Summer exam in August 2011

Question 1

Based on Nicholas Barr - Economics of the Welfare State (2004) and OECD Growing unequal (2008) analysis can be conducted. The analysis is supported by OECD analysis of GINI coefficients in member countries, and 50% meridian calculations reflecting the extent of poverty in the countries. In addition, 60% percentile reflects the population at risk of poverty (ROP = Risk of Poverty).

A comparative analysis shows that while the OECD average GINI is 0.31, Denmark is 0.23 (which is by far the most equal income country) and Mexico with 0.47 as the sovereign's most unequal societies. An analysis by the welfare model (BH 2011, Social Welfare the Danish Model) shows that there are similarities in typologies of welfare states.

In Denmark and the new universal welfare states (Scandinavia and the Netherlands) GINI overall is small, whereas the residual model (Southern Europe) and the Liberal model (U.S. and Britain) have significantly higher GINI. Finally, the GINI in the continental model is closer to the universal than the liberals.

Therefore it is important that the reply also briefly describes the reasons. The universal, the dual redistribution effect in tax collection and welfare policy and the continental model concentration around people at work.

Other comparative analysis goes on mobility out of poverty, while 2% of the population in the universal model permanently in poverty group, the figure is over 5% in the other groups.

The Danish GINI coefficient increased from 20 to 23% from 1990's to mid-2000 years.

The reason for this development can be composed of the recognition of unearned income in the income concept that there are more people on pensions, low income that income disparity in the work market has increased. Finally, the replacement rates for social services declined from the 1990s to the mid 2000 century.

Question 2

Today about 1 million employees owns a health insurance paid by employers. This will get people at the labor market an advantage over persons outside the labor market, since insurance premiums are deductible. At the same time this insurance gives a privileged position with regard to waiting lists and choice of medical providers.

By abolishing the system of deductions it can be expected that employers either are much less willing to redraw or renew health insurance policies, or that the increased cost deducted in the employee's monthly salary.

The effect will be a lower prevalence of health insurance. While there will be a redistribution of health risks to persons outside the labor market