

Outline of the module

Social Insurance and Income Maintenance

Stud.IP: 9.13520 and 9.13521, Summer 2023

Description: In this module (Identifier: WIWI-13520) students become familiar with the main issues in designing a scheme of social insurance, income maintenance and income redistribution. They learn how to apply standard microeconomic tools for comparing different policy options. The module concentrates on three topics: First, the consequences of (adverse) selection and moral hazard for demand and design of public insurance. Second, the methods of measuring the extent of income inequality and poverty. Third, the distributional and behavioral effects of redistributive tax-and-transfer systems (e.g. negative income tax, nonlinear income taxation).

Examination: Module exam (60 minutes).

Course Components: 9.13520 Lecture (2 semester hours)
9.13521 Tutorial (1 semester hour)

Course Content:

1. Social Insurance and Income Redistribution in Practice
2. (Adverse) Selection in Insurance Markets
3. Premium Insurance and Risk Adjustment Schemes
4. Moral Hazard and the Design of Insurance Contracts
5. Income Inequality, Poverty and Tax-Transfer Systems
6. Redistributive Linear and Nonlinear Income Taxation

Resources: *Lecture slides* and *problem sets* can be downloaded from *StudIP*. The material of this course is mainly based on a mix of selected chapters from the textbooks and handbooks listed below. Additional references, recommendations for further reading and *electronic resources* are provided via *StudIP*.

Auerbach, A.J. and M. Feldstein (eds, 2002): Handbook of Public Economics, Vol. 4 (Amsterdam: North-Holland) [E-Book]

Auerbach, A.J. and M. Feldstein (eds, 2013): Handbook of Public Economics, Vol. 5 (Amsterdam: North-Holland) [E-Book]

Bhattacharya, J, Hyde, T. and P. Tu (2014): Health Economics (London: Macmillan) [E-Book}

Breyer, F., Zweifel, P. and M. Kifmann (2009): Health Economics, 2nd. Ed. (Heidelberg: Springer) [E-Book]

Hindriks, J. und G. Myles (2013): Intermediate Public Economics, 2nd. ed. (Cambridge/ Mass.: MIT-Press) [E-Book]

Jehle, G. und P. Reny (2011): Advanced Microeconomic Theory, 3rd ed. (Harlow: Prentice Hall) [E-Resource]