

# Problem Set #1

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## Abstract

This is a brief explanation of my interests in economics, required to fulfill Problem Set #1 for ECON 815 - Topics in Microeconomics.

*Keywords: health, moral hazard*

*JEL Codes: ABC123*

## 1 Introduction

My interest in economics began in my senior year of high school. My work until then had been focused on architecture and graphic design. The shift occurred as a result of a wonderful AP Economics course. In particular, we had an exercise in which everyone in the class gathered in the middle of the classroom and bought and sold "stocks". The exercise was timed and I made a ton of fake money and had a blast.

In AP Economics, we also read Milton Friedman's "Capitalism and Freedom" ([Friedman \(1962\)](#)) and watched some clips from the TV broadcast, "Free to Choose".

## 2 Related Work

During my undergraduate studies, I did not have a particular subfield or path in mind for my economics degree. I figured I would just go into industry doing some kind of financial analysis or other business-related work. It wasn't until early in my senior year that I decided I wasn't done learning yet and wanted to become a lifelong learner of economics and pursue a graduate degree.

## 3 Data

There were several courses that I was particularly fond of during my undergrad years. These were Law and Economics, International Development, Game Theory, and finally, Health Economics. While I enjoyed all of these classes, it was Health Economics that really encouraged me to pursue a doctoral degree and provided an initial focus.

## 4 Identification strategy

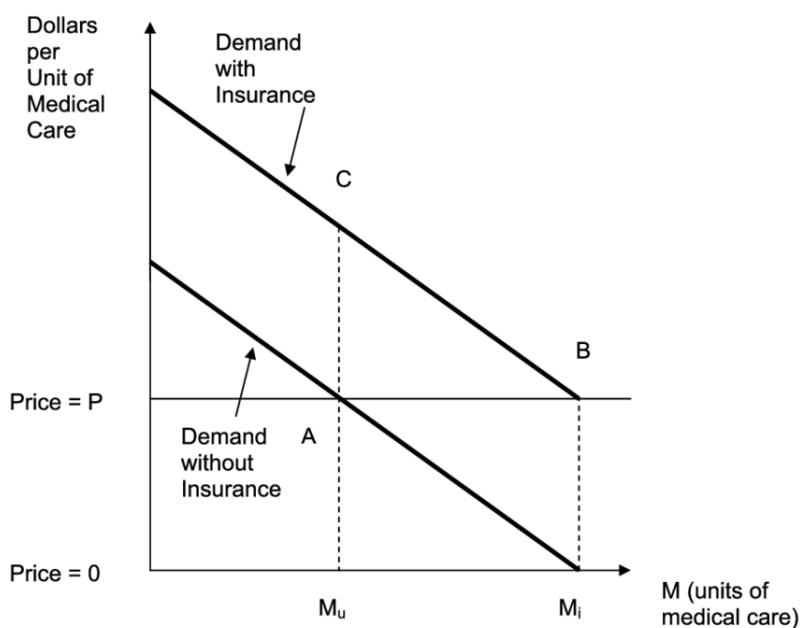
In Dr. Woodworth's class, we were given a final project to design a healthcare system for an imaginary country and address how the market will work, how moral hazard will be addressed, and what the regulatory environment will look like. I so enjoyed the project, that I spoke with Dr. Woodworth about what graduate school looked like and how I should go about getting myself there. She was kind enough to include me as a minor contributor to a paper she was working on<sup>1</sup>, called "Just a Minute: The effect of emergency department wait time on the cost of care" (Woodworth and Holmes (2017)). This was my first exposure to carefully reading and considering economic literature.

## 5 Conclusion

I had finally settled on what I wanted to do, and what my focus would be: health economics.

Here is figure 1 :

FIGURE 1: MORAL HAZARD FROM GOOGLE IMAGES



Here is equation 1 :

$$\max_{a, s(a)} \sum (a + \varepsilon - s(a)) \quad (1)$$

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<sup>1</sup>My job was to proofread the paper and provide suggestions for arrangement and other considerations.

## References

Milton Friedman. *Capitalism and Freedom*. University of Chicago Press: Chicago, IL, 1962.

Lindsey Woodworth and James F. Holmes. Just a minute: The effect of emergency department wait time on the cost of care. 2017.