ECONOMICS

An Introduction to Economics and Health Economics

I. FUNDAMENTAL ECONOMIC CONCEPTS 10%
   A. Basic Assumptions of Economics
      1. Scarcity
      2. Trade-offs
      3. Opportunity Cost
      4. Rationality
      5. Gains from Trade
   B. Models and Economic Theory
   C. Positive and Normative Economics
   D. Efficiency as a Goal
   E. Microeconomics and Macroeconomics

II. MICROECONOMICS 40%
   A. Perfectly Competitive Markets
      1. Markets
      2. Demand
      3. Shifts in the Demand Curve
         a. Income
         b. The prices of related goods
         c. Tastes
         d. Expectations
         e. Number of buyers
      4. Supply
      5. Shifts in the Supply Curve
         a. Input prices
         b. Technology
         c. Expectations
         d. Number of sellers
      6. Equilibrium
      7. The Characteristics of Competitive Market Equilibrium
   B. Applications of the Competitive Market Model
      1. Changes in Market Equilibrium
      2. Elasticity
      3. Using Elasticity
   C. Evaluating Government Policy: The Impact of Price Controls and Taxes
      1. Price Controls
      2. Taxes
   D. International Trade
      1. An Isolated Economy
      2. Adding the Opportunity to Trade
      3. Comparative Advantage and the Gains from Trade
      4. The Political Economy of Trade
E. The Profit Motive and the Behavior of Firms
   1. Economic Profits and Accounting Profits
   2. Finding the Firm’s Supply Curve
   3. Entry, Exit, and the Market Supply Curve
F. Imperfect Competition
   1. Monopoly
   2. Monopoly Supply
   3. Welfare Consequences of Monopoly
   4. Dealing with Monopolies
   5. Price Discrimination
   6. Oligopoly
   7. Monopolistic Competition
G. Creative Destruction: The Profit Motive and the Sources of Economic Change
H. Market Failures
   1. Externalities
   2. The Effect of Externalities on Resource Allocation
   3. Private Responses to Externalities
   4. Government Regulation of Externalities
   5. Property Rights
   6. The Effects of Private Ownership
   7. Public and Private Goods
      a. Private goods
      b. Common resources
      c. Collective goods
      d. Public goods
I. Institutions, Organizations, and Government
   1. Pork Barrel Politics
   2. Rent-Seeking
   3. What Is the Proper Role for Government?

III. MACROECONOMICS 30%
A. Macroeconomic Issues
   1. Economic Growth and Living Standards
   2. Recessions and Expansions
   3. Unemployment
   4. Inflation
   5. International Trade
B. Macroeconomic Measurement
   1. Measuring Total Output: Gross Domestic Product
      a. Market value
      b. Final goods and services
      c. Within a country
      d. During a specified period
   2. Understanding What GDP Measures
   3. Other Ways to Measure GDP: Expenditures Equal Production
   4. Yet Another Way to Measure GDP: Income Equals Production Equals
Expenditures
5. Real GDP
6. Measuring Inflation
7. Unemployment
   a. Frictional unemployment
   b. Structural unemployment
   c. Cyclical unemployment
C. Economic Growth, Productivity, and Living Standards
   1. The Circular Flow Model of the Economy
   2. What Determines How Much an Economy Produces?
D. Savings, Investment, and the Financial System
   1. Financial Markets
      a. The bond market
      b. The stock market
   2. Financial Intermediaries
      a. Banks
      b. Mutual funds
   3. Saving and Investment in Aggregate
   4. International Capital Flows in an Open Economy
   5. How Financial Markets Coordinate Saving and Investment Decisions
E. Money and Prices in the Long Run
   1. What Is Money?
   2. Measuring Money
   3. The Federal Reserve System, Banks, and the Supply of Money
   4. Bank Runs
   5. Money and Inflation in the Long Run
   6. Why Worry about Inflation?
F. Short-Run Economic Fluctuations
   1. Characteristics of Short-Run Fluctuations
   2. Potential Output, the Output Gap, and the Natural Rate of Unemployment
   3. Explaining Short-Run Fluctuations in Output
   4. The Aggregate Demand Curve
      a. Wealth effects
      b. Interest rate effects
      c. Foreign exchange effects
   5. The Aggregate Supply Curve
   6. The Keynesian Model of Short-Run Fluctuations
   7. Inflation in the Keynesian Model
   8. Using Fiscal and Monetary Policy to Stabilize the Economy

IV. AN INTRODUCTION TO HEALTH ECONOMICS

A. Why Is Health Economics Important?
   2. The Importance of Health Economics in Public Policy
B. The Demand for Health—The Grossman Model
1. Health Is Both a Consumption Good and an Investment Good
2. Socioeconomic Status, Income, and Health
3. Estimating the Value of Life
C. Downward-Sloping Demand for Health Care
   1. RAND Health Insurance Experiment
   2. Oregon Medicaid Experiment
D. The Link Between Socioeconomic Status (SES) and Health
   1. The Efficient Producer Hypothesis
   2. The Thrifty Phenotype Hypothesis and the Dutch Famine Study
   3. The Allostatic Load Hypothesis
E. Health Insurance Demand
   1. Declining Marginal Utility of Income
   2. Anatomy of a Health Insurance Contract (Premiums, Cost-sharing, Gate-keeping)
   3. Uncertainty, Risk Aversion, and the Demand for Health Insurance
F. Information Asymmetry in Health Insurance and Its Consequences
   1. Moral Hazard
   2. Adverse Selection
G. Physician Labor Markets
   1. Physician Education and Training
   2. Health Reform and Use of Non-Physician Labor
H. Hospitals and Other Health Care Facilities
   1. The Rise and Fall of the Hospital and Hospital Stay
   2. Hospital Competition and Health Care Prices
I. Regulation of the Market for Prescription Drugs
   1. Drug Development and Testing
   2. Patents and Drug Pricing
J. The American Health Care System
   1. Private Health Care Provision
   2. Private Health Insurance Markets
      a. Employer-provided insurance
   3. Publicly Financed Insurance
      a. Medicare
      b. Medicaid
      c. The Affordable Care Act
K. Health Care Systems Around the World
   1. The Beveridge Model
      a. Universal single-payer insurance
      b. Public health care provision
      c. Free or low-cost care
   2. The Bismarck Model
      a. Universal insurance
      b. Community rating
      c. Regulated private health care provision