

Decision Processes Colloquia

Monday, February 10, 2014

Where: JMHH 265

When: 12:00 – 1:20 pm

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To Charge or Not to Charge: Evidence from a Health Products Experiment in Uganda

ABSTRACT: For health products in developing countries, the question of whether to charge or not to charge is critical for accomplishing common policy objectives of wide, appropriate and sustainable distribution and usage. Competing philosophical arguments and limited empirical answers have led to constant debate. Theory, and then empirical tests, can provide a way forward. We setup a randomized trial in Northern Uganda to test a theory focused on price expectations and learning across three health products specifically chosen for their likely differences in the scope for learning. In line with prior studies, we find that free distribution does not decrease future demand when the product has potential for positive learning; however, for products without scope for positive learning, demand is lower after a free distribution than after products are sold at market prices.



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