

New Economic School Research Centre

Health and Labor Market Outcomes in Russia Research Proposal for 2006-2007 Academic Year

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The necessity to reform healthcare in Russia is acknowledged by the society and authorities. The topic is on the agenda of recently adopted National Project on Healthcare and was paid attention to in the latest Presidential address to the Federal Assembly. There is very limited research to support the reform, however. In particular, there are a few analytical papers on economic analysis of health issues in Russia though excellent survey instruments are available, with the Russian Longitudinal Monitoring Survey being the key one.

The suggested project is to fill the gap in our knowledge in the area by adding to the understanding of the link between the Russian labor market and health. There is vast international economic literature on the relation: profound surveys could be found in Currie and Madrian (1999), Strauss and Thomas (1998) and Ruhm (2000). The main idea of the project is to study how labor market outcomes depend on health status of the market participants, and how, in turn, labor market conditions influence health. The precise topics to be investigated will depend on the preferences of students. The project allows for the possibility of both a theoretical and an empirical work.

The empirical topics could cover questions such as labor force participation and labor supply decisions and health; the relation between low wages, ill-health and social exclusion; job instability and insecurity as a mortality risk factor; occupational choice and health; early retirement and health; military service and health.

Data drawn from the Russian Longitudinal Monitoring Survey (RLMS) (Rounds 5-14) matched with regional data, as well as NOBUS, which is both nationally and regionally representative for 46 out of 89 Russia's regions, is suggested to be used for empirical papers.

- *Labor force participation and labor supply decisions and health.* Labor force participation decisions may depend on own health or on health of other members of a household (spouse, children). Moreover, labor supply in terms of hours worked (including the choice between part-time and full-time jobs) is likely to depend on health characteristics. Decisions to participate in the labor market will be studied using RLMS data, with special attention to the labor force participation of those in poor health. Sensitivity of labor force participation to changing economic conditions, aggregate and disaggregate (in different groups) will be studied.
- *Poor health is likely to be related to lower wages* either through lower productivity, or higher costs of employer to accommodate a worker in poor health passed on in the form of lower wages, or discrimination. It would be interesting to know what effects dominate in Russia, and how strong is the relationship. Decomposition techniques will be used to unfold the factors explaining wage inequality across people with poor and good health.
- *Job instability and insecurity as a mortality risk factor.* Mental health is an important dimension of overall health. Stress due to job instability and insecurity seems to be a candidate for high mortality rate among males. The longitudinal nature of RLMS dataset allows identifying, if any, differences in the influence between periods of recession and economic growth.
- *Occupational choice and health.* Not only labor supply decisions but the choice of occupation and of a sector to work in could be determined by the health status. It would

be interesting to study whether the choice of state Vs private sector of work is related to the health status of a person or her family members.

- *Military service and health*. The widely discussed reforms in the area of military draft are related to the issue of the influence of military service on health. RLMS data allows shedding some light on the issue.

Suggested reading list:

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- Stern, S. (1989) “Measuring the Effect of Disability on Labor Force Participation”, *Journal of Human Resources*, 24, pp.361-395
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