



European PhD Program in Social Protection Policy



Course description

2005, September

Course: 1001/intro

Managing Social Risks: the Economics of Welfare States and Social Protection in Advanced Capitalist Economies

Category: Basic Course
Subject: Intro
Period: Week 36 and 37
Credit: 1 ECTS
Lecturer: Prof. Dr. Chris de Neubourg, Maastricht Graduate School of Governance

1. Content and objectives

From the 19th century on welfare states have been gradually developed on an ad-hoc basis. Before that era, states were believed to be only responsible for the safety of its citizens. As the welfare states are fully developed at the start of the twenty-first century, states are held responsible for much more. The systems of social security came under serious criticism and many believe nowadays that the systems themselves are unsustainable and that they are a major burden to economic growth and prosperity in Europe.

This introductory course compares the different social security and social welfare systems in advanced capitalist economies and discusses their viability and sustainability in a longer-term perspective. The course explores new insights to reorganize the systems in order to guarantee their social and economic survival. The Social Management of Risks is introduced as a new framework to analyze and understand policy interventions.

This course is meant to provide an introduction and an overview of the main issues, theories and practices regarding the design and the implementation of modern Welfare States in advanced economies. The course aims at:

- reviewing the insights provided by theories and empirical analyses;
- setting the scene for a comprehensive analysis of social protection policy.

2. Course organization

The course consists of a series of lectures and self-study of the literature. Lectures take place as introduction to the main issues of the welfare states.

3. Minimum requirements

- Stiglitz: Economics of the Public Sector
- Attendance of all lectures

4. Literature

- Barr N. (2004), *The Economics of the Welfare State*, 4th Edition, Oxford: Oxford University Press.
- Neubourg C. de (2004), Briefing Book EU Social Safety Net programmes, World Bank
- Alesina A. and E.L. Glaeser (2004), *Fighting Poverty in the US and Europe, A World of Difference*, Oxford: Oxford University Press.
- Ravallion, M.(1994), *Poverty Comparisons*, Harwood Academic Publishers.
- Neubourg C. de (2002), *Institutional design and institutional incentives in social safety nets*, Social Protection Discussion Paper, Washington DC: World Bank

Course: 1002BC

Social Demography

Category: Basic Course
Subject: PSD
Period: Week 38
Credit: 1 ECTS
Lecturer: Prof. Dr. Gosta Esping-Andersen, University Pompeu Fabre, Barcelona

1. Content and objectives

The objective of this course is not demography *per se* but to examine how key demographic transformations influence society and well-being. The advanced societies have over the past half Century undergone what demographers call 'the second demographic transition', a term that encompasses major changes in life course transitions, family formation, fertility behaviour, gender relations, and also aging. The transformation of demographic behaviour has, in turn, major consequences for the distribution of social risks and for social policy.

This course provides both a theoretical and empirical overview of ongoing demographic processes with special attention to those aspects that directly impinge upon social risks and social policy, namely transformations of household structure and family formation, of female fertility and employment behaviour, and of population aging. These transformations, in turn, will be related to income and welfare distributions. And, finally, the course will examine how demographic change challenges existing welfare models.

2. Course organization

Lectures combined with self study of the literature, class discussions, and a written assignment.

3. Minimum requirements

Becker, G. 1991 *A Treatise on the Family*. Cambridge, Mass: Harvard University Press.

4. Literature

Those readings marked with an * are obligatory.

- *Lesthaege, R. 1995. "The second demographic transition in western countries: an interpretation." in *Gender and Family Change in Industrialized Countries*, edited by K. Oppenheim-Mason and A-M. Jensen. Oxford: Clarendon.
- D. Coleman, 2004 'Why we don't have to believe without doubting in the Second Demographic Transition'. *Vienna Yearbook of Population Research*, 2004.

Fertility and Family Formation

- Billari, F. 2004 'Becoming an adult in Europe'. *Max Planck Institute for Demographic Research, Special Collection Working Paper S-3-2* (April)
- *Hotz, V. Et.al., 1997 'The economics of fertility in developed countries'. In M. Rosenzweig and O. Stark, eds. *Handbook of Population and Family Economics*. Volume 1A. Amsterdam: Elsevier
- *Sleebos, J. 2003 'Low fertility rates in the OECD countries'. *OECD Social, Employment and Migration Working Paper*, 15-
- Ahn, N. and Mira, P. 2001. 'A note on the relationship between fertility and female employment rates in developed countries'. *Journal of Population Economics*, 15, 4: 667-82

- Kohler, H.P., Billari, F., and Ortega, J.A. 2002 'The emergence of lowest-low fertility in Europe'. *Population and Development Review*, 28, 4: 641-80
- Gustafsson, S. 2001. 'Optimal age at motherhood: theoretical and empirical considerations on postponement of maternity in Europe'. *Journal of Population Economics*, 14, 2: 225-247
- McDonald, P. 2000 'The toolbox of public policies to impact on fertility'. *European Observatory on Social Situation, Demography and Family*. Sevilla.

Family Structure

- Andersson, G. 2003. 'Dissolution of unions in Europe'. *Max Planck Institute for Demographic Research Working Paper*, 2003-004
- *Ellwood, D. And Jencks, C. 2001. 'The growing difference in family structure: what do we know? Where do we look for answers?' Unpublished paper, J.F.Kennedy School of Government, Harvard University (August).
- Kuijsten, A. 1995 'Recent trends in household and family structure in Europe'. Pp 53-84 in E. Van Imhoff et.al., eds. *Household Demography and Household Modeling*. New York: Plenum Press
- Mare, R. and Winship, C. 1991 'Five decades of assortative mating'. *ASR*, 56: 15-32
- Blossfeld, H.P. and Timm, A. 2003 *Who Marries Whom?* Kluwer
- Oppenheim-Mason, K. And Jensen, A. 1995 *Gender and Family Change in Industrialized Countries*.

Population Aging

- *Lutz, W., O'Neill, B. And Sherbov, S. 2003 'Europe's population at a turning point'. *Science*, Vol. 299: 1991-92
- OECD, 1998. *Maintaining Prosperity in Old Age*. Paris: OECD
- *Esping-Andersen, G. & Myles, J. forthcoming 'Sustainable and equitable retirement in a life course perspective'. In G. Clark et.al. eds, *Handbook of Retirement Economics*.

Demographic Change and Welfare Outcomes

- Lam, D. 1997 'Demographic variables and income inequality'. Pp. 1015-1062 in M. Rosenzweig and O. Stark, eds. *Handbook of Population and Family Economics*. Volume 1B. Amsterdam: Elsevier
- *Haveman, R. and Wolfe, B. 1994 *Succeeding Generations*. New York: Russell Sage (chapters 1-3)
- McLanahan, S. And Sandefur, G. 1994 *Growing Up with a Single Parent*. Harvard University Press.
- Gornick, J. And Meyers, M. 2003. *Families that Work. Policies for Reconciling Parenthood and Employment*. New York: Russell Sage.
- Esping-Andersen, G. 2005. 'Social Bases of Changing Income Distributions'. *American Behavioral Scientist*.
- Waldvogel, J. 2002. 'Child care, women's employment and child outcomes'. *Journal of Population Economics*, 15: 527-48

Comparative Welfare State Analysis

Category: Basic Course
Subject: PSD
Period: Week 39
Credit: 1 ECTS
Lecturer: Prof. Dr. Karl Hinrichs, Centre for Social Policy Research, University of Bremen

1. Content and objectives

Welfare states in industrialised Western nations differ in terms of size (social expenditure as percentage of Gross Domestic Product) and their historically determined structure. Moreover, they are exposed to current challenges such as globalisation, demographic ageing, “new social risks” etc. in very unequal manner, and they follow paths of change which differ by rigor and direction. Comparative research has contributed much to the explanation of the size, structure and development (expansion, retrenchment, recalibration) of welfare states. It has resulted in a number of theoretical approaches. They conceptualise welfare states in different ways, differ in their methodology and suggest dissimilar development in future (convergence or continuous distinctions).

This introductory course will hardly deal with the substance or content of national social policy arrangements, but rather, provide a critical evaluation of the main theories explaining the development of (advanced or emerging) welfare states. They have highlighted either the relative importance of institutional variables, social cleavages, partisanship and ideology, or the role of economic openness in explaining cross-national differences. Special attention will be given to new analytical approaches that depart from a construction of ideal types or models of different welfare states.

This course is meant to provide an introduction into comparative welfare state analysis and the applied methodologies (why and how). The course aims at:

- reviewing the insights provided by successive “generations” of theoretical approaches;
- evaluating the impact of welfare state activity (e.g. legitimacy, social equality) in comparative manner;
- identifying indicators and patterns of recent/ongoing welfare state reform and discussing corresponding theoretical approaches.

2. Course organization

The course consists of a series of lectures in a more seminar-like format and self-study of the literature. A *Reader* containing articles and chapters on topics that are dealt with during the lectures will be provided in advance (as well as a list of “further readings”). Subsequent to the course, a research paper of about 15 pages (themes have to be discussed during class) is required as a written assignment.

3. Minimum requirements

- Attendance of all lectures;
- Self-study of texts included in the *Reader*;
- Written assignment (see above).

4. Literature

(for early preparation)

- Myles, John; Quadagno, Jill, 2002: 'Political Theories of the Welfare State', *Social Service Review* 76, 34-57.
- Castles, Francis G.; Pierson, Christopher (eds.), 2000: *Welfare State Reader*, Cambridge: Polity Press.
- Clasen, Jochen (ed.), 1999: *Comparative Social Policy: Concepts, Theories and Methods*, Oxford: Blackwell.

Sociology of Inequality, Poverty and Social Exclusion

Category: Basic Course
Subject: PSD
Period: Week 41
Credit: 1 ECTS
Lecturer: Prof. Dr. Bea Cantillon, University of Antwerp

1. Content and objectives

Social policies in welfare states aim at the reduction of inequalities, poverty and social exclusion. Although, more developed welfare states are arguably more 'inclusive' than less developed, tackling poverty and social exclusion remains a basic concern in all welfare states.

This introductory course:

- explores the concept and measurement of inequalities, poverty and social exclusion,
- compares inequality, poverty and social exclusion in Europe, the US and in their welfare states,
- analyses the causes and mechanisms
- and reflects on the adequacy of social policies

2. Course organization

The course consists of a series of lectures and self-study of the literature.

3. Minimum requirements

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4. Literature

- Anand, S. and Sen, A. K. (1997), *Concepts of Human Development and Poverty: A multi-dimensional perspective*. Human Development Papers, UNDR, New York.
- Atkinson, A.B. (2003), Multidimensional Deprivation: Contrasting Social Welfare and Counting Approaches, *Journal of Economic Inequality*, vol. 1, pp 51-65.
- Atkinson, A.B.; Cantillon, B., Marché, E. and Nolan, B. (2002), *Social Indicators: the EU and Social Inclusion*, Oxford University Press, Oxford.
- Förster, M. and d'Ercole, M.M. (2005), *Income distribution and Poverty in OECD Countries in the Second Half of the 1990's*, OECD Working Papers, nr. 22.
- Van den Bosch, K. (2001), *Identifying the Poor. Using subjective and consensual measures*. Ashgate Publishing Limited, Aldershot, England.

Migration, mobility and social protection

Category:	Basic Course
Subject:	PSD
Period:	Week 42
Credit:	1 ECTS
Lecturer:	Pawel Kaczmarczyk, PhD, Centre of Migration Research, Warsaw University, Poland

1. Content and objectives

The aim of the course is to present and discuss a broad range of issues related to migration with special emphasis on linkages between mobility and social protection framework. Migration is one of the most prominent traits of contemporary world as it was clearly indicated by the term ‘age of migration’. All regions of the world experience massive flows of different kind – from settlement migration and labour mobility through transit migration to forced migration of asylum seekers and refugees. Immigrants have become a structural component of modern societies, especially in more developed countries, and are a subject of interest on various scientific disciplines (economics, sociology, political sciences). As a consequence, in the contemporary migration theory it is emphasized that various methods and interdisciplinary approach is needed to understand roots of migration, its dynamics and consequences.

Although social protection has become an important part of development discourse on national and international levels there is still little literature and research linking migration or mobility to social protection framework and policies. The link between social protection and migration is twofold:

- migration can be a social protection measure as a response of a household to low income or risk (migration as a social protection strategy);
- migration creates social protection needs for those who migrate and for those who are left in the countries of origin (migration as leading to vulnerabilities that require specific social protection measures).

Both approaches will be covered during the course. In the first part of the course basic concepts related to migration will be presented. Specifically the distinction between migration and mobility will be discussed extensively. Additionally, most important migration systems will be presented to give an overview of contemporary migration processes. In the second part, the emphasis will be put on the causal factors of international mobility (migration as a social protection strategy). Different approaches will be presented and discussed extensively (economic, sociological and political one) which attempt to explain migratory behaviour on various levels of aggregation. Special attention will be paid to economic approaches, as they are the most advanced and influential among contemporary migration theories. In the next part, the effects of migration will be a subject of interest. On one hand a link between mobility and development will be analysed, i.e. a question on the importance of migration for sending communities will be asked. Next, selected issues related to the presence of immigrants in receiving societies will be covered, with special emphasis on the integration processes. The final part will be devoted to the immigration in the context of social protection framework. Here attention should be paid to such issues as legal rules and measures of social protection policy, their viability and effectiveness (e.g. legislation for migrants, international conventions protecting migrant rights, bi-lateral agreements between labour-sending and labour-receiving countries, labour market policies, social services, subsidies etc.).

2. Course organization

The course consists of a series of lectures, self-study of the literature and presentations to be prepared individually and presented on the last day of the course.

3. Minimum requirements

- Prior basic knowledge in economics (labour economics, international trade theory, microeconomics) would be helpful but is not necessary
- Attendance at all lectures
- Preparation of a presentation.

4. Literature

Basic:

- Hammar, T., Brochmann, G., Tamas, K., Faist, T. (ed.) (2001). *International Migration, Immobility and Development. Multidisciplinary Perspectives*, Oxford: Berg.
- Castles, S., Miller, M.J. (2003). *The age of migration: international population movements in the modern world*, Basingstoke: Palgrave-MacMillan.
- Massey, D. (1999). Why Does Migration Occur? A Theoretical Synthesis, in: Hirschman, Ch., Kasinitz, P., DeWind, J. (ed.), *The Handbook of International Migration: The American Experience*, New York: Russell Sage Foundation.
- Massey, D., Arango, J., Hugo, G., Kouaouci, A., Pellegrino, A., Taylor, E. (1999). *Worlds in Motion. Understanding International Migration at the End of the Millennium*, Oxford: Clarendon Press.
- Piore, M.J. (1986). The Shifting Grounds for Immigration, *The Annals of the American Academy* 485.
- Stark, O., Bloom, D.E. (1985). The new economics of labor migration, *American Economic Review* 75.

Additional:

- Borjas, G. (1994). The Economics of Migration, *Journal of Economic Literature* 32.
- Goss, J., Lindquist, B. (1995). Conceptualizing International Labour Migration: A Structuration Perspective, *International Migration Review* 29(2).
- Guilmoto, Ch., Sandron, F. (2001). The Internal Dynamics of Migration Networks in Developing Countries, *Population: An English Selection* 13.
- Piore, M.J. (1979). *Birds of Passage. Migrant Labor and Industrial Societies*, Cambridge: Cambridge University Press.
- Portes, A. (ed.) (1995). *The Economic Sociology of Immigration. Essays on Networks, Ethnicity, and Entrepreneurship*, New York: Russell Sage Foundation.
- Portes, A. (1997). Immigration Theory for a New Century: Some Problems and Opportunities, *International Migration Review* 120.
- Stark, O. (1991). *The Migration of Labour*, Cambridge: Basil Blackwell.
- Wallerstein, I. (1997). *The capitalist world–economy*. Cambridge: Cambridge University Press.

Economics of Social Protection

Category: Basic Course
Subject: Econ
Period: Week 44
Credit: 1 ECTS
Lecturer: Prof. Dr. Pierre Pestieau, University of Liège, Belgium

1. Content and objectives

In most countries, governments pursue two main objectives: they make sure that markets are as efficient as possible and they aim at some equity in the way resources are allocated among individuals. Governments operate in a setting of more or less competitive markets and in a world of asymmetric information.

Education, health care, pensions, disability and unemployment are increasingly studied because of their financial importance in modern economies, but also because of their predominant allocative and redistributive role. For example, conventional wisdom is that most social redistribution in modern welfare state is implemented through the spending side rather than the revenue side.

This short course is devoted to the interaction between taxation and social insurance as a vector of efficient and equitable allocation of resources. The viewpoint is predominantly normative, (the political economy viewpoint is presented in the next course by Ph. De Donder). The emphasis is put on informational issues and also on the complementary role of private spending in the provision of health, retirement and disability insurance. The course consists of 5 lectures each of which will be introduced by a quick survey of the available empirical evidence.

2. Course organization

The course consists of a series of lectures (5 x 3 hours) and self-study of the literature.

1. Introduction: social insurance and taxation,
2. Optimal income taxation,
3. Unemployment, disability, tagging and workfare,
4. Social insurance and redistribution,
5. Social security and retirement.

3. Minimum requirements

- Intermediate Microeconomics and Public Finance,
- Attendance of all lectures,
- Reading of recommended articles.

4. Literature

- Feldstein, M., (2005), Rethinking Social Insurance, *American Economic Review*, 95.
- Stiglitz, J. (1982), Pareto efficient and optimal taxation and the new welfare economics, *Handbook of Public Economics*, vol. 2, 991-1041, North Holland, Amsterdam.
- Blackbory, C. and D. Donaldson, (1988), Costs versus kind, self-selection and efficient transfers, *American Economics Review*, 78, 691-700.
- Besley, T. and S. Coate, (1992), Workfare versus welfare: incentive arguments for work requirement in poverty alleviation programs, *American Economic Review*, 82.
- Boadway, R., M. Leite Montero, M. Marchand and P. Pestieau (2004), Social insurance and redistribution with moral hazard and adverse selection, CEPR DP 4253.

- Diamond, P., (2004), Social security, *American Economic Review*, 94.
- Diamond, P., (1977), A framework for social security analysis, *Journal of Public Economics*, 8, 275-298.

Political Economy of Social Insurance

Category: Basic Course
Subject: Econ
Period: Week 45
Credit: 1 ECTS
Lecturer: Philippe De Donder, University of Toulouse and CNRS, France

1. Content and objectives

Social insurance programs have two main rationales: first, they provide insurance against various risks (unemployment, disability, sickness, living old,...) that may be inadequately covered by the private market, and second, they redistribute income across categories of people (from rich to poor and/or from high risk individuals to low risk individuals). In his course on Economics of Social Protection, Pierre Pestieau analyses these rationales mainly from a normative viewpoint, i.e. assuming that a government wants to maximize some notion of the well-being of its constituency.

In this class, we take the complementary positive viewpoint, i.e. we assume that social insurance policies are the result of a collective choice by citizens. In most cases, we assume that citizens vote directly over the characteristics of the social insurance program they want to see enacted. We first look at how economists pose (and solve) the problem of voting over a public policy (Persson and Tabellini, 2000). We then study voting over social insurance programs in general (Casamatta et al., 2000, Gouveia 1997), with the objective of finding lessons that apply to many social insurance programs. An important theme in this analysis is the mix between private and public provision of insurance (Anderberg, 1999, De Donder and Hindriks, 2003). Finally, we study more in depth two kinds of insurance programs, namely retirement (or social security to use the US terminology, Casamatta et al., 2002, Galasso and Profeta, 2002) and unemployment (Wright, 1986).

2. Course organization

The course consists of a series of lectures and self-study of the literature. A more precise plan of the lectures will be given at the beginning of the course.

3. Minimum requirements

- Intermediate Microeconomics and Public Finance
- "Economics of Social Protection" course by Pierre Pestieau
- Attendance of all lectures

4. Literature

- Anderberg, D., 1999, Determining the mix of public and private provision of insurance by majority rule, *European Journal of Political Economy*, 15, 417-440.
- Casamatta G., Cremer H. and P. Pestieau, 2000, Political sustainability and the design of social insurance, *Journal of Public Economics*, 75, 341-364.
- Casamatta G., Cremer H. and P. Pestieau, 2000, The political economy of social security, *Scandinavian Journal of Economics*, 102, 503-522.
- De Donder Ph. And J. Hindriks, 2003, The politics of redistributive social insurance, *Journal of Public Economics*, 87, 12: 2639-2660.
- Galasso V. and P. Profeta, 2002, The political economy of social security: a survey, *European Journal of Political Economy*, 18, 1-29.
- Gouveia M., 1997, Majority rule and the public provision of a private good, *Public Choice*, 93, 221-244.
- Persson, T. and G. Tabellini, 2000, *Political Economics: explaining economic policy*, MIT Press.

- Wright R., 1986, The redistributive roles of unemployment insurance and the dynamics of voting, *Journal of Public Economics*, 31, 377-399.

The Economics of Savings and Pensions

Category: Basic Course
Subject: Econ
Period: Week 46
Credit: 1 ECTS
Lecturer: Prof. Dr. Elsa Fornero, CeRP, University of Turin, Italy

1. Content and objectives

Pension systems are designed to meet three main objectives: to allow people to smooth consumption in their life cycle; to prevent poverty in old age and to establish a compact among generations. These goals, in their turn, are meant to insure individual risk, to overcome individual planning limitations and to provide some sharing for aggregate risks. Within the first category of risks, longevity and earnings risks are predominant; within the second, myopia and time inconsistency have to be addressed; within the third, demographic, economic and political risks should be as much diversified as possible.

Starting from this framework, the course aims at placing European pension systems and reforms in the context of the economic theory of households' savings, where imperfect and incomplete (financial and insurance) markets make room for the state to play an insurer's role, besides its traditional redistributive tasks.

The logic behind insurance does not imply giving up the traditional concept of solidarity, both within and between generations; indeed, this concept is strengthened by highlighting the key role of risk diversification. Furthermore, thanks to an analytical framework based on insurance, measures aimed at achieving a given distributional goal are easily designed; while, if the insurance frameworks are ignored, redistribution in practice ends up with unforeseen and undesirable features.

Covered topics are:

i. Microeconomic foundations of retirement savings

- *Basic deterministic models (intertemporal optimization models: assumptions and main results)*
- *Life uncertainty and its effects*
- *The introduction of (actuarially fair) life insurance and the dominance of annuities*
- *Why is the market for annuities everywhere so thin?*

ii. An economic analysis of social security (micro and macroeconomic features of social security)

- *Degree of Funding*
- *Degree of actuarial fairness*
- *Pension formulae (DB vs. DC)*
- *Measures of financial sustainability and of adequacy*
- *Redistribution (both within and between generations)*
- *Incentive structure*
- *(Induced) retirement*
- *The aggregate pension wealth (debt)*

iii. Theoretical and empirical models of retirement

iv. Positive models of social security and the economics of pension reforms

2. Course organization

Lectures, followed by discussions, and possibly a written composition at the end of the course.

3. Minimum requirements

- Basic quantitative and economic courses (microeconomics and public finance);
- Attendance of all lectures.

4. Literature

** - basic readings

1. *The intertemporal theory of savings; life uncertainty and savings for retirement*

** **Browning, M., A. Lusardi**, 1997, "Household Saving: Micro Theories and Micro Facts", *Journal of Economic Literature*, 34, 1797-1855.

Deaton, A., 1992, "Understanding Consumption", Oxford University Press.

** **Davies J.**, 1981, "Uncertain Lifetime, Consumption and Dissaving in Retirement", *Journal of Pensions Economics*, 89, 561-77.

Dynan K., 1993, "How prudent are consumers?" *Journal of Pensions Economics*, 101, 1104-13.

Yaari M., 1996, "Uncertain Lifetime, life insurance and the theory of consumers", *Review of Economic Studies*, 32, 137-50.

** **Modigliani F.**, "Life cycle, individual thrift and the wealth of Nations", *American Economic Review*, 76, 297-312.

Choi, J., D. Laibson, B. Madrian and A. Metrick, 2001, "For Better or For Worse: Default Effects and 401(k) Savings Behavior" in D. Wise (ed.) *Perspectives in the Economics of Aging*, Chicago, IL: University of Chicago Press, pp. 81-121.

Cronqvist, H. and R. Thaler, 2004, "Design Choices in Privatized Social-Security Systems: Learning from the Swedish Experience", *American Economic Review*, 94(5), May, pp.424-28.

2. *Economic Foundations of Social Security*

Aaron H., 1966, "The Social Insurance Paradox", *Canadian Journal of Economics and Political Science*, XXXII (3), Aug., 371-4.

Aaron H., 1977, "Demographic Effects on the Equity of Social Security Benefits", Brookings Institution, Washington, D.C.

Diamond, P.A., 1977, "A Framework for Social Security Analysis", *Journal of Public Economics*, 8 (3), Dec., 275-98.

Samuelson P. A., 1958, "An Exact Consumption-Loan Model of Interest with or without the Social Contrivance of Money", *Journal of Political Economy*, LXVI (6), Dec., 467-82.

Samuelson P.A., 1969, "Lifetime Portfolio Selection by Dynamic Stochastic Programming, *The Review of Economics and Statistics*, 51(3), 239-46

Samuelson P. A., 1975, "Optimum Social Security in a Life-Cycle Growth Model", *International Economic Review*, 16(3), Oct., 539-44.

** **Diamond, P.** 2004, 'Social Security', *The American Economic Review*, 94(1), March 2004

Diamond, P.2005, "Social security, the Government Budget and National Savings"

** **Lindbeck A. and M. Persson**, 2003, "The Gains from Pension Reform", *JEL*, vol. XLI (March), pp. 74-112.

Gomes F. and Michaelides, A. 2003, "Aggregate implications of defined benefit and defined contribution systems", Centre Retirement Research at Boston College Working Paper 2003-16.

3. *The PAYG system in practice: money's worth measures of social security*

Feldstein M., 1995, “Would Privatizing Social Security Raise Economic Welfare?”, NBER wp 5281, September.

Geanakoplos J., O.S. Mitchell, S. P. Zeldes, 1998, “Social Security Money’s Worth”, *PaineWebber WP Series in Money, Economics and Finance*, PW-98-05, Columbia Business School, August.

Ando, A e S. Nicoletti Altimari, 2004, “A Micro Simulation Model of Demographic Development and Households’ Economic Behavior in Italy”, Banca D’Italia, Temi dei discussione nr. 533, Dicembre

Borella, M. e F. Coda Moscarola, 2005, “Distributive Properties of Pensions Systems: a Simulation of the Italian Transition from Defined Benefit to Defined Contribution”, WP CeRP 42/05

4. *The concept of actuarial fairness and the effects of mortality tables*

** **Disney, R.**, 2005 “Actuarial-based public pension systems”, forthcoming in: Gordon Clark, A. Munnell and M. Orszag, *The Oxford Handbook of Pensions and Retirement Income*, OUP, 2005.

Coronado J. L., D. Fullerton, T. Glass, 1999, “Distributional Impacts of Proposed Changes to the Social Security System”, NBER wp 6989, March.

Winklevoss, H. E., 1993, *Pension Mathematics with Numerical Illustrations*, Pension Research Council (Wharton School) and University of Pennsylvania Press, Philadelphia.

5. *The microeconomics of retirement choice*

Brugiavini A., F. Peracchi, 2001, “Micro Modeling of Retirement Behavior in Italy” in: J. Gruber e D. A. Wise (eds) *Social Security Programs and Retirement around the World: Micro-Estimation*, The University of Chicago Press, Chicago., 345-399.

Gruber J., D. Wise (eds.), 1999, *Social Security and Retirement Around the World*, Chicago: University of Chicago Press.

Heyma, A., 2001, “Dynamic Models of Labour Force Retirement” Tinbergen Institute, Research Series, 2001

Lazear, E., 1986, “Retirement from the labor force”, in O. Ashenfelter and R. Layard (eds.) *Handbook of Labor Economics*, Vol. 1, New York: Elsevier Science Publishers.

Lumsdaine, R. L. and O. S. Mitchell, 1998. “New Developments in the Economic Analysis of Retirement”, Wharton School, Pension Research Council, WP n. 98-8, published in O. Ashenfelter and D. Card, (eds) *Handbook of Labor Economics*, Amsterdam: North Holland, 1999, 3261-3308.

Fornero, E. and P. Sestito (eds), 2005, *Pension Systems: Beyond Mandatory Retirement*, Cheltenham: Edward Elgar, (forthcoming, June).

6. *Funding a pension system: various types of pension funds (DB vs DC methods)*

Breyer F., M. Straub, 1993, “Welfare effects of unfunded pension systems when labor supply is endogenous”, *Journal of Public Economics*, 50, pp. 77-91

Modigliani F., Ceprini M.L., Muralidhar A., 2000, “An MIT Solution to the Social Security Crisis, Sloan Working Paper n. 4051, August.

Diamond, P., 1998, “The Economics of Social Security Reform”, NBER wp 6719.

** **Disney, R.**, 2000, “Declining Public Pensions in an Era of Demographic Ageing: Will Private Provision Fill the Gap?”, *European Economic Review*, 44(4-6) 957-973.

Feldstein M. et. al., 1998, “Privatizing Social Security”, Chicago: The University of Chicago Press.

Huang He, S. Imrohorglu, T. J. Sargent, 1997, “Two Computations to Fund Social Security”, *Macroeconomic Dynamics*, 1(1), pp. 7 – 44.

Kotlikoff L. J., 1996, “Simulating the Privatization of Social Security in General Equilibrium”, NBER wp 5776, September.

Mitchell O. S., S. P. Zeldes, 1996, “Social Security Privatization: a Structure for Analysis”, NBER wp 5512, March.

Holtzman R. and E. Palmer, eds. 2005, *Non-Financial Defined Contribution (NDC) Pension Schemes: Concept, Issues, Implementation, Prospects*, The World Bank, Washington, D.C.

7. An overview of pension systems and reforms in Europe and in the US; the Italian transition towards the new regime

Brugiavini A., E. Fornero, 2001, “Pension Provision in Italy”, in R. Disney, P. Johnson (eds.), *Pension Systems and Retirement Incomes Across OECD Countries*, Cheltenham: Edward Elgar.

Davis E. P., 1997, “Can Pension Systems Cope? Population Ageing and Retirement Income Provision in the European Union”, The Royal Institute of International Affairs, London.

Feldstein M., 2001, “The Future of Social Security Pensions in Europe”, NBER wp 8487, September.

Kalisch D. W., T. Aman, 1998, “Retirement Income Systems: the Reform Process Across OECD Countries”, OECD Ageing Working Papers 3.4, May.

Diamond P. and P. Orszag, 2004, *Saving Social Security. A Balanced Approach*, Brookings Institution Press, Washington DC.

Munnell A. and A. Sunden, 2004, *Coming up short. The challenge of 401(k) plans*. Brookings Institution Press, Washington DC.

Castellino, O. and E. Fornero, eds., 2003, *Pension Policy in an Integrated Europe*, Cheltenham: Edward Elgar, 2003.

** **Fornero E. and E. Luciano**, eds., 2004, *Developing an Annuity Market in Europe*, Cheltenham: Edward Elgar.

Evidence-based Policy Making. Or, the relationship between social scientists and policy makers.

Category: Basic Course
Subject: MPA
Period: Week 48
Credit: 1 ECTS
Lecturer: Prof. Dr. Karel Van den Bosch, Centre for Social Policy, University of Antwerp

1. Content and objectives

The phrase ‘Evidence-based policy making’ has been gaining currency over the last decade, especially in the UK. It seems to be associated with the reform agenda of the Blair governments. However, even if it is partly a product of political ‘spin’, ‘evidence-based policy making’ brings up the important issue of the relationship between social science and policy. Important questions in this regard include:

- what kinds of evidence are actually used by policy makers, and why?
- what kind of evidence do they expect from social scientists?
- what kind of evidence do social scientists have to offer?
- what are the channels through which social scientists can influence policy makers?
- how should social scientists bring their evidence to the attention of policy makers?

The course will therefore treat both the positive question of how policy makers select and use evidence, and the normative question of how social scientists should present and ‘market’ their results.

In order to illustrate and discuss the various issues, the ‘National Action Plan/social inclusion’ (NAP/incl), that every EU Member state has to submit to the EU Commission, is used as a source of examples. In these NAPs/incl, countries present their plans and actions to fight social inclusion. These measures appear to be ‘evidence-based’ in rather varying degrees. Yet, learning from the best practices of other countries is an explicit goal of this EU initiative.

2. Course organization

The course consists of an introductory lecture, followed by a number of seminars, where students will present and discuss their assignments.

The assignment consists of the following tasks: prior to the course, students should

- 1) select a few of the actions described in the National Action Plan/social inclusion of their own EU Member state, or an EU Member state of their choice,
- 2) study what evidence (if any) is or can be harnessed in support of these actions, and whether relevant evidence has been ignored
- 3) write this up in an initial paper.

During and after the course, students should revise their paper, in response to the discussion during the seminars.

More details about the assignment will be made available to the students no later than October 1.

3. Minimum requirements

- Initial paper, as described above
- Revised paper, as described above
- Attendance of lecture and seminars

4. Literature

- Featherman, D. L. and M. A. Vinovskis (Eds.) (2001), *Social Science and Policy Making. A Search for Relevance in the Twentieth Century*, Ann Arbor: The University of Michigan Press.

A list of further literature will be made available to the students no later than October 1.

Analysis of Policy Processes

Category: Basic Course
Subject: MPA
Period: Week 50
Credit: 1 ECTS
Lecturer: Prof Martin Powell, University of Stirling

1. Content and objectives

This course examines analysis of the policy process, in particular the evaluation of health policies with reference to evaluative criteria such as efficiency and equity. Students will be familiarized with the literature on policy analysis and evaluation; and they will then individually and collectively apply the conceptual material to empirical settings. The content includes: perspectives on the policy process; the health care production process; the ends and means of European health care systems; and policy evaluation. The question to be addressed include: how is health policy made? What are the goals of health policy? How successful are different health systems at achieving goals?

2. Course organization

The course consists of a series of lectures and seminars. The seminars will comprise time for study-group activities, group presentations and class discussions. Participants will individually and collectively present papers that integrate conceptual and empirical material. Assignment will be based on an essay of 3,000 words (excluding bibliography, footnotes and tables). The topic of the essay will be negotiated on an individual basis from from course material.

3. Minimum requirements

- Attendance of all lectures
- Attendance and work in the seminars

4. Literature

** = Basic Literature

General Reading

**Boyne, G. et al (2003) *Evaluating Public Management Reforms*

**Ham, C. (2004) *Health Policy in Britain*, Basingstoke, Palgrave Macmillan, 5th edn.

**Powell, M. (1997) *Evaluating the NHS*

Perspectives on the Policy Process

Cabinet Office (1999a) *Modernising Government* (Cmnd 4310)

**Cabinet Office (1999b) *Professional Policymaking in the 21st Century*.

Davies, H. et al (2000) *What Works? Evidence-Based Policy and Practice in Public Services*.

**Hill, M. (2005) *The Public Policy Process*, Harlow: Pearson Longman, 4th edn.

Hogwood, B. and Gunn, L. (1984) *Policy Analysis for the Real World*, Oxford: Oxford University Press.

Howlett, M. and Ramesh, M. (2003) *Studying Public Policy*, Oxford: Oxford University Press.

**John, P. (1998) *Analysing Public Policy*, London: Pinter.

Ovretveit, J. (1998) *Evaluating Health Interventions*

Parsons, D. W (1996) *Public Policy*, Aldershot: Edward Elgar

Phillips, C. et al (1994) Evaluating Health and Social Care
Powell, M. and Exworthy, M. (2001) Joined-up approaches to address health inequalities, *Public Money and Management*, 21(1): 21-26
Sabatier, P. (ed, 1999) *Theories of the Policy Process*, Boulder, Col: Westview Press.

The Health Care Production Process

CEC (1999) Best Practice

**Powell, M. (1997) Evaluating the NHS

Scott, C. (2002) *Public and Private Roles in Health Care Systems*

World Health Organisation, Annual Reports (especially 2000)

European Health Care Systems: Means and Ends

Blank, R. and Burau, V. (2004) *Comparative Health Policy*, Basingstoke: Palgrave Macmillan

Firueras, J. and Saltman, R. (1997) *European Health care Reform*

**WHO (2000) *Health Systems: Improving Performance*

See also: www.observatory.dk; www.who.dk; www.bmj.org (with search facility)

Policy Evaluation

Acheson, D. (1998) *Report of the Independent Committee on Health Inequalities*

**Dixon, A. and Mossialos, E. (2000) Has the Portuguese NHS achieved its objectives of equity and efficiency?, *International Social Security Review*, 53(4): 49-79.

van Doorslaer, E. et al (eds, 1995) *Equity in the Finance and Delivery of Health Care*.

Mackenbach, J. and Bakker, M. (eds, 2002) *Reducing health inequalities: A European Perspective*.

Saltman, R. (1997) Equity and distributive justice in European health care reform, *International Journal of Health Services*, 27(3): 443-453.

Governance, Power & Policy: Exploring the Integration of European market societies

Category: Basic Course
Subject: PSD
Period: Week 49
Credit: 1 ECTS
Lecturer: Prof. Dr. Theo Papadopoulos, University of Bath

1. Content and objectives

The course has two aims: first, to critically introduce the concept of governance with particular reference to the concept of power; second, to discuss different theoretical frameworks that stem from studies of governance to analyse the process of integration of European market societies. During the course participants will engage with, and reflect upon, the most recent debates in the analysis of institutional continuity and change with particular reference to the literatures of comparative historical institutionalism and European Integration theories. More specifically, the course will explore the following questions: What are the main theoretical perspectives in the study of governance and power? What are the main theoretical perspectives in the study of institutional continuity and change in the relationship between market, state and society? What are the key parameters of change in governance forms in the last 20 years, in the EU and in national member states? What are the consequences of new modes of governance and regulation for our understanding of power, of the public/private or state/corporate relationship, and of accountability? Participants will be actively encouraged to draw upon their own reading during the course, as well as any relevant experiences, in answering some or all of these questions. In this context, the course's ultimate aim is to function as a forum for reflection where the analysis of European integration will be brought together in dynamic and exciting ways.

2. Course organization

The course consists of a series of lectures and seminars. The seminars will comprise time for study-group activities, group presentations and class discussions. Assignment will be based on an essay of 3,000 words (excluding bibliography, footnotes and tables). The essay will discuss a topic from a list that will be distributed to participants at the beginning of the course.

3. Minimum requirements

- Attendance of all lectures
- Attendance and work in the seminars

4. Literature

*Books accompanied by ** are considered very useful for the course and are recommended.*

On Governance, Power and (welfare) State

Kooiman, J. (2003) *Governing as Governance*, London: Sage

** Newman, J. (ed.) (2005) *Remaking Governance*, Bristol: Policy Press

Pierre, J. and Peters, B.G. (2000) *Governance, Politics and the State*, Basingstoke: Macmillan

Rhodes, R. (1997) *Understanding Governance*, Milton Keynes: Open University Press

** Jessop, B. (2002) *The Future of the Capitalist State*, Cambridge: Polity Press

** Haugaard M. (ed.) (2002) *Power: A Reader*, Manchester: Manchester University Press

Korpi W. (2004) *Changing Class Structures and the Origins of Welfare States: The Break-Through of Social Insurance 1860-1940* Paper presented at the EPSAnet Conference on European Social Policy, September 9-11, 2004, University of Oxford

URL: <http://www.apsoc.ox.ac.uk/Espanet/espanetconference/papers/ppr.17.WK.pdf.pdf>

** O'Connor, Julia S. (ed.) (1998) *Power resources theory and the welfare state: a critical approach*, Toronto: University of Toronto Press

** Rose, N. (1999) *Powers of Freedom*, Cambridge: Cambridge UP

Esping-Andersen, G. (1985) 'Power and distributional regimes', *Politics and Society*, Vol.14, 2, pp. 223-56

On European Integration and welfare capitalisms in Europe

Esping-Andersen, G., Gallie, D., Hemerijck, A. and Myles, J. (2002) *Why We Need a New Welfare State*, Oxford: Oxford University Press

** Richardson J. (2005) *European Union: Power and Policy-making*, London: Routledge

Christiansen, T., Jorgensen, K.E. and Wiener, A. (eds) (2001) *The Social Construction of Europe*, London: Sage

de la Porte, C. and Pochet, P. (eds) (2002) *Building social Europe through the open method of co-ordination*, Peter Lange

Kohler-Koch, B. and Eising, R. (1999) *The Transformation of Governance in the European Union*, London: Routledge

Korpi W, Palme J (2003) 'New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 countries, 1975-1995', *American Political Science Review*, Vol 97, No 3, pp. 425-446

Marks, G. Scharpf, F.W., Schmitter, P.C. and Streeck, W. (1996) *Governance in the European Union*, London: Sage

** Zeitlin, J. and Trubek, D.M. (2003) *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford: Oxford University Press

Zeitlin, J., Pochet, P. with Larsen, A. (eds) (2005) *Open Method of Co-ordination*, Peter Lang

On comparative historical institutionalism and market societies

** Hall P.A. and Soskice D. (eds.) (2001) *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press

Mahoney J and Rueschemeyer D. (eds) (2003) *Comparative historical analysis in the social sciences*, Cambridge: Cambridge University Press

Steinmo S, Thelen S, Longstreth F (eds) (1992) *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge: Cambridge University Press

Swank Duane (2002) *Global capital, political institutions and policy change in developed welfare states* Duane Swank, Cambridge: Cambridge University Press

** Weiss L. (ed) (2003) *States in the Global Economy: Bringing Domestic Institutions Back in*, Cambridge: Cambridge University Press

Course: 1012BC

Public Economics and Finance

Category: Basic Course
Subject: Econ
Period: Week 51
Credit: 1 ECTS
Lecturer: Prof. Alain Jousten, PhD, CREPP, University of Liège, Belgium

1. Content and objectives

Governments across the globe levy taxes and duties. Tax policy and administration has often been characterized by its rather arcane nature. The role of economic analysis in the setting and administration of taxes has often been rather limited.

More recently, political decision makers have focused their attention on a more efficient and less distortive taxation process. The trend is at least in part due to the general tendency towards a clearer separation of the redistributive goals of the government from its money raising branch. Nowadays, redistributive aims are mostly confined to the public expenditures and the social redistribution programs of the government. The focus of tax policy is hence undergoing a profound change from a sometimes very complex multi-tasked framework to a streamlined economically efficient revenue producing tool.

Value added tax, as a key tax instrument, is at the forefront of this evolution. By its structure, and by the increasingly international nature of economic transactions, it has undergone the most profound scrutiny. But other tax instruments, such as the personal income tax, or the corporate income tax also have a large potential for improvement, to make them more transparent and less costly to administer while at the same time increasing the revenue they generate.

The objective of the course is to familiarize the student with some key issues in public economics and public finance. Our special attention will be directed to the practical policy implications of these theoretical arguments in terms of a coherent tax policy strategy.

2. Course organization

The course consists of a series of lectures and self-study of the literature. The final grade will be based on the answers to a written exam.

3. Minimum requirements

- Joseph Stiglitz (2000), "Economics of the Public Sector" (6th edition), Norton
- Attendance of all lectures

4. Textbooks

- Jean Hindriks and Gareth Myles, *Intermediate Public Economics*, MIT Press (forthcoming)
- Ebrill, Keen, Bodin, and Summers (2001), *The modern VAT*, International Monetary Fund

Research Skills

Category: Research Skills
Subject: skills
Period: Week 2-3/2006
Credit: 2 ECTS
Lecturer: Prof. Dr. Gosta Esping-Andersen, University Pompeu Fabre, Barcelona

1. Content and objectives

This course combines theory, methodology, and practicum. It aims to help students design a scientifically sound study. It will teach you how to move from vague ideas to a well-designed and practically doable project. *Your* aim, as doctoral students, must be to complete a thesis which meets international scientific standards, which will be publishable in refereed journals and with respectable publishing companies. If this is not your aim, you are probably wasting your time pursuing a doctorate.

The largest part of the course will be dedicated to developing the research design of individual students' doctoral thesis. Each student will present a first draft during the course. This draft will *not* be graded. The order of presentations will be alphabetical. In other words, students whose last name begins near 'A' should already now begin to think about and prepare their proposal. The preparation of a proposal is obligatory, and failure to do so will result in not passing the course. The proposal you prepare should be a maximum of 5 pages. It must specify the following:

1. The basic research question, and what is your explanandum?
2. Why is this scientifically interesting question?
3. To which core scientific debate does the question relate?
4. What is your key argument?
5. How do you plan to conduct the study? What will you compare? How will you test rival hypotheses?

The research proposal must be circulated to *all* participants of the course at least the day prior to the presentation. *All* members of the course are obliged to read *and* comment on the proposal of all fellow students.. Your comments must be inquisitive and terse and, obviously, useful for rethinking the project being discussed.

2. Course organization

Part 1 of the course: A series of presentations (by professor) of key methodological issues in research design. For these sessions you *must* have read the obligatory readings.

Part 2: Student Presentations.

3. Minimum requirements

It is important to note that students will *not* be evaluated on the quality of the research proposal they present in class. You will be evaluated on the quality of the comments you give to others! This, in other words, implies compulsory attendance in all seminar meetings. The final product for the course is a revised and acceptable thesis proposal. Your final grade will depend on the quality of your comments on other students' drafts and on the quality of your final thesis proposal.

4. Course content

Session 1. Comparative Methodology and Design

We examine four distinct models of comparative empirical research and discuss how best to develop researchable questions and falsifiable hypotheses.

Readings:

- G. King, R. Keohane, and S. Verba, *Designing Social Inquiry*. Princeton University Press (1994). This book should, in any case, be read before the end of the course
- J. Fearon, 'Counterfactuals and hypothesis testing in political science'. *World Politics*, 43: 169-95. (1991)

Session 2 . Selection bias, independence, and endogeneity

We examine the major sources of research and estimation bias and how to address these.

Readings:

- G. Esping-Andersen and A. Przeworski, 'Quantitative cross national research methods'. *International Encyclopedia of the Social and Behavioral Sciences* (2000). This article will be distributed in xerox copies.

Session 3. Specifying causal mechanisms.

How to move from general theorizing to concrete analysis via the specification of precise causal mechanisms that link variables.

Readings:

- C. Manski, *Identification Problems in the Social Sciences*. Harvard University Press (1995). This book must be read before the end of the course.

Session 4 onwards. Student presentations of research proposal

We dedicate one hour to each student presentation. For each presentation we will appoint one official commentator to lead the discussion.

Evaluation Methods and Techniques

Category: Basic Course
Subject: MPA
Period: Week 5/2006
Credit: 1 ECTS
Lecturer: Prof. Dr. Bea Cantillon, University of Antwerp

Title: Evaluating the Impact of Social Policies

Date: Tuesday, 31th January 2006

Karel Van den Bosch

The day consists of a lecture (AM) and a seminar (PM), in which a text will be discussed.

Lecture outline:

The lecture gives an overview of the various approaches to measure the impact of policies, in particular social policies. Discussed are the advantages and limitations of experiments, the difference-in-difference approach, and the cross-sectional or comparative approach. Examples from the various approaches are presented to substantiate the points made. The lecture serves as an introduction to the other lectures in the same week by Gerlinde Verbist, Bea Cantillon and Ive Marx.

This lecture will be (somewhat loosely) based on (text attached):

Van den Bosch, K and Cantillon, B. "Policy Impact", forthcoming in *The Oxford Handbook of Public Policy* (Goodin, Moran, Rein, eds.).

Seminar theme:

The theme of the seminar is not so much the impact of policy, but rather the impact of social science on policy making, i.e. do policy makers make good use of available scientific evidence?

Reading assignment for seminar:

- Featherman, David L. and Vinovskis, Maris A. "In Search of Relevance to Social Reform and Policy-Making", pp. 1-15
- Gueron, Judith M. "Welfare Reform at the State Level: The Role of Social Experiments and Demonstrations", pp. 165-186,

Both in: Featherman, David L. and Vinovskis, Maris A. (2001) *Social Science and Policy Making*, Ann Arbor: The University of Michigan Press.

If this book is difficult to get hold of, I will send paper copies of the chapters.

Title: The Evaluation of Tax-Benefit Policies
Date: Wednesday, 1th February 2006-01-23

Gerlinde Verbist

Lecture outline:

Tax-benefit policies can be evaluated in various ways. We focus here on the social outcomes of taxation and social benefits. We first present an overview of indicators that can be used to evaluate these policies. Next, we look at the instruments that are increasingly used for such evaluations, namely simulation models. We distinguish the various types of simulation models (empirical microsimulations versus standard simulations; dynamic versus static, etc.). The scope and limitations of these various methods will be illustrated with examples from the literature.

Reading assignment:

The lecture gives an overview of the evaluation of tax-benefit policies, with an emphasis on the use of simulation models. The reading assignment focuses on international comparative issues in this context.

Students are required to read two papers:

- H. Immervoll, H Levy, C Lietz, D Mantovani, C O'Donoghue, H Sutherland & G Verbist

(2005), *Household incomes and redistribution in the European Union: quantifying the equalising properties of taxes and benefit* EUROMOD Working Paper EM9/05, The

Microsimulation Unit, Cambridge University, 25p. (forthcoming in *The Distributional*

Effects of Government Spending and Taxation, Palgrave/Macmillan; currently available on:

<ftp://ftp.iza.org/dps/dp1824.pdf> and

<http://www.iser.essex.ac.uk/msu/emod/publications/emwp0905.pdf>).

- H. Immervoll, P Marianna and M Mira D'Ercole, 2004, "Benefit Coverage Rates and Household Typologies: Scope and Limitations of Tax-Benefit Indicators". OECD Social, Employment and Migration Working Paper, Organisation for Economic Co-Operation and Development, Paris (available on <http://www.oecd.org/dataoecd/40/20/34440014.pdf>)

Title: The Evaluation of Labour Market Policies

Date: Friday, 3rd February 2006

Ive Marx

Lecture outline:

In Europe and elsewhere, governments have implemented employment subsidies and/or cuts in employers' social security contributions in order to improve the labour market prospects of the unemployed and other vulnerable groups. According to OECD figures, such programmes account for a significant share of active labour market spending in the OECD area, on average 24 per cent. Policy makers often justify this strategy by referring to theoretical analyses and simulations which suggest that such measures have strong positive effects on the employment and mobility chances of beneficiaries. This lecture presents findings from recent empirical evaluation studies which have sought to gauge the actual effectiveness of such measures. The most striking overall finding is that the net employment effects of such measures generally turn out to be substantially lower than what theoretical models and simulations predict, even under relatively conservative assumptions. This finding is particularly striking because of its consistency across studies and evaluation methodologies used.

The accompanying paper is attached.

Reading assignment:

Whereas the lecture deals with demand oriented measures, the reading assignment deals with mostly supply oriented measures.

Students are required to read a paper by Rebecca Blank: *Evaluating Welfare Reform in the United States*

This paper reviews the economics literature on welfare reform over the 1990s. A brief summary of the policy changes over this period is followed by a discussion of the methodological techniques utilized to analyze the effects of these changes on outcomes. The paper then critically reviews the econometric and experimental literature on caseload changes, labor force changes, poverty and income changes, and family formation changes. A growing body of evidence suggests that the recent policy changes have influenced economic behavior and well-being in a variety of ways. One particular set of 'new-style' welfare programs seems to show especially promising results, with significantly increased work and earnings and reduced poverty.

Optional reading:

- OECD (2003), Making Work Pay, Making Work Possible, OECD Employment Outlook 2003.

Econometric evaluation of treatment effects

Category: Basic Course
Subject: MPA
Period: Week 6/2006
Credit: 1 ECTS
Lecturer: Prof. Dr. Thierry Magnac, Université de Toulouse, France

1. Content and objectives

Since the 1990s, the econometric evaluation of economic policies has been cast with great benefits into the vocabulary of the statistical literature concerning “treatment effects”. It addresses questions of causality that economic policies purposively have on the economic behaviour of various economic agents. It aims at distinguishing causal or treatment effects from sheer descriptive correlations in a framework that is borrowed from treatment set-ups in biological sciences. It allows for ex-post evaluation of the objectives of economic policies in terms of targeting some sub-populations or in terms of their impact and allows for comparisons with the intended targeting and impact when those policies were designed.

This course is meant to provide an introduction and an overview of the main issues, theories and practices regarding the design and the implementation of econometric evaluation of treatment effects. The course aims at giving basic knowledge on the treatment effect literature that allows for critical reading of reports of analyses where some econometric evaluation of economic policies is performed.

The outline of the course is:

- Definitions: treatments, counterfactuals and causal relations
- Matching and double-differences
- Instrumental variable estimators
- Selection correction and control function approaches

2. Course organization

The course consists of a series of lectures and self-study of the applied literature leading to a written assignment.

3. Minimum requirements

- Basic econometrics as Hayashi, F., 2000, *Econometrics*, Princeton University
- Attendance of all lectures
- Reading assignments leading to the overall written assignment.

4. Literature

- Heckman, JJ, R. Lalonde and J. Smith (1999), “The economics and econometrics of active labor market programs” in *Handbook of Labor Economics 3B* eds Ashenfelter and Card, North Holland.
- Lee, MJ, (2005), *Microeconometrics for policy, program and treatment effects*, Cambridge UP.
- Meyer, B., (1995), “Natural and quasi-experiments in economics”, *Journal of Business and Economic Statistics*, 13:151-61.
- Wooldridge, J., (2002), *Econometric Analysis of Cross-Section and Panel Data*, MIT Press.

Social Policy Modelling

Category: Basic Course
Subject: MPA
Period: Week 7/2006
Credit: 1 ECTS
Lecturer: Dr. Cathal O'Donoghue, National University of Ireland, Galway and Teagasc

1. Content and objectives

This course is a practical course that aims to equip students to use quantitative (microsimulation) modelling techniques to design policy reforms. The course will revolve around a case-study of designing a Poverty Reduction Strategy in developing countries. Initial lectures will focus on the World Bank/IMF Poverty Reduction Strategy Program. Students will then be introduced to tax-benefit policy reform in developed and developing countries, microsimulation modelling, measurement issues in policy evaluation and behavioural response to policy reform. The objective of the course will be for students to evaluate tax-benefit policy in a developing country and to design a set of policy reforms to reduce poverty. Students will utilise an EXCEL based microsimulation model of Brazil to carry out this analysis. No previous experience in public economics, modelling or EXCEL is required.

2. Course organization

The course consists of a series of lectures and computer practicals. Lectures take place as introduction to the work done in the practicals. Examination will be via a project report in analysing the impact of policy reforms in Brazil.

3. Minimum requirements

- Attendance of all lectures

4. Literature

- François Bourguignon, Francisco H. G. Ferreira and Phillippe G. Leite, 2003, "Conditional Cash Transfers, Schooling and Child Labor: Micro-Simulating Bolsa Escola", DELTA Working Paper 2003-07.
- Bourguignon, François, and Luiz A. Pereira da Silva. 2003. The Impact of Economic Policies on Poverty and Income Distribution: Evaluation Techniques and Tools. World Bank and Oxford University Press, Washington, D.C. and New York.
<http://www1.worldbank.org/publications/pdfs/15491frontmat.pdf>
- Cockburn, J. Trade liberalisation and poverty in Nepal: A Computable General Equilibrium Micro Analysis. Discussion paper 01-18, Centre de Recherche en Économie et Finance Appliquées (Université Laval), October 2001. <http://www.crefa.ecn.ulaval.ca/cahier/0118.pdf>
- Davies, Jim, Microsimulation, CGE and Macro Modelling for Transition and Developing Economies, mimeo, University of Western Ontario, 2004. [PDF](#)
- O'Donoghue, C., 2005. Social Policy Modelling Lecture Notes. Circulated in Advance of Lectures.

Work, Family and Social Protection

Category: Basic Course
Subject: PSD
Period: Week 8/2006
Credit: 1 ECTS
Lecturer: Prof. Dr. Chiara Saraceno, University of Turin, Italy

1. Content and objectives

Family policies are the most marginalized area of welfare state and social policy research, particularly at the comparative level. Yet the role assigned to the family (gender division of labour, intergenerational solidarity) is at the core of many social policies and of their cross country (and cross time) differentiation. The familisation/de-familisation dichotomy – or continuum – is as important for welfare state analysis as the commodification/decommodification one.

This course compares different family policies and their link with other social security policies. Specific attention will be given to policies supporting the cost of children, policies addressing the needs of care of children and of the frail elderly, equal opportunity and conciliating policies.

The course aims to

- a) make students familiar with relevant concepts and debates;
- b) help students to develop the ability to “read” expectations” concerning family arrangements in different kinds of policies (non exclusively explicit family policies)
- c) present students with main research findings in the field as well as with the most relevant data bases

2. Course organization

The course consists of a series of lectures, self-study of the literature, and students’ presentations.

3. Minimum requirements

Attendance of all lectures and of half of the students’ presentations.

4. Literature

- Boje T. and Leira A.(eds), *Gender, Welfare State and the Market*, London, Routledge, 2000
- Daly M. and Rake K., *Gender and the welfare state*, Cambridge, Polity, 2003.
- Hantrais, L., *Family Policy Matters*, Bristol, The Policy press, 2004
- Kaufmann, F.-X., Kuijsten, A., Schulze, H. J., Stroheimer K. P. (eds) *Family life and family policies in Europe*, vol. 2, *Problems and issues in comparative perspective*, Oxford, Calrendon Press, 2002
- Millar, J, Warman A., *Family obligations in Europe*, London, Family Policy Studies Centre, 1996
- Saraceno C., “Social and family policy”, in M. Barbagli and D. I. Kertzer (eds), *Family Life in the Twentieth Century*, Vol. III, New Haven, Yale University Press, 2003, pp. 238-272

Economics of Inequality

Category: Basic Course
Subject: Econ
Period: Week
Credit: 1 ECTS
Lecturer: Prof. Dr. Daniele Checchi, University of Milan, Italy

1. Content and objectives

Existing economic theories of income inequality make reference either to the functional distribution of income (between wages and profits) or to the personal distribution on incomes (between heterogeneous agents with different abilities and skills). In addition, the distribution of property rights has impact onto the intertemporal evolution on income distribution.

After reviewing the state of art, the course will touch upon measurement issues (descriptive vs axiomatic approaches), as well as the issue of data reliability.

The third part of the course presents existing empirical evidence on income inequality, either cross-country or cross-year, assessing the relative contribution of underlying fundamentals (stage of development, access to education, labour market institutions).

Finally, the course discusses the relationship between inequality and mobility, showing how the two concepts are interrelated, both at theoretical and at empirical level.

2. Course organization

The course consists of a series of lectures providing an overview of the literature. At the end of the course, students will be requested to write an essay commenting on one of the articles discussed in class.

In case of a group of students being interested in the empirical analysis of inequality, data-sets will be made available for statistical exploration of data.

3. Minimum requirements

- Basic notion of mathematics (derivatives, integral) and statistics (distribution and its moments)
- Knowledge of existing statistical packages (like STATA or SPSS) is desirable, if some students are interested in empirical analysis.
- Attendance of all lectures

4. Literature

Theories of income inequality

- A. Atkinson and F. Bourguignon. 2003. Income distribution and economics. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 1-58
- D. Neal and S. Rosen. 2003. Theories of the distribution of earnings. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 379-428
- P. Bardhan, S. Bowles and H. Gintis. 2003. Wealth inequality, wealth constraints and economic performance. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 541-604

Measuring inequality

- P. Lambert. 1989. *The distribution and the redistribution of income*. Blackwell (chpts.2-3-4-5)
- F. Cowell. 2003. Measurement of inequality. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 87-166

Measurement issues

- A. Atkinson and A. Brandolini. 2001. Promise and Pitfalls in the Use of “Secondary” Data-Sets: Income Inequality in OECD Countries. *Journal of Economic Literature* vol. 34, pp. 771-799.
- A. Atkinson and A. Brandolini. 2004. A panel-of-country approach to explaining income inequality: an interdisciplinary research agenda. mimeo

Empirical evidence

- P. Gottschalk, and T. Smeeding. 1997. Cross-National Comparisons of Earnings and Income Inequality, *Journal of Economic Literature*, 35: 633-687.
- P. Gottschalk, and T. Smeeding. 2003. Empirical evidence on income inequality in industrial countries. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 261-308
- C. Morrisson. 2003. Historical perspectives on income distribution: the case of Europe. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 217-260
- Alderson, A. and F. Nielsen. 2002. Globalisation and the great U-turn: income inequality trends in 16 OECD countries. *American Journal of Sociology* 107: 1244-1299.
- D. Checchi and C. Garcia Peñalosa. 2005. Labour shares and the personal distribution of income in the OECD. IZA Discussion Paper No. 1681/2005
- T. Piketty. 2005. Top income share in the long run: an overview. *Journal of the European Economic Association* 3 (2-3): 382-392

Inequality and intergenerational mobility

- T. Piketty. 2003. Theories of persistent inequality and intergenerational mobility. in A. Atkinson and F. Bourguignon (eds). *Handbook of Income Distribution*. NorthHolland. 429-476
- Maoz, Y. and O. Moav. 1999. Intergenerational mobility and the process of development. *Economic Journal* 109: 677-97.
- C. Flinn 2002. Labour market structure and inequality: a comparison of Italy and the US. *Review of Economic Studies* 69: 611-645.
- J. Long e J. Ferrie 2005. A tale of two labor markets: intergenerational occupational mobility in Britain and the U.S. since 1850. NBER wp 11253

Institutional design

Category: Basic Course
Subject: opt
Period: Week 11/2006
Credit: 1 ECTS
Lecturer: Dr Grzegorz Kula, Warsaw University

1. Content and objectives

When we think about the institutions like a welfare system, quite often we have an impression that politics is the main factor in their design. However, it is not true, or not fully true. Many institutions developed naturally through time, driven by economic and practical problems, social habits, or even some historical events. Therefore, the institutional design combines together politics, economy, sociology, history, and even philosophy. For the economists, especially those studying social protection policies, the problem of institutions, they design and redesign, is essential, since it helps to understand the social security systems, the ways in which they work, and different approaches to their reform.

The main objective of this course is to provide students with the tools necessary for the analysis of institutions. The course gives an overview of the institutional economics and new institutionalism, introduces different theories of the institutional design, trying to combine different disciplines studying institutional factors in our lives. Afterwards, using these tools in practice, we will try to analyze social protection policy and its institutions, focusing on retirement systems and their reforms.

2. Course organization

The course consists of a series of lectures presenting the theory and group assignments in which students will be asked to use this theory to analyze some aspects of the retirement systems.

3. Minimum requirements

- Prior knowledge on the retirement systems and their reforms
- Attendance of all lectures

4. Literature

- Bonoli G., T. Shinkawa (2005), *Ageing and Pension Reform Around the World*, Edward Elgar Publishing
- Bowles S. (2004), *Microeconomics: Behavior, institutions, and evolution*, Princeton University Press
- Goodin R.E. (1996), *The Theory of Institutional Design*, Cambridge University Press
- Gruber J., D.A. Wise (1999), *Social Security and Retirement around the World*, NBER, The University of Chicago Press

Social Protection Policies and the Labour Market

Category: Basic course
Subject: Opt
Period: Week 12/2006
Credit: 1 ECTS
Lecturer: Lia Pacelli

1. Content and objectives

The course will provide an overview of the most common labour market institutions aimed at protecting workers on the labour market (e.g. employment protection legislation, unemployment benefits, and wage subsidies). It will present economic models that encompass these institutions and discuss their effect on labour markets functioning. It will then introduce evaluation techniques to assess the empirical impact of such policies on individual and aggregate behaviours. Finally it will discuss the actual implementation of these policies in selected EU countries and the empirical evaluation of their impact performed by scholars.

2. Course organization

The course consists of a series of lectures and self-study of the literature.

3. Minimum requirements

Attendance of all lectures

4. Literature (provisional)

1. Selected issues from:

- Stephen Nickell and Richard Layard (1999): Labor market institutions and economic performance, Handbook of Labor Economics , Chapter 46
- Charles Brown (1999): Minimum wages, employment, and the distribution of income, Handbook of Labor Economics, Chapter 32
- Francine D. Blau and Lawrence M. Kahn (1999): Institutions and laws in the labor market, Handbook of Labor Economics, Chapter 25
- James J. Heckman, Robert J. Lalonde and Jeffrey A. Smith (1999): The economics and econometrics of active labor market programs, Handbook of Labor Economics, Chapter 31

2. Additional papers to be selected

Advanced Micro-economics

Category:	Basic Course
Subject:	Econ
Period:	Weekly, from 9 September – 28 October
Credit:	2 ECTS
Lecturer:	Prof. Dr. Robin Cowan, Maastricht Economics Research Institute on Innovation and Technology

1. Content and objectives

The basic core of economics lies in micro-economic theory. It provides the underpinnings for the study of virtually all behaviour of economic agents, whether firms or consumers. The basic issue has to do with allocation of scarce resources in order to achieve a goal. For the consumer, the goal is utility maximization; for the firm, profit maximization. In this course, we approach this issue using traditional tools and models. The goal is to provide the students with a solid understanding of the way economists approach these issues, an understanding of how micro-economic models are structured, basic results having to do with firm and consumer behaviour, and a close familiarity with the economist's traditional toolbox.

2. Course organization

The course consists of a series of lectures and study sessions.

3. Minimum requirements

Attendance at lectures is required. There may be weekly assignments aimed at familiarizing students with techniques discussed. There will be a final exam.

4. Literature

- Gravelle, H. and R. Rees, Microeconomics. FT Prentice Hall, 2nd edition, 2002.

Course: 1022/BC

Applied Econometrics

Category: Basic Course
Subject: MPA
Period: Weekly, from 4 November – 23 December
Credit: 2 ECTS
Lecturer: Drs. Denis de Crombrughe, Dept of Quantitative Economics, Maastricht University

1. Content and objectives

The challenge of econometrics is to find out what everyday reality, when it is recorded systematically in a quantitative sense, can tell us about the truth of economic and social theory. In a governance context, such theory more often than not concerns the effects of economic and social policies. The importance of econometric methods is then to properly measure and assess the impact and effectiveness of economic and social policies.

The difficulty of econometric methods is that they are based on statistical induction and, apart from being often technically demanding, statistical induction is unavoidably subject to statistical error. Whereas a mathematical conclusion is supposed to be “exact”, a statistical conclusion is not – even though extensive mathematical arguments have been invoked in the process. Furthermore, there are much worse kinds of statistical error than the ordinary “sampling error” that one tries to capture by the “standard error” attached to every decent statistical estimate. The worse kinds of errors are called non-sampling errors and are much harder to control. They are very much present in economic and social policy research and require more subtle methods of statistical analysis.

Participants in this course will introduce themselves and one another to the main methods of econometrics, they will pay attention to applications and to mathematical topics relevant for model specification, and they will (learn to) work with actual data in an econometric computer package (Stata). The course explicitly aims at combining theoretical analysis with empirical practice and group activity. A lot of personal involvement and commitment will therefore be demanded. Prior exposure to econometrics is a very favourable factor but not an absolute requirement; a willingness to think formally and take risks is essential. Advanced econometrics students may be offered an alternative way of passing the subject.

2. Course organization

In this course lecturing will be reduced. Students will themselves give presentations on chapters from Stewart (2005), on complementary material from the literature, possibly even on a research paper of their own. Actual data work will be required (assignments or paper) as well as theoretical understanding.

3. Minimum requirements

- Minimal prerequisites (basic level): Basic algebra, calculus, basic probability and statistics, classical regression analysis
- Optimal prerequisites (intermediate level): Matrix algebra, mathematical statistics, general linear models, econometric theory
- Requirements all levels: Active participation, theoretical and empirical assignments, presentations and discussions.

Note: Students with an advanced background in theoretical and empirical econometrics will be allowed to substitute a research paper for the assignments but will be asked to participate in the presentations and discussions. Alternatively, such students may also be allowed to take another, more advanced econometrics course as an approved substitute. (Block 1111M based on Greene’s text is taught in the same period at the FEBA.)

4. Literature

- (*) Stewart K.G. (2005), *Introduction to Applied Econometrics*, Thomson Learning, ISBN 0-534-36916-2. (Introductory and required)
- Hayashi F. (2000), *Econometrics*, Princeton University Press, ISBN 0-691-01018-8. (Intermediate and focused on a modern GMM perspective; may be a good preparation for later courses.)
- Greene W.H. (2003), *Econometric Analysis*, 5th edn., Prentice Hall, ISBN 0-13-110849-2. (Intermediate and general)
- Johnston J. & J. DiNardo (1997), *Econometric Methods*, 4th edn., McGraw-Hill, ISBN 0-07-115342-X. (Alternative to Greene)
- Cameron and Trivedi (2005), *Microeconometrics*, Cambridge University Press, ISBN 0-521-84805-9. (Specialised and supplementary)
- Deaton A. (1997), *The Analysis of Household Surveys: A Microeconomic Approach to Development Policy*, Johns Hopkins, ISBN 0-8018-5254-4. (Specialised and supplementary)
- (*) Ravallion, M.(2001), “The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation.” *The World Bank Economic Review* 15 (1) 115-140. (Required)

Note: (*) indicates required literature on which discussions will be based. The other items are supplementary, depending on the participant’s background and interests.

Basic course programme overview, 2005 – 2006

Study week	Year week	Month	Dates	Course (Monday-Thursday)	Course Code	Topic	Lecturer	Course Friday)	Course Code	Topic	Lecturer
1	36	Sept	5-8 Sept.	Introduction: The Performance of Social Protection Systems	1001intro	Intro	de Neubourg	Advanced Micro-economics (Total: 8 weeks)	1021BC	Econ	Robin Cowan
2	37		12-15 Sept.	Lectures Managing Social Risk	1001intro	Intro	de Neubourg				
3	38		19-22 Sept.	Social Demography	1002BC	PSD	Esping-Andersen				
4	39		26-29 Sept.	Comparative Welfare State Analysis	1003BC	PSD	Hinrichs				
5	40	Oct	3-6 Oct.	Preparation Research Proposal		Res.					
6	41		10-13 Oct.	Sociology of Inequality, Poverty & Social Exclusion	1004BC	PSD	Cantillon	Advanced Micro-Economics (cont.)	-/-	-/-	-/-
7	42		17-20 Oct.	Migration, Mobility and Social Protection	1005BC	PSD	Kaczmarczyk				
8	43		24-27 Oct.	Preparation Research Proposal		Res.					
9	44	Nov	31-3 Nov.	Economics of Social Protection	1006BC	Econ	Pestieau	Applied Econometrics (Total:8 weeks)	1022BC		de Crombrughe Denis
10	45		7-10 Nov.	Political Economy of Social Insurance	1007BC	Econ	Donder				
11	46		14-17 Nov.	Economics of Risk and Insurance	1008BC	Econ	Fornero				
12	47		21-24 Nov.	Mid-term assessment		Res.					
13	48	Dec	28-1 Dec.	Preparation Research Proposal		Res.		Applied Econometrics 2 (cont.)	-/-		-/-
14	49		5-8 Dec.	Analysis of Policy Processes	1010BC	MPA	Papadopoulos				
15	50		12-15 Dec.,	Governance, Power and Policy	1011BC	MPA	Powell				
16	51		19-22 Dec.	Preparation research proposal		Res.					
17	52			<i>Christmas vacation</i>							
18	1	Jan		<i>Christmas vacation</i>							
19	2		9-12 Jan	Research Skills (no class)	1013ST	skills	Esping-Andersen				
20	3		16-19 Jan	Research Skills	1013ST	skills	Esping-Andersen				
21	4		23-26 Jan	Public Economics and Finance	1012BC	Econ	Jousten				
22	5	Feb	30-2 Feb	Evaluation Methods & Techniques	1014BC	MPA	Cantillon				
23	6		6-9 Feb	Econometric Evaluation of Treatment Effects	1015BC	MPA	Magnac				

Study week	Year week	Month	Dates	Course (Monday-Thursday)	Course Code	Topic	Lecturer
24	7		13-16 Feb	Social Policy Modelling	1016BC	MPA	O'Donoghue
25	8		20-23 Feb	Work, Family and Social Protection	1017BC	PSD	Saraceno
26	9	Mar		<i>Carnival vacation</i>			
27	10		6-9 Mar	Economics of Inequality	1018BC	Econ	Daniele Checchi
28	11		13-16 Mar	Optional course: Institutional Design	1019BC	Opt.	Kula
29	12		21-24 Mar	Optional Course: Labour Market Policies	1020BC	Opt.	Pacelli
	13		27-30 Mar	Evidence-based Policy Making	1009BC	MPA	Van den Bosch
30	14	Apr		Finalizing Research Proposal		Res.	
31	15			Final exam			
32	16			Start individual programme			

Notes:

- 2 optional courses are offered as basic courses on bi-annual basis. In 2006 the courses will cover (i) Health Care and (ii) Education;
- These courses are taught on a longer-term basis (up to 8 weeks)
- Intro=Introduction; PSD=Political Science, Sociology, Demography; Econ=Economics; MPA=Methodology of Policy Analysis; Opt=Optional, Res.