

## Offsetting Behavior: Lesson Plan

Topic	
<p>Offsetting behavior happens when risk-minimizing policies alter consumers' behavior so that they become careless and negligent, thereby increasing the likelihood of accidents occurring. In other words, offsetting behavior is when a consumer engages in riskier behavior in response to safety policies. Therefore, these safety policies have a much smaller positive effect than one would expect.</p>	
Possible subjects/classes	Time needed
<ul style="list-style-type: none"> <li>• Economics</li> <li>• Government/Civics</li> <li>• Psychology</li> </ul>	30-45 minutes
Video link:	
<a href="https://academy4sc.org/topic/offsetting-behavior-a-risky-business/">https://academy4sc.org/topic/offsetting-behavior-a-risky-business/</a>	
Objective: <i>What will students know/be able to do at the end of class?</i>	
<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>• Define offsetting behavior.</li> <li>• Explain why offsetting behavior occurs.</li> <li>• Identify the effects of offsetting behavior in their own lives and the lives of others.</li> <li>• Apply the principles of offsetting behavior to real life scenarios</li> </ul>	
Key Concepts & Vocabulary	
Psychology, consumer behavior	
Materials Needed	
Worksheet, if you want to use it	
Before you watch	
<p><b>Turn &amp; Talk:</b> students turn to the people around them and take a few minutes to see if they can figure out the following scenario:</p>	

You're the goalie on your local soccer team. Whenever you're on the field, your coach insists that you wear knee pads. "They'll help prevent your knees from getting injured when you dive for those saves," he explains. Sometimes you'll do pickup games with the neighborhood kids, but that's the only time you're playing without them on. Weirdly enough, your knees get just as bruised and scratched up regardless of whether or not you wear knee pads. You know your safety equipment isn't defective, so why is this happening?

### While you watch

1. Define offsetting behavior.
2. Why does offsetting behavior occur?
3. Fill in the blank: Offsetting behavior happens when \_\_\_\_\_ policies alter consumers' behavior so that they become \_\_\_\_\_ thereby \_\_\_\_\_ the likelihood of accidents occurring.

### After you watch/discussion questions

1. Can you think of another example of offsetting behavior (that doesn't include knee pads or automobiles).
2. Have you ever seen an example of offsetting behavior in your own life?
3. What are some precautions you can take to minimize the effect of offsetting behavior in your daily life?

### Activity Ideas

1. If students have access to the internet: students work in groups to "test" various hypotheses they have about offsetting behavior. They think of laws or policies or medical advancements that were designed to make certain activity safer (like driving, playing sports, preventing injury, etc). Students use the internet to find statistics regarding the effectiveness of these changes and decide if they think it represents an example of offsetting behavior.
2. Students work in groups to write and act out skits that demonstrate real-life examples of offsetting behavior.

### Sources/places to learn more

1. Crandall, Robert W. and John D. Graham. "Automobile Safety Regulation and Offsetting Behavior: Some New Empirical Estimates." *The American Economic Review*, vol 74, no 2, May 1984, pp. 328-331. [www.jstor.org/stable/1816379](http://www.jstor.org/stable/1816379).

2. Hause, John C. "Offsetting Behavior and the Benefits of Safety Regulations." *Economics Inquiry*, vol 44, issue 4, Oct 2006, pp 689-698. Doi: 10.1093/ei/cbj041.
3. Ndembe, Elvis, William E. Nganje, and Dragan Miljkovic. "Offsetting Behavior and the Benefits of Food Safety Policies in Vegetable Preparation and Consumption." *Agribusiness & Applied Economics Report 6505*, 2008, North Dakota State University, Department of Agribusiness and Applied Economics.
4. Peltzman, Sam. "Offsetting Behavior, Medical Breakthroughs, and Breakdowns." *Journal of Human Capital*, vol 5, no 3, Fall 2011, pp. 302-341. Doi: 10.1086/662034.
5. Traynor, Thomas L. "The Peltzman hypothesis revisited: An isolated evaluation of offsetting driver behavior." *Journal of Risk and Uncertainty*, vol 7, issue 2, Oct 1993, pp 237-247. Doi: 10.1007/BF01065816.