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Self-control in peer groups

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Abstract

Social influences on self-control underlie both self-help groups and many peer interactions among youths. To understand these phenomena, we analyze how observing each other's behavior affects individuals' ability to deal with their own impulses. These endogenous informational spillovers lead to either a unique "good news" equilibrium that ameliorates behavior, a unique "bad news equilibrium" that worsens it, or to the coexistence of both. A welfare analysis shows that people will find social interactions valuable only when they have enough confidence in their own and others' ability to resist temptation. The ideal partner, however, is someone with a slightly worse self-control problem than one's own: this makes his successes more encouraging, and his failures less discouraging.

JEL classification: C72; D82; D71; D91; J24

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1. Introduction

The behavioral and economic implications of imperfect self-control by a single decision maker have been the focus of much recent work. Yet, people are typically immersed in social relations that exert powerful influences on their decisions. Peers and role models, for instance, play a critical part in young people's choices—particularly those that are subject to episodes of temptation like drinking, smoking, drug use, sexual activity, procrastination of effort, etc. In such settings peers may be good or bad "influences," and the latter scenario is typically correlated with low or fragile self-esteem. At the same time, people with self-control or addiction problems often seek relief in self-help groups like Alcoholics Anonymous, Narcotics Anonymous and similar organizations that are predicated on the mutual sharing of experiences.

Psychologists and sociologists (not to mention parents) thus generally view the issues of self-control and peer effects as complementary. In economics, by contrast, they have so far been treated as largely separate areas of inquiry. In this paper we bring them together, studying how exposure to each other's behavior affects the ability of time-inconsistent individuals to deal with their own impulses.

Support groups, for instance, are an important social phenomenon. Organizations such as Alcoholics Anonymous, Narcotics Anonymous, Gamblers Anonymous, Debtors Anonymous and the like have branches in many countries, and millions of members. Economists are used to thinking about how entering contracts or binding implicit agreements with others allows agents to achieve desirable commitment. This, however, is not at all what self-help groups are about. Among the 14 points listed under "What Alcoholics Anonymous does *not* do" (emphasis added), one thus finds:[1]

1. "Furnish initial motivation."
2. "Keep attendance records or case histories."
3. "Follow up or try to control its members."
4. "Make medical or psychological diagnoses or prognoses."
5. "Engage in education about alcohol."

Analogous statements can be found in the programs of similar organizations, making clear that one cannot view these groups as standard commitment devices: they not only cannot, but do not even want to "control" their members. Their scope is in fact explicitly limited to fostering informational interaction (discussion) among members. Thus in "What does Alcoholics Anonymous do?" it is clearly stated that "A.A. members *share their experience* with anyone seeking help with a drinking problem" (emphasis added).

One therefore needs a theory to explain how (and when) observing the behavior of others can sometimes be beneficial for overcoming self-control problems, as with support groups, and sometimes highly detrimental, as often happens among schoolmates or neighborhood youths. Such a theory of peer effects in self-control should also be normative as well as

[1] The following correspond to points 1, 4, 6, 7 and 10, respectively in A.A.'s list, which can be found at http://www.alcoholics-anonymous.org/, as can the other quotations given below.