. Thomas M. McGuire, Mark V. Pauly, and Pedro Pita Barros (Eds). Elsevier: New York.

\*Cutler, David and Susan T. Stewart (2014). "The Contribution of Behavior Change and Public Health to Improved US Population Health," NBER Working Paper #20631.

Gruber, Jonathan (2004). "Risky Behavior Among Youths: An Economic Analysis," in *Risky Behavior Among Youths: An Economic Analysis*, Jonathan Gruber (Editor). The University of Chicago Press: Chicago.

Grossman, Michael (2004). "Individual Behaviors and Substance Use: The Role of Price." NBER Working Paper #10948.

### **Alcohol: Causes and Consequences**

\*Dee, Thomas (1999). "State Alcohol Policies, Teen Drinking and Traffic Fatalities," *Journal of Public Economics*, 72(2): 289-315.

\*Carpenter, Christopher and Carlos Dobkin (2011). "The Minimum Legal Drinking Age and Public Health," *Journal of Economic Perspectives*.

\*Nilsson, J. Peter (2014). "Alcohol Availability, Prenatal Conditions, and Long-Term Economic Outcomes," working paper.

\*Biderman, Ciro, Joao M P DeMello, and Alexandre Schneider (2010). "Dry Laws and Homicides: Evidence from the Sao Paulo Metropolitan Area," *Economic Journal*, 120(543): 157-182.

\*Hansen, Benjamin (2014, forthcoming). "Punishment and Deterrence: Evidence from Drunk Driving," *American Economic Review*, forthcoming.

Carpenter, Christopher and Carlos Dobkin (2009). "The Effect of Alcohol Consumption on Mortality: Regression Discontinuity Evidence from the Minimum Drinking Age," *American Economic Journal – Applied Economics*, 1(1): 164-82.

### **Tobacco Use: Causes and Consequences**

\*Adda, Jerome and Francesca Cornaglia. (2006). "Taxes, Cigarette Consumption, and Smoking Intensity," *American Economic Review*, 96(4) 1013-1028.

\*Adda, Jerome and Francesca Cornaglia (2010). "The Effect of Taxes and Bans on Passive Smoking," *American Economic Journal: Applied Economics*, 2(1): 1-32.

\*Carpenter, Christopher, Sabina Postolek, and Casey Warman (2011). "Public Place Smoking Laws and Exposure to Environmental Tobacco Smoke," *American Economic Journal: Economic Policy*, 3(3): 35-61.

\*Bedard, Kelly and Olivier Deschenes (2006). "The Long-Term Impact of Military Service on Health: Evidence from World War II and Korean War Veterans," *American Economic Review*, 96(1): 176-194.

\*Simon, David (2014). "Does Early Life Exposure to Cigarette Smoke Permanently Harm Childhood Health? Evidence from Cigarette Tax Hikes," working paper.

Tauras, John A., (2006). "Smoke Free Air Laws, Cigarette Prices, and Adult Cigarette Demand," *Economic Inquiry*, 44(2), 333-342.



Markowitz, Sara (2008). "The Effectiveness of Cigarette Regulations in Reducing Cases of Sudden Infant Death Syndrome," *Journal of Health Economics*, 27:1, 106-133.

Carpenter, Christopher and Philip Cook (2008). "Cigarette Taxes and Youth Smoking: New Evidence from National, State, & Local Youth Risk Behavior Surveys," *Journal of Health Economics*

### **Marijuana and other Drugs: Causes and Consequences**

\*Wen, Hefei, Jason Hockenberry, and Janet Cummings (2014). "The Effect of Medical Marijuana Laws on Marijuana, Alcohol, and Hard Drug Use," NBER Working Paper #20085.

\*Adda, Jerome, Brendon McConnell, and Imran Rasul (2014). "Crime and the Depenalization of Cannabis Possession: Evidence from a Policing Experiment," *Journal of Political Economy*, forthcoming.

\*Dobkin, Carlos and Nancy Nicosia (2009). "The War on Drugs: Methamphetamine, Public Health, and Crime," *American Economic Review*, 99(1): 324-49.

\*Dobkin, Carlos and Steven Puller (2007). "The Effects of Government Transfers on Monthly Cycles in Drug Abuse, Hospitalizations, and Mortality," *Journal of Public Economics*, 91: 2137-2151.

Anderson, D. Mark, Benjamin Hansen, and Daniel I. Rees. "Medical Marijuana Laws, Traffic Fatalities, and Alcohol Consumption." *Journal of Law and Economics*. Vol. 56, No. 2 (May 2013), pp. 333-369.

Pacula, RL; M Grossman, FJ Chaloupka, PM O'Malley, LD Johnston, and MC Farrelly (2001). "Marijuana and Youth" in *Risky Behavior Among Youth, An Economic Analysis*. J. Gruber (editor). The University of Chicago Press: Chicago, p 271-321.

### **Obesity: Causes and Consequences**

\*Chou, Shin-Yi, Michael Grossman, and Henry Saffer (2002). "An Economic Analysis of Adult Obesity: Results from the Behavioral Risk Factor Surveillance System," *Journal of Health Economics*, 23(3): 565-587.

\*Anderson, Michael and David Matsa (2011). "Are Restaurants Really Supersizing America?" *American Economic Journal: Applied Economics*, 3(1): 152-88.

\*Currie, Janet, Stefano DellaVigna, Enrico Moretti, and Vikram Pathania (2010). "The Effect of Fast Food Restaurants on Obesity and Weight Gain," *American Economic Journal: Economic Policy*, 2(3): 32-63.

\*Cawley, John (2004). "The Impact of Obesity on Wages," *Journal of Human Resources*, 39(2): 451-474.

Akee, Randall, Emilia Simeonova, William Copeland, Adrian Angold, and E. Jane Costello (2013). "Young Adult Obesity and Household Income: Effects of Unconditional Cash Transfers," *American Economic Journal: Applied Economics*, 5(2): 1-28

Lakdawalla, Darius and Tomas Philipson (2009). "The Growth of Obesity and Technological Change: A Theoretical and Empirical Explanation," *Economics and Human Biology*, 7(3): 283-293.

