



WELFARE ECONOMICS

Course code	<i>ECO122</i>
Course title	<i>Welfare economics</i>
Type of course	<i>Main</i>
Study level	<i>1st</i>
Department	<i>Bachelor studies</i>
Year of study	<i>3^d</i>
Semester	<i>Autumn</i>
ECTS credits	<i>6: 24 hours of lectures, 24 hours of seminars, 112 hours of self-study, 2 hours of consultations</i>
Coordinating lecturer	<i>Dr. Virginija Poskute</i>
Study form	<i>Full-time</i>
Course prerequisites	<i>Microeconomics, Macroeconomics</i>
Language of instruction	<i>English</i>

Annotation

Welfare economics is a branch of economics that focuses on the optimal allocation of resources and goods. This course integrates discussions relating economic theories to different notions of social justice and historical developments of welfare state. Welfare state theories and concepts are discussed in terms of equity and efficiency. The course introduces crucial debates about the borderline between state and market. Various aspects of welfare state are analysed with help of two broad questions: what are the aims of policy and by what methods those aims are best achieved? Each society faces questions related to scope of redistribution (of wealth, income, power etc. and how much of it should be there) and methods that are employed to organise economic activities (market, central planning, mixed economy) in order to achieve societal economic and social goals. Those two broad sets of questions are the main axis for the discussions during the course. In order to enhance such discussions the course examines origins and dissemination of welfare state, two main social welfare traditions (Bismarckian and Beveridgean) as well as comparative welfare state typologies (liberal, conservative and social-democratic). Basic principles of social insurance, role of private and public sector in social insurance provision are covered during the course. The course examines retirement pensions and their financing mechanisms (pay as you go and funded) in detail, social assistance principles, its organisational aspects and main types of benefits. Special attention during the course is paid to income inequality, poverty and social exclusion, their measurement methods.

Aim of the course

Aim of this course is to enable students to develop a basic understanding of main topics in the economics of welfare state in democratic market economies. Students are expected to be able to define central concepts and apply these in basic discussions about the role of the state and the individual in provision of welfare (in terms of efficiency, social justice and equity) and some of the major issues in the design and financing of welfare state provisions. Moreover, it is important for the students to be able to apply concepts and theories to practical domestic and global policy debates.

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1. Analyse and discuss main features and failures of market economy and public policies;	Lectures, seminars, individual study, group work	Midterm test, seminars, final exam
SLO2. Compare and discuss arguments utilised in favor/against state intervention in different schools of economic thought;	Lectures, seminars, self-study	Midterm test, discussions and presentations during seminars, final exam
SLO3. Apply basic concepts, terminology and organisational principles of welfare;	Lectures, seminars, self-study	Midterm test, seminars, final exam
SLO4. Evaluate and compare different methods of welfare financing;	Lectures, seminars, self-study, group work	Midterm test, presentations during seminars, final exam
SLO5. Overview and compare structure of welfare state and social security in particular in different countries;	Lectures, seminars, individual study, group work	Midterm test, presentations during seminars, final exam

SLO6. Compare and discuss relationship of economic and social policies;	Lectures, seminars, self-study, study in groups	Midterm test, seminars, final exam
SLO7. Compare and discuss welfare state theoretical models and analyse real welfare systems;	Lectures, seminars, self-study, study in groups	Midterm test, presentations during seminars, final exam
SLO8. Analyse and compare different welfare provisions among countries: retirement pensions, health care, social assistance systems	Lectures, seminars, self-study, study in groups	Seminars, final exam
SLO9. Analyse and discuss main principles of measuring income inequality, poverty and social exclusion;	Lectures, seminars, self-study, study in groups	Seminars. final exam
SLO10. Overview international aspects of welfare/social security regulation;	Lectures, seminars, self-study	Seminars, final exam
SLO11. Work in teams, present work results both in writing and orally, provide argumentation.	Self-study in groups, seminars, individual study	Coursework and its presentation during seminars

Quality issues

The lecturer assures a variety of teaching and testing methods. The feedback from students is always highly valued and appreciated.

Cheating issues

The teaching and testing methods are chosen taking into account the purpose of the minimization of cheating opportunities. The ISM regulations on academic ethics are fully applied in the course.

Topics:

Class	TOPIC	IN-CLASS HOURS		READINGS
		Lectures	Seminars	
1	What is welfare economics? Objectives of welfare state. Ideology and welfare state	2	2	Barr: ch. 1 Spicker, ch. 1, 2.
2	Markets, Pareto efficiency, two fundamental theorems of welfare economics	2		Leach: ch. 1, 2
3	State and markets: market failures and public sector	2	2	Leach: ch.1
4	State intervention: - reasons of efficiency and social justice - types of intervention	2	2	Barr: ch. 3, 4 Spicker, ch. 9
5	Public goods	2	2	Leach: ch. 10-13
6	Origins of welfare state	2	2	Spicker, ch.10
MIDTERM TEST		2		
7	Welfare state models	2	2	Esping-Andersen: ch.1, 2.
8	Insurance and social insurance: theory, practice and contemporary challenges	2		Barr: ch. 5
9	Pension economics: types of pensions, methods of financing, reform issues	4	2	Barr: ch. 9, 15
10	Other social insurance provisions		2	Barr: ch.8
11	Income inequality and poverty: their measurement	2	2	Barr, ch. 6, 10 Spicker, ch. 3.
12	Social assistance, long term care and family policy issues	2	2	TBA
13	Economics of happiness		2	TBA

	TOTAL	24	24	
FINAL EXAM				

Individual work and assessment:

TYPE	TOPICS	TOTAL HOURS	EVALUATION, %
Midterm test	1-6	40	20
Presentations and leading debates in seminars	1-13	20	15
Attendance and efforts in classroom discussions	1-13		20
Final Exam	1-13	52	45
Consultations	1-13	2	
Total:		114	100

Course requirements:**1. Midterm test**

It will be held after the topic 6, during the class. It counts towards **20%** of the final grade. It is a closed-book open questions test. The midterm test will be based on topics 1-6.

2. Presentations during the seminars

Students form groups out of 2-3 people to prepare an analysis and presentation of a topic. Details on the topics, schedule and requirements for the presentations will be provided during the second class. Presentations and leading of discussion count towards **15%** of the final grade.

3. Classroom discussions (20%): Seminars and lectures require active class participation from students. Students would be graded for attendance, activeness and the quality of the participation (interventions shall lead to further discussions).

4. Final exam

The exam counts towards **45%** of the final grade. It is a closed-book open questions test. It tests conceptual and analytical skills. The exam will be based on all course topics (1-13).

In case of a negative final grade, students are allowed a **re-sit exam**. It will cover all course material. The weight of a re-sit is **65%**. Presentation cannot be retaken but its evaluation (if positive) is not annulled.

Main readings:

Barr, Nicholas, 2012. *Economics of the Welfare State*, 5th ed. Oxford University Press.
Spicker, Paul, 2014. *Social Policy. Theory and Practice*, 3rd ed. Policy Press.

Additional readings:

- Avent, R., 2016. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century*. New York: St. Martin Press.
- Atkinson, A. B., 2015. *Inequality: What Can Be Done?* The President and Fellows of Harvard College.
- Atkinson, T., Cantillon, B., Marlier, E. and Nolan, B., 2002. *Social Indicators. The EU and Social Inclusion*. Oxford University Press.
- Backhouse, R., Bateman, B. W., Nishizawa, T., Plehwe, D., 2017. *Liberalism and the Welfare State: Economists and Arguments for the Welfare State*. Oxford University Press.
- Barr, N., Diamond, P., 2008. *Reforming Pensions: Principles and Policy Choices*. New York and Oxford: Oxford University Press.
- Bitinas, A., 2011. *Socialinė apsauga Europos Sąjungoje: Pensijų sistemų modernizavimas*. Vilnius: Mes.
- Bower, J. L, Leonard, H. B, Paine, L.S., 2011. *Capitalism at Risk. Rethinking the Role of Business*. Harvard Business Review Press.
- Christensen, C. M., Ojomo, E., Dillon, K. 2019. *The Prosperity Paradox: How Innovation Can Lift Nations Out of Poverty*. Harper Business.
- Collins, D., Morduch, J., Rutherford, S. and Ruthven, O., 2009. *Portfolios of the Poor. How the World's Poor Live on 2\$ a Day*. Princeton University Press.
- Esping-Andersen, G., 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.
- Esping-Andersen, G., Gallie, D., Hemerijck, A. and Myles, J., 2000. *Why We Need a New Welfare State?* Oxford University Press.
- Jones, B., O'Donnell, M. (Eds.). 2017. *Alternatives to Neoliberalism: Towards Equality and Democracy*. Policy Press.
- Giridharadas, A. 2018. *Winners Take All: The Elite Charade of Changing the World*. Knopf.

14. Greve, B. 2019. Welfare, populism and welfare chauvinism. Bristol University Press, Policy Press.
15. Keohane, G. L., 2016. Capital and the Common Good. How Innovative Finance Is Tackling the World's Most Urgent Problems. Columbia University Press.
16. Layard, R., 2011. Happiness: Lessons from a New Science. 2nd Edition. Penguin UK.
17. Leach, J., 2004. A Course in Public Economics. Cambridge University Press.
18. Lowrey, A., 2018. Give People Money. The Simple Idea to Solve Inequality and Revolutionise our Lives. Penguin Random House UK.
19. Mackey, J. & Sisodia, R., 2013. Liberating the heroic spirit of Business. Conscious Capitalism. Harvard Business School.
20. Mason, P., 2015. Postcapitalism. A Guide to our Future. Penguin Books.
21. Mazzucato, M., 2014. The Entrepreneurial State. Debunking Public vs. Private Sector Myths. Anthem Press.
22. Pickett, K., Wilkinson, R., 2011. The Spirit Level: Why Equality is Better for Everyone. New York: Bloomsbury Press.
23. Pettinger, L. 2019. What's Wrong with Work? Policy Press.
24. Raventos, D. & Wark, J., 2018. Against Charity. CounterPunch.
25. Russell, J.W., 2015. Double Standard: Social Policy in Europe and the United States. 3rd Edition. Rowman & Littlefield.
26. Sachs, J., 2009. Common Wealth: Economics for a Crowded Planet. Penguin; Reprint edition.
27. Singh, A. 2018. The Moral Marketplace: How Mission-Driven Millennials and Social Entrepreneurs Are Changing Our World. Policy Press.
28. Skidelsky, R., Skidelsky E., 2013. How Much is Enough?: Money and the Good Life. Other Press, New York.
29. Skidelsky, R., 2010. Keynes. The Return of the Master. Penguin Books.
30. Stiglitz, J. E., 2000. Economics of the Public Sector. Third Edition. W.W.Norton & Company. New York, London.
31. Stiglitz, J. E., 2013. The Price of Inequality: How Today's Divided Society Endangers Our Future. W.W. Norton & Company. New York. London.
32. Taylor-Gooby, P., Leruth, B. (Eds.). 2018. Attitudes, Aspirations and Welfare. Social Policy Directions in Uncertain Times. Palgrave Macmillan.
33. Van Parijs, P., Vanderborght, Y., 2017. Basic income: a radical proposal for a free society and a sane economy. Cambridge, Massachusetts Harvard University Press.
34. Yunus, M., 2010. Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs. Public Affairs: New York.