

**EC 333 - SYSTEMS OF THE WELFARE STATE IN THE EUROPEAN UNION:
ORIGINS, PRESENT AND FUTURE**

IES Abroad Freiburg
European Union Program Syllabus

SEMESTER: Spring/Fall

DESCRIPTION:

In recent years, European welfare state systems have faced serious challenges: slowed economic growth, ageing societies, immigration, changing labor markets in the digital age, to name just a few. This crisis mode calls for an inspection and appraisal of the European model of the welfare state. Is it outdated and a hindrance in global competition? Or are unemployment insurance, poverty alleviation and a public health system more necessary than ever and can, on the contrary, serve as magic potion for economic prosperity? Among the various types and degrees of welfare states found among EU countries, is there a superior model? What are the particular challenges and opportunities involved in the design of welfare policies in an economic and monetary union in the 21st century?

This course will also investigate these questions using tools and economic analysis findings that encourage students in explorative learning. It will examine to what extent social policy is not only a matter of equity but also economic efficiency, and how countries can strike a good balance in addressing market failure while minimizing risk of government failure at the same time. The relative strengths and weaknesses of public versus private provision and of cash-benefits versus in-kind transfers are also explored. Given the contemporary societal and economic challenges, how does welfare policy need to be designed to be effective and sustainable? And how can empirical research findings guide policy makers in their attempt to address these issues?

In line with the general EU program structure, the course is designed to incorporate course-related trips in a way to prepare for and reflect on the specific course meetings after returning Freiburg. During the trips students will have an opportunity to observe the welfare systems in actual national settings and to meet local experts with whom they will discuss the class content in detail.

Throughout the course, comparison to US policies and experience will be drawn, and differences highlighted. As a key learning outcome, students will be able to judge the economic rationale for social policy and the welfare state in general, and to analyze the effects and side-effects of specific policy measures in various contemporary settings in detail.

CREDITS: 3

CONTACT HOURS: 45

INSTRUCTOR:

LANGUAGE OF INSTRUCTION: English

ADDITIONAL COST: None

PREREQUISITES: Introduction to Microeconomics and/or introduction to macroeconomics

METHOD OF PRESENTATION:

Lectures, discussions, case studies, group work, student presentations, meetings during course-related trips.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Participation - 10%
- Midterm Exam - 25%
- Group Presentation with Hand-out - 20%
- Term Paper - 20%
- Final Exam - 25%

Participation

The participation grade reflects students' involvement in classroom activities, such as discussions and group exercises not assessed through any of the other criteria. Homework or responses to reading assignments are also counted towards this grade with constructive and reflective contributions being rewarded in particular.

Grading Rubric for student participation

A	Excellent participation The student's contributions reflect an active reading of the assigned bibliography. Skillfully synthesizes the main ideas of the readings and raises questions about the applications and implications of the material. Demonstrates, through questions and comments, that he or she has been capable of relating the main ideas in the readings to the other information discussed in the course, and with his or her own life experience. The student makes informed judgments about the readings and other ideas discussed in class, providing evidence and reasons. He/she respectfully states his/her reactions about other classmates' opinions, and is capable of contributing to the inquiry spiral with other questions. The student gets fully involved in the completion of the class activities.
B	Very good participation The student's contributions show that the assigned materials are usually read. Most of the time the main ideas are identified, even though sometimes it seems that applications and implications of the information read were not properly reflected upon. The student is able to construct over others' contributions, but sometimes seems to interrupt the shared construction to go over tangents. He/she is respectful of others' ideas. Regularly involved in the activities but occasionally loses concentration or energy.
C	Regular participation The participant evidences a regular reading of the bibliography, but in a superficial way. He/she tries to construct over others' ideas, but commonly provides comments that indicate lack of preparation about the material. Frequently, contributions are shallow or unarticulated with the discussion in hand.
F	Insufficient participation Consistently, the participant reads in a shallow way or does not read at all. Does not participate in an informed way, and shows lack of interest in constructing over others' ideas.

Midterm Exam

The mid-term (session 9) covers key aspects of the first half of the course. Possible question formats include multiple choice and structured short or long answer questions, and they may involve calculations and working with diagrams and statistical information. A study guide will be provided beforehand.

Group Presentation with Hand-out

Students will make 30-minute presentations on topics related to one of the social policy fields addressed in the second half of the term. Presentations will be done in groups of 3 to 5 during either of the sessions 12 and 17 and typically involve a comparative analysis (e.g., of two countries' policy responses) or controversy (e.g., pro/contra government intervention in a particular field of social policy). Presentation groups and topics will be decided by the session 6. The grade for this assessment is based on the content, structure and delivery of the in-class group presentation as well as a one-page hand-out summarizing the key points. A detailed guideline for presentations will be provided on Moodle.

Term Paper

The term paper is a 2000–2500-word account of the key insights related to the students' group work topic. Guidelines with details of the assessment criteria (content, structure, format) are made available in class. One week before the term paper is due (session 18) the students have to hand in an outline.

Final Exam

The final exam (session 19) covers material of the whole course, with a focus on the second half of the term, with 70-80% coming from the material covered during the second half of the term. It consists of a series of structured short answer questions as well as long answer questions which may involve calculations and working with diagrams and statistical information. A study guide will be provided beforehand.

LEARNING OUTCOMES:

By the end of the course students will be able to:

- Classify arguments for and against social policy based on economic efficiency and equity considerations.
- Identify potential and actual pitfalls and challenges to the welfare state in a globalized world.
- Interpret statistical information related to social policy and the welfare state.
- Assess the current state as well as potential future developments of EU wide harmonization efforts in the social policy realm.
- Compare the implementation of social policy at national level in various EU member states.
- Evaluate the effectiveness of multi-level social policy measures in the EU.
- Compare and contrast multi-level social policies in the EU with the policies in the US.
- Develop policy recommendations for a given country in a specific field of social policy.

ATTENDANCE POLICY:

All IES courses require attendance and participation. Attendance is mandatory per IES Abroad policy. Any unexcused absence will incur a penalty on your final course grade (1 absence - 1%, 2nd absence -2%, 3rd absence – 3%). Any student who has more than three (3) unexcused absences will receive an "F" as the final grade in the course. Any student who misses more than 25% of a course, whether the absences are excused or are unexcused, will receive an "F" as the final grade in the course. Absences due to sickness, religious observances, and family emergencies may be excusable at the discretion of the Center Director. In the case of an excused absence, it is the student's responsibility to inform the Academic Dean of the absence with an Official Excused Absence Form, as well as any other relevant documentation (e.g., a doctor's note), and to keep a record thereof. The absence form must be turned in as soon as possible before the class, in the case of a planned absence, or immediately upon return to the Center, in the case of an unplanned absence, in order for the absence to be considered excused. It is also the student's responsibility to inform the professor of the missed class. Students can collect and submit the Official Excused Absence Form from the office of the Academic Dean.

TESTS, QUIZZES, OR PRESENTATIONS MISSED DURING UNEXCUSED ABSENCES CANNOT BE MADE UP!

ASSIGNMENTS NOT HANDED IN ON THE DUE DATE WILL BE SUBJECT TO A 3% PENALTY PER DAY POST-DUE DATE (with the exception of students who have an excused absence).

CONTENT:

Week	Content	Assignments
Session 1	The Welfare State – Introduction and Overview	• Barr, <u>Economics of the Welfare State</u>, Ch. 1, pp. 3-21 (19 pages) • Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch. 1, pp. 1-10 (10 pages)

		Wilkinson, <u>How Economic Inequality Harms Societies</u>, TED Talk https://www.youtube.com/watch?v=AFOEe6M2VT4
Session 2	Justifying the Welfare State on Grounds of Equity	- Barr, <u>Economics of the Welfare State</u>, Ch. 2, pp. 22-40 (19 pages) - Sachweh, <u>Social Justice and the Welfare State: Institutions, Outcomes, and Attitudes in Comparative Perspective</u>, pp. 293-313 (21 pages)
Session 3	Justifying the Welfare State on Grounds of Efficiency– Market Failure I	Barr, <u>Economics of the Welfare State</u>, Ch. 3, p. 41-82 (42 pages)
Session 4	Justifying the Welfare State on Grounds of Efficiency– Market Failure II	- Barr, <u>Economics of the Welfare State</u>, Ch. 4, p. 83-101 (19 pages) - Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch. 9, p. 105-122 (18 pages)
Session 5	The Welfare State in a Globalized World - Social Policy, Competitiveness and Growth	- Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch. 6, p. 61-77 (17 pages) - Ostry et al., <u>Redistribution, Inequality and Growth</u>, p. 4-30 (27 pages)
Experiencing Europe: “European Parliament” Course-Related Trip Destination: Strasbourg, France (1 day)		
Session 6	The Welfare State and Social Policy in the EU There will be at least one course-related meeting at the European Commission in Brussels and/or with OECD in Paris	- El-Agraa, <u>The European Union, Economics and Policies</u>, Ch. 23, p. 364-380 (17 pages) - Sabato and Corti, in Vanhercke et al. (eds.), <u>Social Policy in the European Union</u>, pp. 51-70 (20 pages) Deadline: Presentation groups are formed, and topics decided

Experiencing Europe: “EU Institutions” Course Related Trip Destinations: Brussels, Belgium, and Paris, France (7 days)		
Session 7	State Intervention, Financing the Welfare State, and Government Failure	- Le Grand et al., <u>The Economics of Social Problems</u>, Ch. 10, pp. 179-195 (17 pages) - Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch. 3+4, pp. 26-46 (21 pages) - Current data on social spending and its financing (OECD, EU)
Session 8	Measuring Welfare, Inequality and Poverty	- Barr, <u>Economics of the Welfare State</u>, Ch. 5, pp. 102-132 (31 pages) - Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch. 2, pp.11-25 (15 pages) - Current data on inequality and poverty (OECD, EU)
Session 9	Mid-term Exam	
Session 10	Hampering Competitiveness? Minimum wages and other labor standards There will be a course related meeting in Geneva, for instance: ILO, WTO	- Fernandez-Villaverde, <u>The Economics of Minimum Wage Regulations</u>, pp. 1-14 (14 pages) - International Labour Organisation, <u>Minimum Wage Policy Guide</u>, Ch. 7, pp. 1-16 (16 pages)
Session 11	Immunization Against Economic Slump and Job Automation Unemployment insurance and retraining	- Barr, <u>Economics of the Welfare State</u>, Ch. 6, pp. 135-151 (17 pages) - Beblavý et al., <u>A European Unemployment Benefit Scheme</u>, pp. 7-30 (24 pages)
Experiencing Europe: The European Union Funds in in the Region Destination: South Baden, Germany (1 day)		

Session 12	Incentivizing Life Decisions? Family policy: A comparative case study of member states (e.g. Hungary, Poland and Romania/Bulgaria) <i>Student presentations</i>	• Pestieau and Lefebvre, <u>The Welfare State in Europe</u>, Ch 14, pp. 174-183 (10 pages) • Olivetto and Petrongolo, <u>The Economic Consequences of Family Policies</u>, pp. 205-230 (26 pages)
Session 13	The Challenge of Outsmarting Demographic Change Old-Age Pensions: A comparative case study of member states (e.g., Greece, Italy and Sweden) <i>Student presentations</i>	• Barr, <u>Economics of the Welfare State</u>, Ch. 7, pp. 152 – 188 (37 pages) • Current data on demography and pension systems (OECD/EU)
Session 14	Between Stigmatization and Entitlement Poverty alleviation <i>Student presentations on comparative policies of the countries to be visited on Course Related Trip</i> <i>Term paper outline are due</i>	• Barr, <u>Economics of the Welfare State</u>, Ch. 8+9, pp.189-227 (39 pages) • Current data on poverty alleviation programs and their effectiveness (OECD, EU)
Session 15	Balancing Medical Possibilities with Fiscal Limitations Health policy <i>Student presentations on comparative policies of the countries to be visited on Course Related Trip</i>	• Barr, <u>Economics of the Welfare State</u>, Ch. 10, pp. 231-265 (35 pages) • Current data on the cost and benefits of national health systems (OECD/EU)
Experiencing Europe: “EU Member States Course Related Trip” Destinations: 2 countries (see selection in description below) – (7 days)		

Session 16	A 21st Century Challenge: Affordable Housing for All Housing policy <i>Student presentations on comparative policies of the member states</i>	- Le Grand et al., <u>The Economics of Social Problems</u>, Ch. 5, pp. 89-106 (18 pages) - Housing Europe, <u>The State of Housing in the EU 2019</u>, Ch. 1,2,3 and 5 (25 pages)
Session 17	Facilitating Social Mobility Education policy <i>Student presentations on comparative policies of the member states</i>	- Barr, <u>Economics of the Welfare State</u>, Ch. 12, pp. 299-333 (35 pages) - Current data on social mobility and the cost and benefits of education (OECD/EU)
Session 18	Compare and contrast with the US Wrap-up and Concluding Appraisal of the Welfare State in the EU	Barr, <u>Economics of the Welfare State</u>, Ch. 13, pp.336-348 (13 pages) <i>Term Papers are due</i>
Session 19	Final Exam	

COURSE RELATED TRIPS:

- Franco-German History Trip: Alsace, France– 1 day

During the first course related trip you will visit two significant historical and cultural landmarks in Franco-German history. You will have guided tours and learn about how age-old controversies and catastrophes in the heartland of Europe are represented, the role of memorials in constructing a European identity, and the challenges of overcoming centuries of conflict and rivalry.

- Germany in Europe: Then and Now Trip: Berlin, Germany – 5 days

During the course-related trip to Berlin, you will continue to learn about the past and present of German culture, economy and politics of Germany. Historically this capital is a crucial place if one wants to understand the importance German politics has for the dynamics of European integration. In Berlin you will learn about the fall of the Berlin Wall, the reunification of Europe after the end of the Cold War, the challenges that emerged during the process of post-communist transition and about Germany's hegemonic position within the EU.

- EU Parliament Trip: Strasbourg, France – 1 day

During this one-day trip, which is thematically linked to the EU Institutions trip you will visit the European Parliament in session in Strasbourg, France. There you will attend the parliamentary session and meet a Member of European Parliament who will discuss current events and elaborate on the workings of the European Parliament.

- EU Institutions Trip: Brussels, Belgium and Paris, France – 7 days

This course related trip will take you first to Brussels, the EU's institutional power center. In Brussels you will have the opportunity to meet with not only EU officials but also representatives of national delegations to the EU, think tanks and NGOs, as well as academic experts. The EU institutions you will visit include the European Commission, the Council of the EU and the European Council and you will have a chance to discuss with those actors who draft, shape and finally take decisions in the European Union. You will continue to have first-hand experience of the EU by visiting various agencies, institutions, and museums in Paris, you will meet French academic experts to discuss French culture, economy, politics and society.

- EU Funds in the Region Trip: South Baden, Germany– 1 day

This day trip will start with a meeting where an expert from the region will introduce you to EU's agricultural and structural funds and their implementation with examples from the region. Following the meeting you will visit a family farm that is typical for South Baden.

- EU Member States Trip - 7 days

Students choose 1 out of the three following course related trip options, e.g.:

- 1) Stockholm, Sweden; Warsaw, Poland/Prague, Czechia
- 2) Rome, Italy; Budapest, Hungary
- 3) Athens, Greece; Sofia, Bulgaria/Bucharest, Romania

The destinations may vary according to the topicality and nature of challenges of the EU and its integration process. The member states of the EU are still characterized by different state structures, economic ideologies, and cultural identities. This last course-related trip gives you the opportunity to choose between three different trip options. On these trips, you will learn about the current challenges of European integration. Experiencing the particularities and cultural diversity of these societies is essential in order to understand the variation in terms of domestic debates and national preferences when it comes to such important issues like, for instance, immigration, macroeconomic integration as well as European security.

REQUIRED READINGS:

- Barr, N. (2012): Economics of the Welfare State, 5th Edition [new edition in print]
- Beblavý, M., Marconi, G. and Maselli, I. (2017) A European Unemployment Benefit Scheme - The rationale and the challenges ahead
- El-Agraa, A.M. (2011): The European Union, Economics and Policies, 9th Edition
- Fernandez-Villaverde, J. (2018): The Economics of Minimum Wage Regulations, University of Chicago Legal Forum, p. 1-14
- Le Grand, J., Propper, C. and Smith, S. (2008): The Economics of Social Problems, 4th Edition
- Housing Europe (2019), The State of Housing in the EU 2019 <http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>
- International Labour Organisation, 2016, Minimum Wage Policy Guide
- Olivetto, C. and Petrongolo, B. (2017) The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries, Journal of Economic Perspectives, Volume 31, Number 1, 2017, Pages 205–230.
- Ostry, J.D., Berg, A. and Tsangarides, C.G. (2014): Redistribution, Inequality and Growth, IMF Staff Discussion Note.
- Pestieau, P. and Lefebvre, M. (2018): The Welfare State in Europe – Economic and Social Perspectives, 2nd Edition.
- Sachweh, P. (2016): Social Justice and the Welfare State: Institutions, Outcomes, and Attitudes in Comparative Perspective, in: Handbook of Social Justice Theory and Research pp 293-313.
- Vanhercke, B., Ghailani, D. and Sabato, S. (eds.) (2018): Social policy in the European Union: state of play 2018.
- Wilkinson, R. How Economic Inequality Harms Societies, TED Talk <https://www.youtube.com/watch?v=AFOEe6M2VT4>.

RECOMMENDED READINGS:

- Akerlof, G. A. (1970): The Market for "Lemons": Quality Uncertainty and the Market Mechanism, in: The Quarterly Journal of Economics, Vol. 84, No. 3, 488-500.
- Arrow, K. J. (1963): Uncertainty and the Welfare Economics of Medical Care, in: American Economic Review, Vol. 53, Issue 5, 941-973.
- Atkinson, A. B. (1995): "The Welfare State and Economic Performance," National Tax Journal, National Tax Association; National Tax Journal, vol. 48(2), pages 171-198.
- Castles, F. et al (eds.) (2010): The Oxford Handbook of the Welfare State.
- Checchi, D., Peragine, V. and Serlenga, L. (2010): Fair and unfair income inequalities in Europe, ECINEQ working paper 174-2010.
- CORE Team (2019): Economy, Society, and Public Policy.
- European Commission (2015): Social policy innovation - Meeting the social needs of citizens.
- European Commission (2017): Reflection Paper on the Social Dimension of Europe.

- European Commission/Social Protection Committee (2018): The 2018 Pension Adequacy Report: current and future income adequacy in old age in the EU.
- Freeman, R., Swedenborg, B., Topel, R. (2010): Reforming the Welfare State: Recovery and Beyond in Sweden.
- Graziano, P. and Hartlapp, M. (2019): The end of social Europe? Understanding EU social policy change, Journal of European Public Policy, 26:10, 1484-1501.
- Greve, B. (ed) (2018): Routledge Handbook of the Welfare State, 2nd ed.
- Lindert, D. H. (2004). Does big government hurt economic growth? Saint John's University Clemens Lecture Series No. 16.
- Hillmann, A.L. (2019): Public Finance and Public Policy: A Political Economy Perspective on the Responsibilities and Limitations of Government, 3rd ed.
- Kuznets, S. (1955): Economic growth and income inequality, in: The American Economic Review, Vol. 45, No. 1, 1-28.
- OECD (2011): Divided We Stand: Why Inequality Keeps Rising.
- OECD Employment outlook 2019.
- Okun, A.M. (1975): Equality and Efficiency: The Big Tradeoff.
- Rawls, J. (1971): A Theory of Justice.
- Sen, A. (2006) What Do We Want from a Theory of Justice?', Journal of Philosophy, 103 (5), 215-38.

SUPPORTIVE WEBSITES:

- Sustainable Governance Indicators Website by the Bertelsmann Stiftung:
<https://www.sgi-network.org>
- Website of Eurostat, the Database of the European Commission:
<https://ec.europa.eu/eurostat/data/database>
- Website of the US Social Security Administration:
<https://www.ssa.gov/>
- Website of the EU Commissioner for Employment, Social Affairs & Inclusion:
<https://ec.europa.eu/social/home.jsp?langId=en>
- Website of the International Labour Organisation:
<https://www.ilo.org/>
- The British Library's Social Welfare Portal:
<https://www.bl.uk/social-welfare/collection-items>
- Website of the International Labour Organisation:
www.ilo.org
- OECD website and OECD data website:
<http://www.oecd.org/>, <https://data.oecd.org/>
- Website of the The Economist:
<https://www.economist.com/>

Updated information on your course and readings can be found on the Moodle platform at <https://moodle.iesabroad.org/>