

Macroeconomics of Patient Time: A Manifestation

Hakan Yetkiner

Izmir University of Economics, Turkey
hakan.yetkiner@ieu.edu.tr

Ünal Seven

Central Bank of the Republic of Turkey, Turkey
unal.seven@tcmb.gov.tr

Abstract

This paper manifests significances of patient time on aggregate and individual-level variables and on market prices in a static general equilibrium regime via expanding the labor-leisure choice model. The model assumes a vast number of consumers/ patients heterogenous in terms of patient time and shows that patient time cost has substantial implications on the wage rate and interest rate, aggregate consumption and employment, and individual level leisure and consumption. In particular, the paper shows that the real wage rate would be higher and employment would be lower due to aggregate patient time cost (APTC). The paper also shows that relatively healthy consumers have an advantageous position at individual level due to higher APTC, as they enjoy higher wage rates.

Keywords: Health, Patient time cost, labor-leisure choice

JEL Codes: I10, I15, I18, I19