

Abstract:

We develop a model where there is an intergenerational externality concerning obesity and non-communicable chronic diseases with two channels of transmission. On the one hand parents affect the inherited health capital and on the other they affect the probability of their children being obese/catch-up a chronic disease when old. Parents are not fully altruistic and when they make their choices they do not fully account for the impact of their choices on their children's health. Consequently, the negative externality results on a lower health capital level and a higher level of unhealthy activities in the decentralized equilibrium, when contrasted to the social optimum. Taxes on unhealthy activities or subsidies on health investments can be used to restore optimal health capital and unhealthy activities levels. Our model is consistent with different development regimes.

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Agustin Pérez-Barahona has a PhD in Economics from the Catholic University of Louvain. After two postdoctoral years (Marie Curie) at the CNRS, University of Paris 1 Pantheon-Sorbonne, he got a researcher position at INRA-AgroParisTech. Besides that, he is an associate member of the Department of Economics of Ecole Polytechnique. His research interests lie primary within the fields of economic growth, macroeconomic dynamics, and environmental economics.

The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics**:

Non-communicable chronic diseases and health capital

(joint with Catarina Goulão)

By **Agustin Pérez-Barahona**
INRA-AgroParisTech; Ecole Polytechnique Paris

April 28, 2010
13:00 – 14:00

Campus Limpertsberg - Room BS001
162a, avenue de la Faïencerie
L-1511 Luxembourg

Lunch is planned for the participants

Registration: by email to dfef-colloques@uni.lu

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