



## WELFARE ECONOMICS

<b>Course code</b>	<i>ECO122</i>
<b>Compulsory in the programmes</b>	<i>Economics and Data Analytics, Economics and Politics</i>
<b>Level of studies</b>	<i>Undergraduate</i>
<b>Number of credits and</b>	<i>6 ECTS (48 contact hours + 6 consultation hours, 106 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Assoc. prof. Dr. Virginija Poškutė</i>
<b>Prerequisites</b>	<i>Microeconomics, Macroeconomics</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

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) 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 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.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESSMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Analyse and discuss main features and failures of market economy and public policies;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, seminars, final exam	Lectures, seminars, group work



CLO2. Compare and discuss arguments utilised in favor/against state intervention in different schools of economic thought;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, discussions and presentations during seminars, final exam	Lectures, seminars
CLO3. Apply basic concepts, terminology and organisational principles of welfare;	ELO1.1. ELO4.1.	Midterm test, seminars, final exam	Lectures, seminars
CLO4. Evaluate and compare different methods of welfare financing;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, presentations during seminars, final exam	Lectures, seminars, group work
CLO5. Overview and compare structure of welfare state and social security in particular in different countries;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, presentations during seminars, final exam	Lectures, seminars, group work
CLO6. Compare and discuss relationship of economic and social policies;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, seminars, final exam	Lectures, seminars, study in groups
CLO7. Compare and discuss welfare state theoretical models and analyse real welfare systems;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Midterm test, seminars, final exam	Lectures, seminars, study in groups
CLO8. Analyse and compare different welfare provisions among countries: retirement pensions, health care, social assistance systems	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Seminars, final exam	Lectures, seminars, study in groups
CLO9. Analyse and discuss main principles of measuring income inequality, poverty and social exclusion;	ELO1.1. ELO1.2. ELO2.1. ELO4.1.	Seminars, final exam	Lectures, seminars, study in groups
CLO10. Overview international aspects of welfare/social security regulation;	ELO1.1. ELO4.1.	Seminars, final exam	Lectures, seminars, study in groups
CLO11. Work in teams, present work results both in writing and orally, provide argumentation.	ELO3.1. ELO3.2. ELO4.1. ELO4.2. ELO4.3.	Coursework and its presentation during seminars	Seminars

### ACADEMIC HONESTY AND INTEGRITY

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.

### COURSE OUTLINE

Topic	In-class hours	Readings
1. What is welfare economics? Objectives of welfare state. Ideology and welfare state	4	Barr: ch. 1 Spicker, ch. 1, 2. Greve, 2022, ch. 1, 3.



2. State, market and civil society: market failures and public sector. Public goods	6	Greve, 2020, ch. 4, 5, 6, 7.
3. State intervention: - reasons of efficiency and social justice - types of intervention	4	Barr: ch. 3, 4 Spicker, ch. 9
4. Origins of welfare state	4	Greve, 2022, ch. 2. Spicker, ch.10
5. Welfare states and welfare regimes	6	Esping-Andersen: ch.1, 2. Greve, 2022, ch. 4.
6. Insurance and social insurance: theory, practice and contemporary challenges	4	Barr: ch. 5
7. Pension economics: types of pensions, methods of financing, reform issues	4	Barr: ch. 9, 15
8. Income inequality and poverty: their measurement	4	Barr, ch. 6, 10 Spicker, ch. 3.
9. Health and health care	2	Greve, ch. 11
10. Social assistance, long term care and family policy issues	4	Greve, 2020, ch. 11, 12.
11. Contemporary challenges, globalisation and future of welfare state	2	Greve, 2020, ch. 14, 15, 16.
12. Economics of happiness	4	TBA
	<b>Total: 48 hours</b>	
CONSULTATIONS	6	
FINAL EXAM	2	

### FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components 15%</i>	
Seminar presentations	15
<i>Individual Components 85%</i>	
Midterm test	30
Classroom discussions	15
Final exam	40
<b>Total:</b>	<b>100</b>

### DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT



(Provide short descriptions and grading criteria of each assignment)

#### 1. Midterm test

It will be held after the topic 5, during the class. It counts towards **30%** 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 will prepare a presentation of a topic / a book / a case. Details on the topics, schedule and requirements for the presentations will be provided during the first class. Presentations count towards **15%** of the final grade.

**3. Classroom discussions (15%):** Seminars and lectures require active class participation from the students. Students will be graded for attendance, activeness and the quality of the participation (interventions shall lead to further discussions).

#### 4. Final exam

The exam counts towards **40%** of the final grade. It is a closed-book open questions test. It tests conceptual and analytical skills. The exam will be based on the course topics 6-12.

In case of a negative final grade, students are allowed a **re-sit final exam**. It will cover all course material. The weight of a re-sit is **70%**. Presentation cannot be retaken but its evaluation (if positive) is not annulled.

### REQUIRED READINGS

Barr, Nicholas, 2012. Economics of the Welfare State, 5<sup>th</sup> ed. Oxford University Press.  
Greve, Bent, 2022. Rethinking Welfare and the Welfare State. Cheltenham, UK: Edward Elgar Publishing.  
Greve, Bent, 2020. Welfare and the Welfare State. Central Issues Now and in the Future. 2<sup>nd</sup> edition. Routledge.  
Spicker, Paul, 2014. Social Policy. Theory and Practice, 3<sup>rd</sup> ed. Policy Press.

### ADDITIONAL READINGS

1. Avent, R., 2016. The Wealth of Humans: Work, Power, and Status in the Twenty-first Century. New York: St. Martin Press.
2. Atkinson, A. B., 2015. Inequality: What Can Be Done? The President and Fellows of Harvard College.
3. Atkinson, T., Cantillon, B., Marlier, E. and Nolan, B., 2002. Social Indicators. The EU and Social Inclusion. Oxford University Press.
4. 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.
5. Barr, N., Diamond, P., 2008. Reforming Pensions: Principles and Policy Choices. New York and Oxford: Oxford University Press.
6. Bitinas, A., 2011. Socialinė apsauga Europos Sąjungoje: Pensijų sistemų modernizavimas. Vilnius: Mes.
7. Bower, J. L., Leonard, H. B., Paine, L.S., 2011. Capitalism at Risk. Rethinking the Role of Business. Harvard Business Review Press.
8. Christensen, C. M., Ojomo, E., Dillon, K. 2019. The Prosperity Paradox: How Innovation Can Lift Nations Out of Poverty. Harper Business.
9. 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.
10. Edmans, A., 2020. Grow the Pie: How Great Companies Deliver Both Purpose and Profit. Cambridge University Press.
11. Esping-Andersen, G., 1990. The Three Worlds of Welfare Capitalism. Cambridge: Polity Press.
12. Esping-Andersen, G., Gallie, D., Hemerijck, A. and Myles, J., 2000. Why We Need a *New Welfare State*? Oxford University Press.
13. Jones, B., O'Donnell, M. (Eds.). 2017. Alternatives to Neoliberalism: Towards Equality and Democracy. Policy Press.
14. Giridharadas, A. 2018. Winners Take All: The Elite Charade of Changing the World. Knopf.
15. Greve, B., 2019. Welfare, populism and welfare chauvinism. [Bristol University Press](#), [Policy Press](#).
16. Greve, B., 2020. Myths, Narratives and Welfare States. The Impact of Stories on Welfare State Development. Edward Elgar Publishing.
17. Handy, Ch., 2015. The Second Curve. Thoughts on Reinventing Society. Penguin Random House.
18. Henderson, R., 2020. Reimagining Capitalism: How Business Can Save the World. Penguin Random House UK.



19. Keohane, G. L., 2016. Capital and the Common Good. How Innovative Finance Is Tackling the World's Most Urgent Problems. Columbia University Press.
20. Layard, R., 2011. Happiness: Lessons from a New Science. 2<sup>nd</sup> Edition. Penguin UK.
21. Lowrey, A., 2018. Give People Money. The Simple Idea to Solve Inequality and Revolutionise our Lives. Penguin Random House UK.
22. Mackey, J. & Sisodia, R., 2013. Liberating the heroic spirit of Business. Conscious Capitalism. Harvard Business School.
23. Mason, P., 2015. Postcapitalism. A Guide to our Future. Penguin Books.
24. Mazzucato, M., 2014. The Entrepreneurial State. Debunking Public vs. Private Sector Myths. Anthem Press.
25. Mazzucato, M., 2018. The Value of Everything. Making and Taking in the Global Economy. Penguin Books.
26. Mazzucato, M., 2021. Mission Economy. A Moonshot Guide to Changing Capitalism. Allen Lane
27. Pickett, K., Wilkinson, R., 2011. The Spirit Level: Why Equality is Better for Everyone. New York: Bloomsbury Press.
28. Piketty, T., 2014. Capital in the Twenty-First Century. Harvard University Press.
29. Pettinger, L. 2019. What's Wrong with Work? Policy Press.
30. Raventos, D. & Wark, J., 2018. Against Charity. CounterPunch.
31. Rhoades, S. E., 2021. The Economist's View of the World. And the Quest for Well-Being. 35th Anniversary Edition. Cambridge University Press.
32. Russell, J.W., 2015. Double Standard: Social Policy in Europe and the United States. 3rd Edition. Rowman & Littlefield.
33. Sachs, J., 2009. Common Wealth: Economics for a Crowded Planet. Penguin; Reprint edition.
34. Sandel, M. J., 2020. The Tyranny of Merit. What's Become of the Common Good. Allen Lane.
35. Singh, A. 2018. The Moral Marketplace: How Mission-Driven Millennials and Social Entrepreneurs Are Changing Our World. Policy Press.
36. Skidelsky, R., Skidelsky E., 2013. How Much is Enough?: Money and the Good Life. Other Press, New York.
37. Skidelsky, R., 2010. Keynes. The Return of the Master. Penguin Books.
38. Stiglitz, J. E., 2000. Economics of the Public Sector. Third Edition. W.W.Norton & Company. New York, London.
39. Stiglitz, J. E., 2013. The Price of Inequality: How Today's Divided Society Endangers Our Future. W.W. Norton & Company. New York. London.
40. Taylor-Gooby, P., Leruth, B. (Eds.). 2018. Attitudes, Aspirations and Welfare. Social Policy Directions in Uncertain Times. Palgrave Macmillan.
41. Van Parijs, P., Vanderborght, Y., 2017. Basic income: a radical proposal for a free society and a sane economy. Cambridge, Massachusetts Harvard University Press.
42. Yunus, M., 2010. Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs. Public Affairs: New York.



**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,*

*Business Management and Marketing,*

*Finance,*

*Industrial Technology Management,*

*Entrepreneurship and Innovation*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	BLO1.1. Students will be able to understand core concepts and methods in the business disciplines
	BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions
Students will be socially responsible in their related discipline	BLO2.1. Students will be knowledgeable about ethics and social responsibility
Students will be technology agile	BLO3.1. Students will demonstrate proficiency in common business software packages
	BLO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	BLO4.2. Students will be able to convey their ideas effectively through an oral presentation
	BLO4.3. Students will be able to convey their ideas effectively in a written paper

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,*

*Economics and Politics*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines
	ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements
Students will have skills to employ economic thought for the common good	ELO2.1. Students will have a keen sense of ethical criteria for practical problem-solving
Students will be technology agile	ELO3.1. Students will demonstrate proficiency in common business software packages
	ELO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	ELO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	ELO4.2. Students will be able to convey their ideas effectively through an oral presentation
	ELO4.3. Students will be able to convey their ideas effectively in a written paper