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Peer Effects and Alcohol Use among College Students

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Peer effects are central to debates over a variety of issues, including substance abuse, education policy, urban policy, and technology adoption. Peers could potentially affect others' endowments or choice sets, for example through disruption in classrooms (Lerner, 2001), disease exposure (Miguel and Kremer, 2004), or the spread of information (Foster and Rosenzweig, 1995; Murnighan and Myers, 2006; Duflo and Saur, 2002). Peers could also affect others' preferences. For example, seeing friends consume an addictive substance could act as a cue and stimulate desire for that substance (Laibson, 2000). Moreover, current peers may not only affect current behavior but also choice of future peers, creating even larger effects in the future (Akerlof, 1997). Yet peer effects are notoriously difficult to estimate econometrically because in most contexts, people choose with whom they associate. Hence, while similarities in behavior among members of a group may be due to peer effects, it is difficult to rule out the possibility that group members may be similar to each other along unobserved dimensions or may have come together with the intention of achieving similar outcomes.

This paper estimates peer effects in the context of a large state university that uses a lottery system to assign roommates. The university's use of a lottery to assign roommates randomly makes it possible to isolate the effect of peers. Our results suggest that males who were assigned roommates who drank alcohol prior to

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