

Carpe Diem or Seize your Health? The Economics of Time Preferences, Health, and Education

Lisa Norrgren

Who is more likely to follow medical recommendations, invest in their health and pursue higher degrees of schooling? Behavioral economic theory provides a clear answer to this question: more patient individuals (who discount future outcomes less heavily) should be more likely to choose costs and forgo utility now, in order to get better long-run outcomes. But does this behavioral theory match up with peoples' real choices? If so, can it be used to predict important future life events?

In four different chapters, this thesis shed new light on education, illness, and death outcomes. It does so using the information on people's time preferences, i.e., the relative weight a person gives to future utility compared with present utility. Based on extensive information for people born in 1953 in Stockholm and their mothers, as well as contemporary data from pregnant women in South Africa, the thesis shows that time preferences is an important factor in understanding everyday health investments, social mobility, and long-run health outcomes. Most striking are the results in chapter one, which shows that patient adolescents, compared with their less patient peers, are about 20% less likely to die before age 65.



Lisa Norrgren holds two MScs from Linköping University and studies behavioral and health economics.

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