Brown University
Economics 236
Topics in Labor and Health
Fall 2006
MW 1:30-2:50
Robinson 301

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Office Hours: Monday 3:00 – 4:30

Course Description:

This course is divided in two parts. The first covers the basic issues and empirical techniques in applied microeconomics and the second will introduce you to the issues, theory and practice of health economics. This course will do two things: 1) familiarize you with the methodological problems and approaches in applied microeconomics with applications to the theory of human capital and 2) survey the major topics in Health Economics. By the end of this course you should understand how to draw credible inference using non-experimental data and be able to contribute to public policy debates regarding health and medical care in the US.

Course Work

1. Each student should expect to present 2 papers to the class this semester and to “discuss” papers as well
2. There will be three problem sets using data
3. A 10-15 page research proposal is due at the end of the class. You will present your progress to the class towards the end of the semester (exact dates to be determined in class)
Syllabus

I. Theory of Human Capital and the Return to Schooling


Willis and Rosen (1979) “Education and Self-Selection” Journal of Political Economy, s7-s36

II. Estimation - Problems of Identification and Strategies


III. Estimating the Returns to Education/training

A. Fixed effect (twins)


Ashenfelter, Orley and Cecilia Rouse “Income, Schooling and Ability: Evidence from a New Sample of Identical Twins” NBER # 6106


B. Difference in Differences


C. IV


D. Regression Discontinuity


E. Propensity Score


F. Omitted Variable Bias: the rising Return to Education and Computers


G. Measurement Error
Kane, Rouse and Douglas Staiger “Estimating Returns to Schooling when Schooling is Misreported’ NBER 7235


Start Health Economics

I. Introduction

Arrow, Kenneth (1963) “Uncertainty and the Welfare Economics of Medical Care” American Economic Review December 1963


II. The Demand for Health and Medical Care


III. The Determinants of Health

Birth Production Functions
Rosenzweig, Mark and Paul Schultz “Estimating a Household Production Function: Heterogeneity, the Demand for Health Inputs, and Their Effects of Birth Weight” *Journal of Political Economy*.


Education and Health


Pollution


Race & Access to Health Care

Almond, Douglas, Chay, Kenneth and Michael Greenstone *Civil Rights, the War on Poverty, and Black-White Convergence in Infant Mortality in Mississippi*” found at http://www.nber.org/~almond/mississippi.pdf

Income and Business Cycles


Other


IV. Consumer Behavior - Addiction


V. Externalities


VI. Health Insurance

Adverse Selection


Health Insurance and the Labor Market


Moral Hazard


Public Health Insurance


VII. Technology


Baker, Lawrence “Managed Care and Technology Adoption in Health Care: Evidence from Magnetic Resonance Imaging” Journal of Health Economics 2001


VIII. Supply Side of Health – Provider Incentives

Physicians


**Hospitals**

Kessler, Daniel and Mark McClellan (2000) “Is Hospital Competition Socially Wasteful?” *Quarterly Journal of Economics*
