Index

23andMe, 62
401(k) plans, 33, 64
actuarial science: fair premiums and, 2, 17, 68, 72, 89, 99–100, 190–191; historical perspective on, 45, 48–49, 65, 68; labor markets and, 160, 163n2, 177, 179, 184; prices and, 2; private markets and, 72, 81, 83, 89, 99–100; sound principles of, 10; tables for, 45, 49, 65; trackers and, 3 adverse selection: Akerlof on, 6; credit markets and, 112; gatekeeping and, 193; historical perspective on, 13, 45–50, 54, 65, 67; life expectancy and, 45; opting out and, 30, 54, 199; partisanship and, 37; pooled equilibrium and, 40–42; private information and, 40–42; private markets and, 72, 82n17, 83, 88; regulation and, 37–38; risk and, 1–2, 4, 6, 13, 30, 34, 45–46, 49–50, 54, 65, 67, 72, 82, 112, 199, 202; theoretical model and, 30; time inconsistency and, 30, 34
Affordable Care Act (ACA), 11, 50n2, 60–61, 63, 91, 94, 97
Ahlquist, John S., 109
AIA Australia, 79–80
AIDS, 86
Akerlof, George A., 6, 12, 19, 23–25, 27, 29, 190, 196
algorithms, 10, 12, 81, 93, 116n7, 119, 202
“ Alliance for Sweden” campaign, 184
Alphabet, 5, 62
Amazon, 5, 62
American National Election Survey (ANES), 97–99
Ansell, Ben W., 109
Apple, 5, 62, 79
Arndt, Christoph, 182–183
artificial intelligence (AI), 5, 27, 62, 81–82, 202
Australia, 80, 90, 102, 107
Austria, 80, 90, 102, 107, 147
autocorrelation, 87
automobiles, 3
bad state, 20–21, 25n9, 40, 41, 112n5, 114, 142n27, 143–145, 190
bankruptcy, 31, 33, 46, 74, 96
banks: default and, 116, 132, 197; Fannie Mae and, 65, 109, 116–117, 121; financial crises and, 14, 61, 65, 116n7; Freddie Mac and, 65, 109, 116–117, 119–130, 140n25, 197; government-sponsored enterprises (GSEs) and, 116–121; loans and, 65, 105, 116, 131–132, 202; mortgages and, 131 (see also mortgages); small-town, 105
Barr, Nicholas, 12, 19, 24–25
Bayesianism, 15n1, 26, 56, 113, 143, 160, 164
Besley, Timothy, 93
Beveridge model, 53
Big Data: consequences of, 5; differential risk pools and, 63; financialization and, 138; informed patients and, 22; poor people and, 138; private markets and, 13,
Index

63, 191; uncertainty reduction by, 13; utility and, 119; variety of available data, 108
Big Tech, 81, 201
Bildt government, 11, 177
Bismarckian system, 52–53, 58, 67, 191, 199–201
Blue Cross Blue Shield, 1, 49–50, 60
Bordway, Robin, 19
Bradley, David, 188
budget constraints, 20, 36n20, 42–43
burial insurance, 47–48
Busemeyer, Marius R., 39–40
Bush, George W., 17
Calico, 62
Canada, 90, 102, 107
CAT scans, 1
Clareto, 77–78
Clinton, Bill, 116
Code on Genetics, 93
coercion, 15, 25
collective bargaining, 64, 159, 195
commercial banks, 116–117, 131n14
commercial insurance: customer exclusions and, 193; digitalization and, 76; mutual aid societies (MASes) and, 45–50, 54–55, 67; unemployment insurance funds (UIFs) and, 66
Comparative Political Data Set, 102
Comparative Study of Electoral Systems (CSES), 176
COVID-19 pandemic, 61, 74, 77, 86n20, 103, 189
credible information, 28, 38, 39
credit guarantee schemes (CGSs), 115
credit reports, 76
crime, 21n4
CT scans, 27, 83
deductibles, 17, 50, 195
DeepMind, 62
default: credit markets and, 108–120, 128, 131–136, 141–146, 196–197; flat-rate benefits and, 144–146; historical perspective on, 63; income relationship and, 146; information and, 7; private markets and, 80; theoretical model and, 17
democracy: asymmetric information and, 22–25; credit markets and, 105, 117; future issues, 199; historical perspective on, 51–52, 56, 63–64, 67–68; inequality and, 12, 70, 188; intergenerational...
Index

transfers and, 190; labor markets and, 163, 183; market failure and, 19–30; mutual aid societies (MASs) and, 16; private markets and, 13, 70, 73, 89, 100; rich people and, 2, 73, 183; social protection and, 2, 56; symmetric information and, 25–29; theoretical model and, 16, 19–20, 30, 32; transfers and, 16, 30, 67, 190; uncertainty and, 8; welfare and, 8

Denmark, 8–9, 90, 92, 102, 107, 109, 117, 147, 183, 193, 197–198

Department of Motor Vehicles, 75
destitution, 45, 67
diagnostics, 10, 27, 49, 62, 81, 83–88, 94, 100, 193
digitalization, 76–79
disability, 34, 38, 44, 63, 75, 139, 197

Discovery Limited, 79
discrimination, 2, 5, 35, 38–39, 63, 81, 88, 93–94, 100, 116, 199–202

double payment problem, 9, 13, 37, 39, 68, 89, 92, 94–95, 100, 198–199

elderly: health and, 2, 7, 18, 29, 34, 96–97, 99; higher expenses of, 195; insecurity

and, 8, 18; labor markets and, 159, 171, 173, 185–186; market feasibility and, 16–18, 30–35; Medicare and, 2, 7, 9, 17, 59–60, 96–99, 133; mutual aid societies (MASs) and, 44, 47–49, 55; old-age insurance and, 4–5, 13, 31, 159; pensions and, 56 (see also pensions); poverty and, 46–47; private markets and, 18, 96–97; public spending on, 29n13; time inconsistency and, 7, 16–18, 30–35, 47, 56, 89, 96, 193; welfare and, 4, 7–8, 13–14, 18, 33, 53–54, 58, 105, 188, 193, 199 electronic health records (EHRs), 76–79 empirical implications of theoretical models (EITM) approach, 201

Employee Retirement Income Security Act, 50n2, 60–61 employment: credit markets and, 108, 133–135; education and, 11, 33, 60, 66, 69, 159, 161–162, 165, 174, 179, 183–184, 192, 197–198; health insurance and, 2, 4–5, 10, 13, 18, 20, 34–35, 44, 50–51, 55, 58, 60, 66, 159–160, 191–192, 197; historical perspective on, 50, 58, 66, 69n9; homeownership and, 134–137; insiders vs. outsiders and, 66; Job Pact and, 182; labor market risks and, 159, 162, 165, 167, 174n9, 179–181, 184; Law on Employment Protection, 180; mobility and, 49, 66, 68, 189, 191–192, 200; mutual aid societies (MASs) and, 48–49 (see also mutual aid societies (MASs); retirement and, 33 (see also retirement); sickness pay and, 44, 48; unemployment insurance funds (UIFs) and, 11, 14, 66, 177–184, 192, 198–199 employment protection, 159, 162, 180 Equitable Life Assurance Society, 49 error correction model (ECM), 87, 103 Esping-Andersen, Gosta, 52, 199 European Observatory on Health Systems and Policies (EOHSP), 93 European Social Survey (ESS), 174, 176, 186–187 Fair Housing Act, 12, 116n7 Fannie Mae, 65, 109, 116–117, 121 Federal Housing Administration (FHA), 117 FICO score: Gini coefficient and, 121–127, 129, 138; interest rates and, 121–130; loans and, 121–130, 149, 151–158
Index

financial crises, 14, 61, 65, 116n7
financialization, 7, 14, 16, 33, 65, 106–110, 115, 138–139
Finland, 90, 102, 107, 147
Finbit, 79
flat-rate benefits, 37, 114–115, 132, 144–146
Food and Drug Administration, 62
Foit, Christopher, 120–121, 131
Fordism, 47, 106, 162
fragmentation: information revolution and, 58–67; labor markets and, 50n2; political polarisation and, 2; risk pools and, 2, 12, 188; solidarity and, 58–67; unemployment insurance and, 11–12
France, 80, 90, 102, 107, 147
fraternal sciences, 47, 52
Freddy Mac, 65, 109, 116–130, 140n25, 197
Friedman, Rachel, 15n1, 19, 191
funded systems: adverse selection and, 45; information and, 18; intergenerational transfers and, 7; pension systems, 7, 17, 33, 53, 55, 58, 64, 193, 201; retirement and, 16, 33, 45, 64, 96; transfers and, 7, 16, 47, 64, 96

GDP, 64, 70, 83, 86n21, 87–91, 104, 139
Generali, 80
genetics, 18, 38, 62–63, 81–88, 93–94, 191, 193
German General Social Survey (ALLBUS), 171–172, 173, 185–186
German Socio-Economic Panel (GSOEP), 134–137, 165–172
Germany, 195; credit markets and, 107, 131, 135n23, 147; Hartz reforms and, 14, 65, 131–137, 140, 198; health insurance and, 17; health savings plans and, 7, 33; labor markets and, 165–172, 173, 185–186, 198; private markets and, 80, 89n23, 90, 91, 96n25, 102; unemployment and, 14, 65, 165, 168–173, 185–186, 198
Ghent system, 177, 179–180, 182, 184, 198
Gingrich, Jane R., 59
Gini coefficient, 121–127, 129, 138
Goering, John, 116n7
good state, 20–21, 25n9, 40, 41, 112n5, 114, 142n27, 143–144
Google, 62, 73

gordon, Robert, 49
Gottlieb, Daniel, 48, 50n3
government-sponsored enterprises (GSEs), 116–121
GPS, 3
Great Depression, 30, 46, 117, 189
Grogan, Colleen M., 99

group plans, 49–50
Hacker, Jacob, 60
Hall, John, 93
Hariri, Jacob Gerner, 109
Harsanyi, John, 15–16
Hartz IV reforms, 14, 65, 131–137, 140, 198
Healthcare NExt, 81
Health Information Technology and Economic and Clinical Health Act, 76
health insurance: Affordable Care Act (ACA), 11, 50n2, 60–61, 63, 91, 94, 97; artificial intelligence (AI) and, 81–82; choice between public/private, 94–99; electronic health records (EHRs), 76–79; empirical applications and, 193–196; employment and, 2, 4–5, 10, 13, 18, 20, 34–35, 44, 50–51, 55, 58, 60, 66, 159–160, 191–192, 197; guaranty associations and, 33; historical perspective on, 44, 49–51, 55, 58, 60–64; illness and, 8, 13–14, 20, 25, 48, 62–63, 75, 96, 108, 110, 171, 173, 185–186, 188; information and, 4–8, 11, 13, 60–64, 192–196; laboratories and, 81, 83, 87; labor markets and, 159; medical data and, 75; Medical Information Bureau (MIB) and, 72n4, 75, 78–79; prescription databases and, 75, 77; private markets and, 70–102, 104, 201; Republican Party and, 94; as second largest insurance, 70; segmentation and, 70; supplementary private, 89–94;
Index 223

theoretical model and, 17–19, 33–37; trackers and, 76, 79–81, 100; underwriting and, 17, 92–94, 100; voluntary private, 63, 89–93

Health Insurance Portability and Accountability Act (HIPAA), 63n8, 78

health savings plans, 7, 17, 33, 96, 195

HealthVault, 62

Hicks, Timothy, 59, 197n3

high information, 8, 10, 25–27, 38, 56–58, 64, 82n17, 200

Home Mortgage Disclosure Act (HMDA), 120n10

homeownership: credit markets and, 108, 116, 131–140; employment and, 134–137; GSEOP and, 134–137; Hartz IV reforms and, 14; mortgages and, 106 (see also mortgages); private markets and, 93; Sample Survey of Income and Expenditure (EVS) and, 134–135, 137; stratified rates of, 198; subsidies and, 131, 138–139, 197; VPHI and, 93; welfare and, 131–138

homophily, 164

housing, 11–12, 115–117, 121, 132–133, 138–141, 192

Human API portal, 77–78

human genome, 62, 81, 83

IBM, 62

Ignacio Conde-Ruiz, J., 53


immigrants, 46, 167

individual retirement accounts (IRAs), 47, 64, 193

industrialization, 17, 96n25;
deindustrialization and, 12, 30, 179, 188–189; health insurance and, 195; historical knowledge economy and, 192; middle class and, 6, 15, 51, 53–54; mutual aid societies (MASs) and, 44, 190; uncertainty and, 189; urbanization and, 189

inequality: credit markets and, 106–115, 118–131, 138, 140, 144, 196–198; democracy and, 12, 70, 188; future issues and, 201; Hartz IV reforms and, 14; historical perspective on, 39–61, 64–65; increased, 2, 7, 14, 16, 19, 33, 59, 61, 64–65, 70–71, 100, 106, 108–113, 118, 128, 130, 138, 140, 188–189, 197–198, 201; information and, 2, 5, 7, 12, 14; labor markets and, 198; mortgages and, 119–131; private markets and, 70–71, 82, 92, 100; reduction of, 92, 112, 118, 138, 188–189, 198; regulation and, 119–131; risk and, 2, 7, 12, 14, 19, 33, 59–61, 65, 82, 92, 100, 108, 111–114, 130, 138, 144, 188–189, 196–198, 201; segmentation and, 59, 61, 188–189, 196; taxes and, 19, 60, 100, 188–189; theoretical model and, 16, 19, 33 information: actuarial science and, 49 (see also actuarial science); asymmetric, 2–4, 8, 13, 20–27, 38, 39, 55, 56, 63, 74, 82n17, 160, 190, 199, 202; Big Data, 5, 13, 22, 63, 108, 119, 138, 191; credible, 28, 38, 39; credit markets and, 64–65, 112–113; Department of Motor Vehicles and, 75; diagnostics and, 10, 27, 49, 62, 81–88, 94, 100, 193; division of insurance pools and, 5–10; electronic health records (EHRs) and, 76–79; funded systems and, 18; health insurance and, 4–8, 11, 13, 60–64, 192–196; high, 8, 10, 25–27, 38, 56–58, 64, 82n17, 200; human genome, 62, 81, 83; incomplete, 2, 12, 18, 29, 55, 66; inequality and, 2, 5, 7, 12, 14, 119–131; laboratoires and, 81, 83, 87; labor markets and, 160–163; life insurance and, 4–7, 10, 13, 72–73, 82–88, 101–103, 104, 193–199; loans and, 112–113, 118–119; low, 8, 10, 14, 18, 25–26, 28, 38, 39, 55, 57, 67, 199; market failure and, 6, 9, 19–30, 190; market feasibility and, 16–19, 30–37, 46, 58, 160, 199; Medical Information Bureau (MIB) and, 72n4, 75, 78–79; Moore’s Law and, 61–62, 83n18; mortgages and, 119–131; mutual aid societies (MASs) and, 6, 8, 10–13, 199; ownership of, 202; pensions and, 64–65; preferences and, 18–19, 35–37; prescription databases and, 75, 77; privacy and, 10, 26–29, 40–42, 63, 78, 94, 202; regulation and, 2, 14, 18, 38, 63–65, 70, 73, 81, 87–89, 93–94, 100, 110, 117–131, 140, 199, 202; revolution in, 2, 4, 13, 35, 39, 55, 58–73, 82, 88, 94, 100, 108, 188, 201; risk and, 1–15, 18–30, 35–37, 160–165; segmentation and, 2, 5–6,
8, 11–14, 16, 18, 58–59, 66–67, 70, 89, 94, 159, 162, 165, 177, 180, 188–189, 192, 196; social insurance and, 2–13, 189–190, 193, 198; social solidarity and, 53–60; symmetric, 20, 25–29, 39, 55, 82n17; trackers and, 3–4, 29, 79–80, 191; uncertainty and, 16 (see also uncertainty); underwriting and, 74–75; unemployment insurance and, 65–67, 183; welfare and, 2–14

information and communication technology (ICT), 4, 8, 119, 131, 189 integration, 2, 5
interest rates: changing, 17; credit markets and, 105, 108, 111–132, 138–144, 152, 156; Denmark and, 198; equalization of, 65; FICO scores and, 121–130; Gini coefficient and, 121–127, 129, 138; mortgages, 14, 65, 116–124, 128, 138–140, 197; segmentation and, 52, 58, 70 International Monetary Fund (IMF), 106, 107 Ireland, 90, 102, 107, 147 ISCO, 174 Italy, 90, 102, 107, 147, 203

Japan, 58, 66, 90, 91, 102, 107
Jawbone, 79
Job Pact, 182
John Hancock Life Insurance, 4, 29, 77–78, 80
Kaiser Family Foundation Poll, 99
Keen, Michael, 19
Korpi, Walter, 53, 193

laboratories, 81, 83, 87
labor markets: actuarial approach and, 160, 163n2, 177, 179, 184; collective bargaining and, 64, 159, 193; democracy and, 163, 183; disability and, 34, 38, 44, 63, 75, 139, 197; education and, 159, 161–162, 165, 167, 174, 179, 183–184, 198; elderly and, 159, 171, 173, 185–186; empirical applications and, 198–199; employment protection, 159, 162, 180; fragmentation and, 30n2; Germany and, 165–172, 173, 185–186, 198; Ghent system and, 177, 179–180, 182, 184, 198; health insurance and, 159; inequality and, 198; information and, 160–165; Law on Employment Protection, 180; market failure and, 184; partisanship and, 177, 183; poor people and, 160, 176; preferences and, 14, 66, 160, 163, 165–177; public system and, 165, 177, 182–183; redistribution and, 172, 174–176, 183, 186–187; reform and, 165, 177–182, 198; regression analysis and, 166, 172, 173, 185–186; regulation and, 159; segmentation and, 14, 50, 67, 159, 162, 165, 177, 180, 182, 188, 192, 198; social insurance and, 159–160, 163, 177; subsidies and, 182, 185; Swedish unemployment insurance and, 177–183; taxes and, 159, 177, 180, 181; uncertainty and, 160, 163n2; unemployment protection, 46, 159, 164, 197n3; unions and, 159, 161, 164, 174, 177–184, 200; United States and, 66; voters and, 163–164, 184; wage protection, 159
Latin America, 66
Law on Employment Protection, 180 layoffs, 110
legal issues: clerical marriage, 44; discrimination, 116; intergenerational contracts and, 31; social media, 81; symmetric information and, 26
Lexis Nexis Risk Classifier, 76
life expectancy: adverse selection and, 45; historical perspective on, 45, 48–51; increased data on, 10, 45; predicting, 18, 193; premiums and, 17; private markets and, 72, 83–87; risk and, 34
life insurance: artificial intelligence (AI) and, 81–82; commercialization of, 45–50, 54–55, 67; credit reports and, 76; Department of Motor Vehicles and, 75; diagnostics and, 10, 27, 49, 62, 81, 83–88, 94, 100, 193; division of insurance pools and, 5, 7; electronic health records (EHRs) and, 76–79; empirical applications and, 193–196; funded plans and, 7, 6–18, 33, 45, 48, 53, 58, 96, 193–195; guaranty associations and, 33; historical perspective on, 44–49, 55, 58, 63; information and, 4–7, 10, 13, 72–73, 82–88, 101–103, 104, 193–193; laboratories and, 81, 83, 87; Lexis Nexis Risk Classifier and, 76; market penetration of, 82–88, 101–103, 104;
Medical Information Bureau (MIB) and, 72n4, 75, 78–79; micro-targeted products and, 73; permanent, 72; prescription databases and, 75, 77; private markets and, 70–94, 100–102, 103–104; purpose of, 71–72; theoretical model and, 16–17, 29, 33–38; trackers and, 76, 79–81, 100; underwriting and, 71, 73–82, 87–88, 100–101 liquidity, 109 loans: access to, 65, 105–106, 110; bank, 65, 103, 116, 131–132, 202; credit markets and, 118–119; default and, 108 (see also default); discretionary income and, 100, 105, 108–115, 118, 138, 140, 142, 196; FICO scores and, 121–130, 149, 151–158; flat-rate benefits and, 37, 114–115, 132, 144–146; Gini coefficient and, 121–127, 129, 138; Hartz reform and, 65, 132; inequality and, 119–131; information and, 112–113, 118–119; interest rates and, 110 (see also interest rates); liquidity and, 109; model for, 110–117, 141–144; mortgages, 110 (see also mortgages); private markets and, 83; regulation and, 115–131; risk and, 65, 100, 105, 108–109, 111–117, 130, 132, 138, 141–142, 196, 202; Single Family Loan-Level Dataset and, 121; welfare and, 110–111, 113–115, 131–138 loan-to-value ratio, 124, 131, f56 Loewenstein, Lara, 120–121, 131 low information, 8, 10, 14, 18, 25–26, 28, 38, 39, 56, 57, 67, 199 lump sum payments, 33, 35–36, 114 McFadden pseudo R-squared measure, 166–172, 173, 185–186 Maclaurin, Colin, 45 market failure: asymmetric information and, 22–25; classic framework for, 19–30; democracy and, 19–30; historical perspective on, 53, 57, 67; information and, 6, 9, 190; labor markets and, 184; mutual aid societies (MAs) and, 6, 67; private markets and, 94; redistribution and, 6, 12, 67, 191, 200; symmetric information and, 25–29; theoretical model and, 12, 15, 18–20, 29 market feasibility, 160, 199; historical perspective on, 46, 58; information and, 16–18, 30–35; preferences and, 18–19, 35–37; time inconsistency and, 16–18, 30–35 market-mediated funded systems, 201 Medicaid, 8, 10, 60, 68, 96–99, 193 Medical Information Bureau (MIB), 72n4, 75, 78–79 MRI scans, 1, 27, 83 Murray, Charles, 51–52
Index

226

mutual aid societies (MASs): asymmetric information and, 23, 25, 199; burial insurance, 47–48; commercialization of, 45–50, 54–55, 67; democracy and, 16; destitution and, 45, 67; double bind of, 48, 50, 54, 67, 190; due to, 46; education and, 192; elderly and, 44, 47–49, 55; Equitable Life Assurance Society, 49; failure of, 12; heyday of, 51; historical perspective on, 10–11, 13, 44–57, 65, 67, 192; immigrants and, 46; increase of, 44; industrialization and, 44; information and, 6, 8, 10–13, 199; limitations of, 6; market failure and, 6, 67; New England Mutual Life Insurance Company, 49; New York Life Insurance Company, 49; as partial solution, 190; protections by, 44; role of, 11; Scottish Presbyterian Widows Fund, 44–46, 49, 83, 193; sickness pay and, 44, 48; solidarity and, 46, 53–58; taxes and, 47; theoretical model and, 15–16, 23, 25, 32; time-inconsistency and, 6–7, 16, 32, 45, 47–48, 54, 56, 199; transfers and, 6, 48, 57–58; unions and, 192; United States and, 44, 46, 49, 55; welfare and, 6, 8, 10, 12–13, 15–16, 25, 48, 51–52, 54, 56; widespread use of, 44

National Human Genome Research Institute, 62
National Laboratory of Medicine, 84
Netherlands, 90, 91, 102, 107, 147
New England Mutual Life Insurance Company, 49
New York Life Insurance Company, 49
New York State Department of Financial Services, 80–81
New Zealand, 90, 102, 107
Norway, 90, 92, 102, 107, 147

Obama, Barack, 76, 81, 90
occupational unemployment rates (OURs), 174n0
OECD Health Statistics, 89, 101
opting out: adverse selection and, 30, 54, 199; Akerlof and, 24; Bismarckian system and, 53; cost of, 19, 29; deterrents against, 9; private markets and, 25; privileged, 13; public system and, 8–9, 15, 19, 24–25, 30, 37, 54, 57, 59, 64, 71, 89n23, 94–96; segmentation and, 8; self-insurance and, 11–12, 20–22, 50n2, 51, 57, 60, 67, 73, 93, 190; theoretical model and, 15, 19, 24–25, 29–30, 37, 41
Oscar Health Insurance, 80
Palme, Joakim, 53, 193
Park, Sunggeun (Ethan), 99
participation, 9, 67, 95, 102, 184
partisanship: adverse selection and, 37; coercion and, 6; Comparative Political Data Set and, 102; credit markets and, 118; historical perspective on, 59; labor markets and, 177, 183; preferences and, 12, 19, 59, 200; private markets and, 71, 92, 94, 97, 101–102, 103–104, 195; regulation and, 37–38; theoretical model and, 37–38; welfare and, 12
pay-as-you-go (PAYG) systems: credible government commitment to, 7; historical perspective on, 46–48, 53–58, 64, 67; market-mediated funded systems and, 201; private markets and, 96; redistribution and, 16, 18, 32, 53, 64, 67; subsidies and, 18, 67; time-inconsistency and, 16, 31–35, 47, 56, 96, 191, 193; transfers and, 16, 47, 55, 191; voters and, 193; welfare and, 16, 18, 33, 48, 53, 193; younger generation and, 16, 18, 31, 33, 47–48, 56, 64, 67, 96, 193
pay-how-you-drive (PHYD), 3
pensions: credit-based insurance and, 64;
market-based systems and, 48, 54, 56, 199; transfers and, 6, 48, 57; unilateral approach and, 191; welfare and, 16, 18, 33, 48, 53, 193; younger generation and, 16, 18, 31, 33, 47–48, 56, 64, 67, 96, 193
pay-how-you-drive (PHYD), 3
pensions: credit-based insurance and, 64–65; credit markets and, 64–65, 114, 131n14, 135n20, 141; funded systems and, 7, 17, 33, 53, 55, 58, 64, 193, 201; historical perspective on, 51, 53–60, 64–65; information and, 64–65; market-mediated funded systems and, 201; PAYG and, 31 (see also pay-as-you-go (PAYG) systems); private markets and, 18, 36, 70, 82; taxes and, 19, 31
"piggy bank", 12, 24
Placebo outcomes, 126–127, 148, 156–157
"Politics of Medicaid, The: Most Americans Are Connected to the Program, Support Its Expansion, and Do Not View It as Stigmatizing" (Grogan and Park), 99
Ponzi schemes, 48
poor people: attitudinal gap and, 176; becoming, 7; cost of insurance and, 30; credit markets and, 115, 133–140, 196;
labor markets and, 160, 176; Medicaid and, 8, 10, 60, 68, 96–99, 193; Medicare and, 2, 7, 9, 17, 59–60, 96–99, 193; private markets and, 96, 98, 100; support of by rich people; 4; transfers and, 7–8, 55, 115, 200; welfare and, 68 (see also welfare)

Portugal, 90, 102, 147

Potential Years of Life Lost (PYLL), 86–87, 101–102, 104

poverty: credit markets and, 115; destitution, 45, 67; elderly and, 46–47; fear of, 7–8; historical perspective on, 46–47, 55, 67–68; insurance against, 7–9, 193; private markets and, 71, 96, 99; transfers and, 13

Precision Medicine Initiative, 81

preferences: bifurcation of, 30, 163; constrained, 9, 59, 199; divergence in, 192; first-best, 9, 95; formation of, 35–37; increased information and, 18–19, 35–37; labor markets and, 14, 66, 160, 163, 165–177; market feasibility and, 18–19, 35–37; mass, 18; middle class, 59, 196, 200; partisan, 12, 19, 59, 200; polarization of, 2, 9, 12, 14, 16, 20, 37, 39, 66–67, 163, 169, 172, 176, 184; policy, 11–12, 14, 19, 26, 37, 67, 172, 184; political, 160, 163–177, 184, 186; private markets and, 95, 96n24, 99; public spending and, 18, 37, 59, 95, 192; redistribution, 12, 16, 18, 21n4, 35, 172, 174, 200, 203; risk and, 2, 12, 14, 16, 18, 21, 26, 30, 35, 37, 39, 57, 59, 66–67, 160, 163–176, 184, 192, 199–200, 203; shaping, 19, 59, 66, 160, 200; uncertainty and, 16, 26, 66, 199; welfare and, 2, 9, 12, 18, 21, 30, 37, 39, 68, 203

prescription databases, 75, 77

Preston, Ian, 93

price discrimination, 38

price nondiscrimination, 39

privacy, 10, 26–29, 40–42, 63, 78, 94, 202 private markets: actuarial approach and, 72, 81, 83, 89, 99–100; adverse selection and, 72, 82n17, 83, 88; Big Data and, 13, 63, 191; democracy and, 13, 70, 73, 89, 100; education and, 84, 92–95, 96n24; elderly and, 18, 96–97; Germany and, 80, 89n23, 90, 91, 96n25, 102; health insurance and, 70–102, 104, 201; homeownership and, 93; inequality and, 70–71, 82, 92, 100; life expectancy and, 72, 83–87; life insurance and, 70–94, 100–102, 103–104; market failure and, 94; middle class and, 69, 71, 92, 97, 200; mortality and, 72, 75–76, 79, 81, 84, 86, 101–102; mortgages and, 198; opting out and, 25; partisanship and, 71, 92, 94, 97, 101–102, 103–104, 195; pay-as-you-go (PAYG) systems and, 96; pensions and, 18, 36, 70, 82; poor people and, 96, 98, 100; poverty and, 71, 96, 99; preferences and, 95, 96n24, 99; public system and, 71, 82, 91–97, 100; reform and, 89–92; regression analysis and, 83; regulation and, 19, 37–38, 70, 73, 80–81, 87–94, 97, 100, 102; risk and, 70–100; segmentation and, 2, 5, 8, 11, 13–14, 18, 40, 53, 58–59, 63, 67, 70, 89, 94, 165, 180, 196; social insurance and, 70, 96; subsidies and, 94; taxes and, 89, 92, 100; time-inconsistency and, 71, 89, 96–99; top-up plans and, 9, 89, 179, 182, 195; transfers and, 89n15, 81, 96; uncertainty and, 101; unemployment and, 4; United States and, 8, 18, 44, 51, 70, 74, 77–84, 89n23, 90, 91–99, 102–103, 195; voters and, 101; wealth and, 70, 97, 100; welfare and, 19, 37–38, 70; younger generation and, 84–86, 92, 96–97, 101

professional associations, 49, 66, 159, 161, 164, 179

Przeworski, Adam, 19

Prussia, 44

Prudential, 80

public spending, 29n13, 37, 68, 139, 145, 192, 199

public system: historical perspective on, 54, 57, 59, 63–64; information and, 8–9; labor markets and, 165, 177, 182–183; left’s support for, 19, 37–38; opting out and, 8–9, 15, 19, 24–25, 30, 37, 54, 57, 59, 64, 71, 89n23, 94–96; private markets and, 71, 82, 91–97, 100; taxes and, 9, 15, 19, 25, 31, 37, 39, 54, 60, 195, 200; theoretical model and, 15–20, 24–25, 28–30, 35, 37–40; top-up plans and, 9, 36, 89, 179–182, 193; uncertainty and, 8, 15–16, 30, 61, 67

Putnam, Robert, 203
Index

Qualcomm, 80
Rawls, John, 8, 15n1, 54, 67
recessions, 46, 189
reciprocity, 46, 203
Recovery Act, 76
redistribution: credit markets and, 109, 115, 124, 128, 144; division of insurance pools and, 5; historical perspective on, 46, 53, 58, 60, 64, 67; intergenerational, 32, 67; labor markets and, 172, 174–176, 183, 186–187; literature on, 21n4, 189; lump-sum benefits and, 36; market failure and, 6, 12, 67, 191, 200; pay-as-you-go (PAYG) systems, 16, 18, 32, 53, 64, 67; preferences and, 12, 16, 18, 21n4, 35, 172, 174, 200, 203; risk, 5, 17, 30, 38, 53, 58, 60, 172, 174–176, 183, 186–187, 197, 200; time-inconsistency and, 30; transfers and, 16, 30, 64, 109, 144, 188–189, 200; welfare and, 6, 12, 16, 18, 21, 36, 38, 53, 56, 58, 68, 115, 188, 191, 197, 203; younger generation and, 16, 30, 64
redlining, 11, 116, 202
reform, 201; credit markets and, 116–117, 120, 131–137, 140; Hartz IV, 14, 65, 131–137, 140, 198; historical perspective on, 65, 67; labor markets and, 165, 177–182, 198; private markets and, 89–92; regulation and, 14, 18, 63, 89, 117; Scottish Reformation, 44; unemployment, 14, 29, 63, 67, 131–137, 163, 177–182, 198; voters and, 18, 29
regression analysis: credit markets and, 125–126, 127, 130, 146, 147–158; discontinuity results and, 148; labor markets and, 166, 172, 173, 185–186; private markets and, 83
Reinfeldt, Fredrick, 92, 177
Republican Party, 94
retirement: adverse selection and, 45; Employee Retirement Income Security Act and, 50n2, 60–61; funded systems and, 16, 33, 45, 64, 96; individual retirement accounts (IRAs), 47, 64, 193; pensions and, 64–65 (see also pensions); Social Security, 47, 67
rich people: attitudinal gap and, 176; credit markets and, 133–137, 140, 196; democracy and, 2, 73, 183; education and, 9, 40, 60, 92, 95; health and, 2, 4, 8–9, 58, 60, 91, 95; self-insuring by, 12, 22; support of poor by, 4 risk: adverse selection and, 1–2, 4, 6, 13, 30, 34, 45–46, 49–50, 54, 65, 67, 72, 82, 112, 199, 202; Akerlof model and, 6, 12, 19, 23–25, 27, 29, 190, 196; argument synopsis on, 189–192; average, 16, 22–23, 24n7, 25n8, 28, 38, 54–55, 57, 59, 163n2; aversion to, 20, 22n6, 29n14, 36–37, 41–42, 54, 56; credit markets and, 105, 108–120, 128–146; default, 144–146 (see also default); discretionary income and, 100, 105, 108–115, 138, 196; distribution of, 5, 16–17, 29–30, 38, 53–60, 108, 112, 128n13, 132, 140, 183, 189, 191, 197–200; educational and, 7, 11, 17, 33, 40, 60, 66, 69, 84, 93, 115, 138, 141, 159, 161–162, 165, 174, 179, 183–184, 192, 197n3, 198; flat-rate benefits and, 144–146; historical perspective on, 44–69; inequality and, 2, 7, 12, 14, 19, 33, 59–61, 65, 82, 92, 100, 108, 111–114,
Index

Index

solidarity: COVID-19 pandemic and, 61; cross-class, 8, 14, 18, 203; emergence of, 53–58; fragmentation of, 58–67; information revolution and, 58–67, 71, 201; mutual aid societies (MASs) and, 46, 53–58; reciprocity and, 203; uncertainty and, 66, 160, 196; unemployment insurance and, 183, 192; welfare and, 8, 18, 40n21, 201, 203

Spain, 90, 102, 147

Stiglitz, Joseph, 19, 25

Stolle, Dietlind, 52

Study Watch, 62

subsidies: credit markets and, 109, 116, 118, 131n14, 138, 139, 144; historical perspective on, 54, 61, 67; homeownership, 131, 138–139, 197; labor markets and, 182, 185; pay-as-you-go (PAYG) systems and, 18, 67; private markets and, 94, 192; risk and, 1, 4, 11, 17–18, 23, 25, 28, 30, 54, 61, 67, 109, 116, 118, 185, 192, 197, 199; tax, 4, 37, 54, 199

supplementary health insurance, 88–94

Swaan, Abram de, 50–51

Sweden, 11, 38, 66, 90, 102; “Alliance for Sweden” campaign, 184; Bildt and, 11, 177; credit markets and, 107, 147; Democrats, 182–183; Ghent system and, 177, 179–180, 182, 184, 198; Job Pact and, 182; Law on Employment Protection and, 180; Left Party, 182; politics of private markets and, 180; Reinfieldt and, 92, 177; SAP government and, 182–183; unemployment insurance funds (UIFs) and, 180–184; unions and, 182

Swedish Confederation of Professional Associations (SACO), 179–180, 182

Swedish Confederation of Professional Employees (TCO), 180, 182

symmetric information, 20, 25–29, 39, 55, 82n17

taxes: coercive, 12; credit markets and, 114–115, 139, 144; credits, 9, 195, 199; deductions, 50, 92, 115, 199; flat-rate, 37, 114–115, 132, 144–146; historical perspective on, 47, 50, 54–56, 60, 63, 66; inequality and, 19, 60, 100, 188–189; labor markets and, 159, 177, 180, 181; mutual aid societies (MASs) and, 47; paying for social protection by, 4, 8, 15, 19, 23, 31, 198–200; pensions and, 19, 31; power to, 54, 191; preference formation and, 35–37; price nondiscrimination and, 39; private markets and, 89, 92, 100; public system and, 9, 15, 19, 25, 31, 37, 39, 54, 60, 195, 200; regulation and, 19, 50, 63, 115, 195, 199; subsidies and, 4, 37, 54, 199; transfers and, 8, 114–115, 144, 188–191, 200; voters and, 25, 31, 188–191
time-inconsistency: adverse selection and, 30, 34; asymmetric information and, 56, 190, 199; elderly and, 7, 16–18, 30–35, 47, 56, 89, 96, 193; historical perspective on, 45, 47–48, 54, 56; intergenerational bargains and, 47, 191, 193; market feasibility and, 16–18, 30–35; mutual aid societies (MASs) and, 6–7, 16, 45, 47–48, 54, 56, 199; overlapping generations models and, 32; pay-as-you-go (PAYG) systems and, 16, 31–35, 47, 56, 96, 191, 193; persistence of, 7; private markets and, 71, 89, 96–99; redistribution and, 30; risk and, 7, 30–35, 45, 47, 54, 56, 89, 96, 191, 199; theoretical model and, 30–35; voters and, 32, 191, 193, 199; younger generation and, 6–7, 16–18, 30–35, 47–48, 56, 96, 190, 194
top-up plans, 9, 36, 89, 179–182, 195

transfers: credit markets and, 109, 114–115, 144; democracy and, 16, 30, 67, 190; funded systems and, 7, 16, 47, 64, 96; intergenerational, 6–7, 13, 55, 56, 190; mutual aid societies (MASs), 6, 48, 57–58; pay-as-you-go (PAYG) systems, 16, 47, 55, 191; poor people and, 7–8, 55, 115, 200; poverty and, 13; private markets and, 80n15, 81, 96; redistribution and, 16, 30, 64, 109, 144, 188–189, 200; taxes and, 8, 114–115, 144, 188–191, 200; theoretical model and, 16, 20, 30, 47–48, 55, 56–57, 64–65, 67; younger generation and, 6–7, 13, 16, 30, 47–48, 56, 67, 96, 190

uncertainty: democracy and, 8; incomplete information and, 8, 66–67; industrialization and, 189; labor markets and, 160, 163n2; preferences and, 16, 26,
66, 199; private markets and, 101; public system and, 8, 15–16, 30, 61, 67; risk and, 8, 13, 16, 26, 30, 36, 56, 61, 66–67, 160, 163, 191, 196, 199; solidarity and, 66, 160, 196; voters and, 31, 61, 101, 163, 199; welfare and, 8, 13, 36, 56, 189, 191
underwriting: actuarial science and, 49; artificial intelligence (AI) and, 81–82; COVID-19 pandemic and, 74, 77; current practices of, 73–76; Department of Motor Vehicles and, 75; diagnostics and, 10, 27, 49, 62, 81, 83–88, 94, 100, 193; digitalization and, 76–79; electronic health records (EHRs) and, 76–79; health insurance and, 17, 92–94, 100; innovations in, 76–82; laboratories and, 81, 83, 87; Lexis Nexis Risk Classifier and, 76; life insurance and, 71, 73–82, 87–88, 103–101; Medical Information Bureau (MIB) and, 72n4, 75, 78–79; mortgages, 120–121, 207–208; prescription databases and, 75, 77; trackers and, 3–4, 29, 76, 79–81, 100, 191; unemployment insurance funds (UIFs) and, 180
unemployment benefits: during, 14, 65, 109, 131–133, 136n24, 137–138, 169–172, 173, 182–184, 185, 198, 200; credit markets and, 108–109, 131–138; disability and, 44, 139, 197; education and, 11, 60, 66, 159, 161–162, 165, 174, 179, 183–184, 192, 197n3, 198; Germany and, 14, 65, 165, 168–173, 185–186, 198; high levels of, 180, 182, 184; historical perspective on, 44, 46, 51, 55, 60, 65–67; homeownership and, 134–137; information and, 8–14; insurance for, 4, 11, 14, 34, 35, 46, 55, 65–67, 159–160, 163, 165, 177–184, 192, 198; lost income and, 109, 188; occupational unemployment rates (OURs), 174n0; private markets and, 4; reform and, 14, 29, 65, 67, 131–137, 165, 177–182, 198; risk and, 5, 8–11, 13–14, 18, 20, 26, 29, 35, 44, 46, 51, 60, 65–67, 108–109, 131–132, 136–138, 159–166, 169, 171–174, 177–180, 183–184, 188, 191–192, 197–198; theoretical model and, 16, 18, 20, 25, 26n10, 29–30, 35; United States and, 198 unemployment insurance funds (UIFs), 11, 14, 66, 177–184, 192, 198–199 unemployment protection, 46, 159, 164, 197n3 unions: fall of, 12, 188; historical perspective on, 58, 66; Job Pact and, 182; labor markets and, 159, 161, 164, 174, 177–184, 200; rise of, 12; Sweden and, 182; unemployment insurance funds (UIFs) and, 11, 14, 66, 177–184, 192, 198–199 UnitedHealth, 80 United Kingdom, 80, 90, 93, 147 United States: 401(k) plans, 33, 64; Bush and, 17; Clinton and, 116; credit markets and, 106–107, 109, 117, 121, 124, 131, 139–140; employer-based coverage, 58; Fair Housing Act and, 12; Fannie Mae, 65, 109, 116–117, 121; financial crisis of, 14; fraternal societies and, 47, 52; Freddie Mac, 65, 109, 116–117, 119–130, 140n25, 197; Great Depression, 30, 46, 117, 189; guaranty associations and, 33; healthcare costs in, 29n13, 62; health savings accounts (HSAs), 17, 195; individual retirement accounts (IRAs), 193; information revolution and, 58–60; labor markets and, 66; Medicaid, 8, 10, 60, 68, 96–99, 133; Medicare, 2, 7, 9, 17, 59–60, 96–99, 193; mutual aid societies (MASs) and, 44, 46, 49, 55; Obama and, 76, 81, 90; private markets and, 8, 18, 44, 51, 70, 74, 77–84, 89n23, 90, 91–99, 102–103, 195; Republican Party and, 94; self-insurance and, 11; Social Security, 47, 67; as stingy welfare state, 197; unemployment and, 198 universal public system, 18, 30, 91 University of Edinburgh, 45 urbanization, 6, 30, 51, 189 US Genetic Information Nondiscrimination Act (GINA), 38, 63, 93, 94 Verily Life Sciences, 62, 81 Vitality Health, 79–80 voluntary private health insurance (VPHI), 63, 89–93 voters: Comparative Study of Electoral Systems (CSES), 176; labor markets and, 163–164, 184; median, 25, 32, 64;
middle-class, 1; pay-as-you-go (PAYG) systems and, 193; private markets and, 101; reform and, 18, 29; risk and, 18, 25, 29, 61, 64, 163, 184, 188–191, 197n3, 199; self-interested, 29; taxes and, 25, 31, 188–191; time inconsistency and, 32, 191, 193, 199; uncertainty and, 31, 61, 101, 163, 199

wage protection, 159

Wallace, Robert, 45


Webster, Alexander, 45

welfare: Bismarckian, 52–53, 58, 67, 191, 199–201; credit markets and, 105, 108–115, 131–138, 140; democracy and, 8; destitution and, 45, 67; discretionary income and, 110–111; elderly and, 4, 7–8, 13–14, 18, 33, 53–54, 58, 105, 188, 193, 199; Golden Age of, 54; historical perspective on, 44–58, 68–69; homeownership and, 131–138; information and, 2–14; loans and, 110–111, 113–115, 131–138; middle class and, 6, 8, 13, 15, 54, 68–69, 193–195, 199; mutual aid societies (MASs) and, 6, 8, 10, 12–13, 15–16, 25, 48, 51–52, 54, 56; partisanship and, 12; pay-as-you-go (PAYG) systems and, 16, 18, 33, 48, 53, 193; preferences and, 2, 9, 12, 18, 21, 30, 37, 39, 68, 203; private markets and, 19, 37–38, 70; public system and, 19; redistribution and, 6, 12, 16, 18, 21, 36, 38, 53, 56, 58, 68, 115, 188, 191, 197, 203; regulation and, 37–38; risk and, 2, 6–30, 33, 36–39, 48, 51–58, 68–69, 105, 108–109, 115, 138, 140, 188, 191, 193, 197, 201, 203; role of, 188; segmentation and, 8, 18, 52–53, 188; solidarity and, 8, 18, 40n21, 201, 203; theoretical model and, 15–25, 30–33, 36–40; uncertainty and, 8, 13, 36, 38, 189, 191

Westcott, Edward Noyes, 108

Wiedemann, Andreas, 109

Wienk, Ron, 116n7

Willen, Paul, 120–121

World Health Organization (WHO), 86, 93

World War II era, 4, 30, 36, 51, 189