

# **Youth Risky Behavior: An Application of the Propensity Score Matching Method**

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## **Abstract**

In this paper, we have examined the issue of whether alcohol consumption has ‘real’ or ‘causal’ effects on various undesirable behaviors among adolescents. Instead of using the traditional, commonly used econometric methods such as 2SLS or Heckman’s selection correction, which are potentially plagued by problems of identification and distributional assumptions, we employ the method of propensity score matching (hereafter PSM). One important feature of the PSM method is that the exclusion restriction assumption is not required in dealing with the endogeneity problem. Our results lead us to conclude that the widespread associational relationships between alcohol consumption and activities like sexual intercourse, non-contracepted intercourse, engaging in physical violence and property destruction arise in part from underlying individual propensities that both increase the probability of alcohol consumption and the probability of engaging in the other above-mentioned activities. Furthermore, it also arises, in part, from the ‘treatment’ of alcohol use itself.

*JEL* classification: K, I1 and C5

Key words: Risky Behavior, Alcohol Consumption, and Propensity Score Matching

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