

**Homework 9**  
Due Wednesday, April 29, 2009

1. Suppose that the equilibrium wage in industry A is \$50,000. Industry B is riskier with workers having a 0.0005 greater chance of dying on the job; the wage in industry B is \$51,000. What is the implied valuation of life?
2. As of March 1, 1994, children riding bicycles in New York must wear safety helmets. Assuming that the decision to enact this law was based on cost-benefit analysis, what types of costs and benefits do you think were included in the study?
3. Which of the three approaches to valuation of health outcomes (human capital, risk preference, or contingent valuation) do you think will give the highest value on average? Which do you think will give the lowest value? Explain your answers.