



APPLIES TO ACADEMIC YEAR 2006/2007

## **GRA 5921 The Political Economy of Redistribution: The Welfare State**

### **Program**

Advanced Specialization Course (MSc), Master of Science in Political Economy

### **Responsible for the course**

Kåre Hagen

### **Department**

Public Governance

### **Term**

According to study plan

### **ECTS Credits**

6

The course is dedicated to core questions in political economy, in this case the welfare state. It requires no previous knowledge, but is primarily designed for students taking the MSc in Political Economy and therefore assumes some knowledge of political processes and policy making. The central themes include the normative basis for redistributive social policies, the development of different welfare-capitalist regimes, the logics of social insurance and the interplay between the state, civil society and the market.

### **Objective**

The course aims at providing a broad, cross-disciplinary understanding of why and how democratic institutions intervene into the distribution of wealth, both through providing regulatory regimes for the work contract and for the operation of market based social insurance. Its core message is that the development and the internal dynamics of the comprehensive public sector developed in the post-war period is intimately related to the public sector as a provider of social services and income insurance. It will address theories of the crisis of the welfare state, of how the existence of social security schemes provide (un)intended behavioural incentives in the economic sphere, and how historically developed and often rigid welfare institutions confine the range of reforms to incremental 'problem solving'. Problems of welfare state reforms will be addressed with particular reference to institutional accommodation to the on-going demographic transition in the areas of health and pensions. The role of market based provision will be discussed, both as a supplement and as alternative to state provision. Throughout the course, a comparative perspective will be employed, and students are expected to do a comparative analysis in their take home exam, based on available sources like the OECD or Eurostat.

### **Prerequisites**

Bachelors degree

### **Compulsory literature**

#### **Books:**

Barr, Nicholas. 2001. *The welfare state as piggy bank : information, risk, uncertainty, and the role of the state*. Oxford: Oxford University Press  
Pierson, Christopher and Francis G. Castles. 2000. *The Welfare state : a reader*. Cambridge: Polity Press

#### **Collection of articles:**

Compendium of Journal Articles, including articles/chapters by F. Scharpf, J. Le Grand, S. Bailey, L. Cram, C. Collins, P. Pierson, W. Streeck, A. Heritier, F. Castles.

### **Recommended literature**

#### **Books:**

Barr, Nicholas. 2004. *The economics of the welfare state*. 4th ed. Oxford: Oxford University Press  
Esping-Andersen, Gösta. 1990. *The three worlds of welfare capitalism*. Cambridge : Polity Press  
Hall, Peter A. and David Soskice. 2001. *Varieties of capitalism : the institutional foundations of comparative advantage*. Oxford: Oxford University Press  
Lijphart, Arend. 1999. *Patterns of democracy : government forms and performance in thirty-six countries*. New Haven, Conn. : Yale University Press  
Marks, Gary et al. 1996. *Governance in the European Union*. London: Sage

Wilensky, Harold L. 2002. Rich democracies : political economy, public policy, and performance. Berkeley, Calif. : University of California Press

### **Course outline**

1: Normative arguments for state provision of social insurance. Core concepts of need, risk, risk-pooling, social responsibility and market failure

2: System characteristics and the historical background behind different welfare state regimes, and their redistributive properties and actual effects on productivity and labour markets. The empirical analysis of poverty and inequality.

3: The logics of insurance and its application to welfare state institutions. Problems of information, incentives and moral hazard. System-generated pressures for reform.

4: The welfare pluralist perspective: The state, the market, the work contract, the family and non-profit organisations as alternative and complementary producers of social welfare. The state as a regulator of private sector provision

5: Overview over reforms of health and pension insurance.

### **Computer-based tools**

None

### **Course structure**

36 hours

### **Evaluation**

Individual research paper (70%) and in-class presentation (30%).

Both parts of the evaluation need to be passed in order to get a grade in the course.

### **Evaluation code(s)**

Gra 59211 accounts for 100 % of the final grade in the course GRA 5921.

### **Aids at the examination**

Bilingual dictionary

### **Makeup exam**

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.

### **Honor Code**

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.