

**WWS 594h**  
**Economics of Health in Developing Countries**  
**Spring 2008**  
**Fridays, 9:00-12:00**

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**Course Description**

Early death is arguably the worst manifestation of poverty in developing countries. Much of this premature death, and the low quality of life that goes along with it, is avoidable with well conceived and executed public policy. But there's the rub. Setting priorities for what government (and well-meaning outsiders) should do with very limited means requires hard choices - matters of life and death. The choices are limited both by the severe resource constraints in poor countries and constraints on effective implementation of programs. This course focuses on how economic reasoning – doing the best you can with the means available – can help inform effective policy, taking both kinds of constraints seriously.

A friend of mine once described discussions of health policy in developing countries as involving public goods, private goods and “feel” goods. We will take the first two quite seriously and try to develop detectors for wishful thinking and empty proclamations to deal with the third.

**Requirements**

Paper (40%)  
Final (probably a take-home) (40%)  
Class participation (20%)

The paper will be in the form of a policy brief to a government official concerning options for an issue and country of your choice.

**Text:** None, really, but there will a number of chapters assigned from William G. Jack, “Principles of Health Economics for Developing Countries”, (Washington, D.C., World Bank Institute, 1999) which I’ll put on reserve.

**Readings** (required readings are marked with a \*, other optional ones can be requested)

Time allotted for the following topics can be expanded or compressed as per class interests so don't take the weeks too seriously.

## **Week 1:**

### **What does health in the world look like and how did it get that way?**

\*[www.gapminder.org](http://www.gapminder.org) : Go to: “go to the graph” and play with this for at least an hour

Robert W. Fogel: *The Escape from Hunger and Premature Death, 1700-2100*, Cambridge UP, 2004.

Angus Deaton: review of Fogel, *Journal of Economic Literature*, March 2006

\*Angus Deaton, “Health, Inequality and Economic Development” *JEL* 2003

\*Jack, pp. 16-26 and Chapter 3

Cutler, Deaton and Lleras-Muney: “The Determinants of Mortality”, *Journal of Economic Perspectives*, v. 20, n. 3, Summer 2006

### **Different paradigms for setting priorities among policies**

#### **Burden of Disease:**

\*Disease Control Priorities in Developing Countries (DCP), 2<sup>nd</sup> Edition, appendix to Chapter 1 available at: [www.dcp2.org/pubs/dcp](http://www.dcp2.org/pubs/dcp)

Lopez, Mathers, Ezzati, Jamison and Murray, Global Burden of Disease and Risk Factors [www.dcp2.org/pubs/GBD chapter 1](http://www.dcp2.org/pubs/GBD%20chapter%201).

#### **Cost-effectiveness:**

\*Laxminarayan, Chow and Shahid-Salles, Intervention Cost-Effectiveness: Chapter 2 Overview of Main Messages in DCP. On website above.

Jamison, Investing in Health, Chapter 1 of DCP

#### **Rights:**

\*Gauri, Varun, “Social Rights and Economics: Claims to Health Care and Education in Developing Countries”, *World Development* (2004)

\*Unicef, State of the World’s Children, 2004 Appendix B available at [www.unicef.org/sowc04/files/AnnexB.pdf](http://www.unicef.org/sowc04/files/AnnexB.pdf)

WHO, Health and Human Rights Publication Series 1 “25 questions and answers on Health and Human Rights”, Geneva, 2002 (on WHO website)

Gruskin and Tarantola, “Health and Human Rights” Francois-Xavier Bagnoud Center for Health and Human Rights Working Paper 10 (2000) [www.hsph.harvard.edu/fxbcenter/FXBC\\_WP10/](http://www.hsph.harvard.edu/fxbcenter/FXBC_WP10/)

#### **Conventional Wisdom:**

\*WHO: [www.who.int/topics/primary\\_health\\_care/en](http://www.who.int/topics/primary_health_care/en)

Declaration of Alma Ata (link from above page)

Region-specific links from same page

### **Conventional Economics:**

\*Jack, Chapter 7

Any text on public finance: chapter on market failures and the role of government

## **Weeks 2 and 3**

### **Characteristics of Markets and Market Failures in Health**

#### **Demand for Health**

##### **Income/Prices:**

\*Deaton and Subramanian, "The Demand for Food and Calories", *Journal of Political Economy*, 1996, 104(1): pp. 133-162

\*Case, Lubotsky and Paxson, "Economic Status and Health in Childhood: the Origins of the Gradient", *AER*, December 2002

Michael Grossman, "On the concept of health capital and the demand for health", *Journal of Political Economy*, 80 (2), 1972.

Banerjee, Deaton and Duflo, "Wealth, health and health services in rural Rajasthan", *AER Papers and Proceedings*, May 2004.

Case, le Roux and Menendez, "Medical Compliance and Income/Health Gradients", *AER Papers and Proceedings*, May 2004.

##### **Education:**

\*Glewwe, 1999, "Why does mothers' schooling raise child health in developing countries?: Evidence from Morocco", *Journal of Human Resources* 34(1)

Lleras-Muney, "The relationship between education and adult mortality in the U.S.", *Review of Economic Studies*, January 2005

##### **Intra-household allocations:**

\*Behrman, "Intrahousehold Distribution and the Family", in Rosenzweig and Stark (eds.), *Handbook of Population and Family Economics*.

Agnes Quisumbing (ed.), *Household Decisions, Gender and Development*, Chapters 16-19.

Oster, Emily. 2005. "Hepatitis B and the case of the missing women." *Journal of Political Economy* 113(6):1163-1216

Das Gupta, Monica. 2005. ".Explaining Asia's 'Missing Women': A New Look at the Data." *Population and Development Review* 31(3): 529-535.

**Water:**

\*World Bank Water Demand Research Team, "The Demand for Water in Rural Areas: Determinants and Policy Implications", *World Bank Research Observer*, 8(1), 1993

Whittington, Briscoe, Mu and Barron "Estimating the willingness to pay for water services in developing countries: a case study of the use of contingent valuation surveys in southern Haiti" *Economic Development and Cultural Change*, 1990

**Fertility:**

\*T. Paul Schultz, "The demand for children in Low Income Countries" in Rosenzweig and Stark (eds.), *Handbook of Population and Family Economics*.

**Methodology break: evaluation of policy effects**

\**Journal of Economic Perspectives* 1995 volume 9, no. 2: Symposium on Social Experiments – articles by Burtless and Heckman/Smith pp. 63-110

\*Esther Duflo, *Scaling Up and Evaluation*, World Bank, Annual Bank Conference on Development Economics, 2004

**Supply of Public Health:**

\*Ruth Levine (ed.), *Millions Saved: Proven Successes in Global Health*, 2004 the Peterson Institute for the Center for Global Development, Washington DC.

Optional: (Hundreds, TBD)

**Medical Services**

**Demand for health care:**

\*Jack, Chapter 4

\*J. Litvack and C. Bodart, "User fees plus quality equals improved access to health care: results from a field experiment in Cameroon", *Social Science and Medicine*, August 1993.

Chawla and Ellis, "The impact of financing and quality changes on health care demand in Niger", *Health Policy and Planning*, 15(1), 2000

CD James et al, "To retain or remove user fees? Reflections on the current debate in low income countries", *Applied Health Economics and Health Policy*, 2006, 5 (3)

Mamadou Mariko, "Quality of care and the demand for health services in Bamako, Mali: the specific roles of structural, process and outcome components", *Social Science and Medicine*, v. 56, issue 6, March 2003

### **Supply and Equilibrium:**

\*Jack, Chapter 6

\*Kenneth Leonard and Joshua Zivin, Outcome versus service based payments in health care: lessons from African traditional healers, *Health Economics*, October 2004.

\*Kenneth Chomitz et al. "What do doctors want?: developing incentives for doctors to serve in Indonesia's rural and remote areas" World Bank Working Paper Series 1888, March 1998.

\*Benjamin Loevinsohn and April Harding, "Buying Results?: Contracting for Health Service Delivery in Developing Countries", *Lancet*, 2005, v. 366, pp.676-681

Optional: TBD (on "supplier induced demand")

### **Insurance**

\*Jack, Chapter 5

\*Gertler and Gruber, "Insuring Consumption against Illness", *AER*, March 2002

\*Gertler, "On the road to social health insurance: the Asian experience" World Development, April 1998

Paul Gertler and Orville Solon, "Who benefits from social health insurance?: Evidence from the Philippines", mimeo (on blackboard)

### **Policy Implications so far** (my turn):

\*Hammer, "Economic Analysis for Health Projects", *World Bank Research Observer*, February, 1997

\*Hammer, "Prices and Protocols in Public Health Care", *World Bank Economic Review*, September 1997.

\*Hammer and Berman "Ends and Means in Public Health Policy in Developing Countries" in Health Sector Reform in Developing Countries: Making Health Development Sustainable, P. Berman (ed.), Cambridge, Harvard University Press, 1995.

\*Jack, Chapters 8 and 9

## **Weeks 4 and 5**

### **Government Failures in Health Systems**

\* *World Development Report 2004 "Making Services Work for Poor People"*, World Bank, 2003 Chapters 3 through 6

\*Filmer, et al "Weak Links in the Chain I: A Diagnosis of Health Policy in Developing Countries", *World Bank Research Observer*, August 2000

#### Resource flows:

\* Gauthier and Wane, "Leakage of Public Resources in the Health Sector: an empirical investigation of Chad", World Bank Working Paper WPS 4351, September 2007

#### Personnel:

\*Chaudhury and Hammer, "Ghost Doctors: Absenteeism in Rural Bangladeshi Health Facilities" *World Bank Economic Review*, v 18, no. 3 2004

#### Quality of health care:

\*Das and Hammer, "Money for Nothing: the Dire Straits of Indian Medical Care" *Journal of Development Economics*, May 2007.

#### Bribery:

\*Transparency International, *Global Corruption Report 2006* (skim whole, parts (TBD) will be required) available on line.

#### Optional (for the whole section on "Government Failures")

Bardhan, "Corruption and Development: a review of issues" *Journal of Economic Literature*, September 1997

Chaudury et. al. Missing in Action: Teacher and Health Worker Absence in Developing Countries, *Journal of Economic Perspectives*, Spring 2006

Das and Hammer, "Which Doctor?: Combining Vignettes and Item Response Theory to Measure Doctor Quality", (with Jishnu Das), *Journal of Development Economics*, v. 78 (2005)

\_\_\_\_\_, "Strained Mercy: The Quality of Medical Care in Delhi" *Economic and Political Weekly*, v. XXXIX, No. 9. February 28 – March 5, 2004.

Reinikka and Svensson, "Explaining Leakage in Public Funds, World Bank Working Paper 2709, 2001

\_\_\_\_\_, “Fighting Corruption to Improve Schooling: Evidence from a newspaper campaign in Uganda”, *Journal of the European Economic Association*, April/May 2005.

**Policy implications (all things considered)**

\*Filmer et al, “Weak Links in the Chain II: A Prescription for Health Policy in Developing Countries”, *World Bank Research Observer*, Spring 2002.

Hammer, Aiyar and Samji, “Understanding Government Failure in Public Health Services”, *Economic and Political Weekly*, October 2007.

**Week 6**

**Technological advances and international aid:**

\*Michael Kremer, “Pharmaceuticals and the Developing World”, *Journal of Economic Perspectives*, v.16, no. 4, 2002.

Kremer and Glennerster, *Strong Medicine: Creating Incentives for Pharmaceutical Research on Neglected Diseases*, Princeton University Press, 2004. (Chapters 3-8 particularly).

Lanjouw, J. “Intellectual Property and the Availability of Pharmaceuticals in Poor Countries” in *Innovation Policy and the Economy*, MIT press, 2003

Sachs, J. 2001, “Macroeconomics and Health: Investing in Health for Economic Development” *Report of the Commission on Macroeconomics and Health*, Geneva, WHO. (parts will be \*)