

Central University of Karnataka

School of Business Studies

Department of Economic Studies and Planning

SYLLABUS FOR MA IN ECONOMICS

As per New Choice Based Credit System 2016 August

SEMESTER II

Paper Code	Paper Title	Credits				Examination		Total Marks
		L	T	P	Total	IA	End Sem	
Core								
PCC-5	Microeconomics-II	3	1	-	4	40	60	100
PCC-6	Macroeconomics-II	3	1	-	4	40	60	100
PCC-7	Public Economics	3	1	-	4	40	60	100
PCC-8	Econometrics -I	3	-	1	4	40	60	100
Ability Enhancement Compulsory Course								
PAECC-2	Software Packages for Economics	1	-	2	3			
Ability Enhancement Elective Course								
PAEEC-2	Society and Economics	1	-	2	3	40	60	100
Generic Elective (other department students)								
PGE-2	Karnataka Economy	3	1	-	3	40	60	100
	Basic Econometrics	3	-	1				
	Health Economics	3	1	-				
Total Credits					25			

Note: CC-Discipline Specific Core; DSE-Discipline Specific Elective, GE-Generic Elective; AECC-Ability Enhancement Compulsory Course; SEC-Skill Enhancement Courses; L-Lecture; T-Tutorial; P-Practical; IA- Internal Assessment; End Sem – End semester written exam

MA II: PCC-5 : MICRO ECONOMICS-II (4 Credits)

Aim of the Course: This is to introduce the students to understand the theories of distribution with reference to rent, wages, interest and social welfare function. The course also aims to introduce students to general and partial equilibrium theories, welfare economics, and theories of risk and economics of information.

Unit I: Theory of Distribution

A General view functional v/s personal distribution - Neoclassical Approach - Marginal Productivity Theory – Clark - Marshall - Hicks version of Marginal productivity theory - Factor pricing in perfectly competitive markets - The demand and supply for labour and determination of factor price - Theory of distribution in imperfect product and factor markets - Elasticity of technical substitution - Technical progress and factor shares - Product exhaustion theorem - Determination of Rent, Wages, Interest and Profit - Alternative Macro-Theories of Distribution – Marx - Kalecki degree of monopoly and Kaldor theory.

Unit 2: General Equilibrium

Introduction partial equilibrium vis-à-vis general equilibrium approach - Exposition of basic concepts - An elementary general equilibrium model – the Robinson Crusoe Economy - Pure exchange economy - The Edgeworth boxes - Pareto optimality - Contract curve - Walras equilibrium - First and second fundamental theorem of welfare economics (graphical exposition) - The graphical treatment of 2x2x2 model.

Unit3: Welfare Economics

Growth of GNP as a welfare criterion - Bentham's criterion - Cardinality criterion - Pigouvian welfare economics - Pareto optimality conditions - Value judgment - Social welfare function - Compensation principle – imperfections - Market failure - Decreasing costs - Uncertainty and non-existent and incomplete markets - Theory of second best - Arrow's impossibility theorem - Maximisation of social welfare - Derivation of grand utility frontier - Determination of welfare maximizing state.

Unit 4: Economics of Uncertainty

Individual behaviours towards risk - Expected utility and uncertainty - Equivalence approaches - Risk and risk aversion - Sensitivity analysis - Gambling and insurance - Economics of insurance - Cost and risk - Risk pooling and risk spreading - Mean variance analysis and Portfolio selection- Optimal consumption under uncertainty - Competitive firm under uncertainty - Factor demand under price uncertainty.

Unit 5: Economics of Information

Economics of search - Different Models - Efficient market hypothesis - Stochastic models of inventory demand - Markets with asymmetric information - Incomplete Information - Search and transaction costs - Economics of information.

Compulsory Readings

R.S.Pindyck and D.Rubinfeld, (1995): Micro Economics, Prentice Hall of India, New Delhi.
John M Gowdy (2010): Microeconomic Theory: Old and New, Stanford University Press.

Other Reading List

David N.Hyman (1989): Modern Micro Economics Analysis and Applications.
Steven Landsburg (2010): Modern Micro Economic Theory: Price theory and Application.
Geoffrey Alexander Jehle, Philip J. Reny (2011): Advanced Micro Economic Theory.
Broadway R.W.andN.Bruce (1984) : Welfare Economics, Basil Blackwell, London.
Brofen Brenner, M: Income Distribution Theory, Macmillan, London. Latest Edition.

Dacosta, G.C (1980): Production Prices and Distribution, Tata McGraw Hill, New Delhi.
Diamond and Rothschild : Uncertainty in Economics, Academic Press, New York. Latest Edition.
Hirshelifer J and A. Glazer : Price Theory and Applications, Prentice Hall of India.Latest Edition.
Mishan.E.J : Welfare Economics: An assessment, North Holland., Amsterdam. Latest Edition.
Qurk,J.and R Saponnik (1968): Introduction to General Equilibrium and Welfare Economics,
McGraw Hill, New York.
Sen,Anindya (2009): Micro Economics: Theory and Applications, Oxford University.
PressNewDelhi.Weintrub.E.R. (2008): General Equilibrium Theory, McMillan, London.

MA II: PCC-6 : MACRO ECONOMICS - II (4 credits)

Aim of the Course: The aim of this course is to familiarize the students with the basic concepts and theories in macro economics. The objective is to enhance student's ability to understand and interpret the behaviour of the aggregate variables at global and national level.

Unit1: National Income and Accounts

Concepts of National Income - Measurement difficulties - Circular flow of income in two, three and four sector economy - Different forms of National Income Accounting - Social Accounting - Input-Output Accounting - Flow of Funds Accounting and Balance of Payments Accounting - Importance of National Income Analysis.

Unit 2: The Classical Macro Economics

Basic assumptions of the classical school - Say's Law of Markets and Quantity Theory of Money - Classical full employment equilibrium - Savings, Investment and Rate of Interest - Wage-Price flexibility as a remedy for unemployment - Policy implications of the Classical Equilibrium Model - A Critique of the Classical Analysis of Output, Employment and Income.

Unit 3: The Keynesian System

Concept of Underemployment Equilibrium - Role of Aggregate Demand and Aggregate Supply Functions - Principle of Effective Demand.

Unit 4: Consumption Function

Keynes' Psychological Law of Consumption - Implication of the Law - Short-run and Long-run Consumption Function – Determinants - Empirical Evidence on Consumption - Theories of Consumption Function – Absolute Income; Relative Income; Life Cycle and Permanent Income Hypotheses.

Unit 5: Investment Function

Investment Function- Determinants - Marginal Efficiency of Capital - Rate of Interest - Lags in Investment - the Keynesian Model with the Inclusion of Government and Foreign Trade - Theory of Multiplier – Importance- Leakages - Multiplier in UDCs - Principle of Acceleration - Accelerator and Investment – Behaviour - Impact of Inflation - Influence of Policy Measures on Investment -Empirical Evidence.

Compulsory Readings

Bhaduri, Amit (2000): Macroeconomics (Revised Indian Edition): The Dynamics of Commodity Production, MC Millan.

Gregory Mankiw. N (2007): Principles of Macroeconomics, Publisher: South Western

Snowdon, Brian and Howard R Vane (2005): Modern Macroeconomics: Its Origin, Development and Current State, Edward Elgar.

Other Reading List

Ackley G. (1978): Macro Economics: Theory and Policy, McMillan, New York.

Blackhouse, R and A. Salansi (Eds) (2000): Macro Economics and the Real World, OUP, London.

Branson, W.A. (1989): Macro Economic Theory and Policy, Harper and Row, New York.

Edward Shapiro (1996): Macro Economic Analysis, Galgotia Publications, New Delhi.

Frisch, H. (1983): Theories of Inflation CUP, Cambridge.

Gordon,R.and Harris S.G. (1998): Macro Economics, Addison Wesley.

Hudson, J. (1982): Inflation: A Theoretical Survey and Synthesis, George Allen and Unwin, London.

Hall.R.E. andJ.B.Taylor. (1986): Macro Economics, W Norton, New York.

Jha.R. (1999): Contemporary Macro Economic Theory and Policy, New Age International, New Delhi.

Laidler, D.F.W. (1977): Demand for Money: Theory and Evidence, Dum-Don Valley, New York.

Lucas,R. (1981): Studies in Business Cycle Theory, MIT Press, Cambridge.
Reddy.Y.V. (2000): A Review of Monetary and Financial Sector Reforms in India, UBSPD, New Delhi.
Romer, D.L. (1996): Advanced Macro Economics, McGraw Hill, New York.
Sheffrin, S.M. (1996): Rational Expectations, CUP, Cambridge.
Taylor.K. (1983): Structuralist Macro Economics, Basic Books, New Longman.
Turnovsky, S.J. (1977): Macro Economic Analysis and Stabilization Policy, CUP, Cambridge.

MA II: PCC-7 : PUBLIC ECONOMICS (4 credits)

Aims of the Course: This paper basically tries to present the different functions of government in the process of development in the light of market failure. It also tries to bring in the theories that would enable the policy makers to rectify the existing public income and expenditure policies.

Unit 1: Introduction

Definition and Scope of Public Economics - Public good, private good and merit good – Externalities - Role of Government in Public Economics: Allocation, Consumption and Distribution Functions - Role of Governments in different forms of economies (Capitalist and Mixed) - Market failure – Imperfections - Samuelson's theory of public goods.

Unit 2: Public Choice or Public Interest

Theories of Public Choice - Bentham's Utilitarianism – Dalton's Maximum Social Advantage (MDA) - Pareto criterion - Gross National Happiness - Social welfare function - Public and private mechanism for allocating resources - Problems for allocating resources - Problems of preference revelation and aggregation of preferences – Voting systems - Arrow's impossibility theorem.

Unit 3: Public Expenditure

Role of Public Expenditure in developing countries - Expenditure on revenue account and capital account - Progressive and regressive public expenditure law - Peacock - Wiseman Hypothesis - Pure theory of public expenditure – Structure and growth of public expenditure in India - Thomas Leviathan thesis - Criteria for public investment - Social cost – benefit analysis - Causes for fluctuations in public expenditure and effects on economy - Project evaluation – Reforms in expenditure budgeting - Programme budgeting - Zero base budgeting.

Unit 4: Taxation and Public Debt

Canons of Taxation - Theory of incidence - Different concepts of incidence and effects of taxation – Allocative and equity aspects of individual taxes – Theory of optimal taxation – Classical view of Public debt - Compensatory aspect of debt policy - Burden of public debt - Sources of public debt, Kinds of debt - Debt through created money - Public borrowing and price level - Effects of debt on economy - Crowding out of private investment and other activity - Principles of debt management.

Unit 5: Fiscal Federalism and Fiscal Policy

Principles of multi – unit finance - Fiscal federalism in India - Vertical and horizontal imbalance - Assignment of function and sources of revenue, constitutional provisions - Finance commission and Planning commission - Devolution of resources and grants – Centre-state financial relations in India - Objectives of fiscal policy – full employment, price stability, economic growth, re-distribution of income and wealth - Interdependence of fiscal and monetary policies – Budgetary deficits and its implications.

Compulsory Readings

Richard A Musgrave and Peggy B. Musgrave (2004): Public Finance in Theory and Practice, Tata Mc Graw Hill, New Delhi.

Other Reading List

Atkinson, A and Stiglitz, J (1980): Lectures in Public Economics, London: Mc Graw Hill, New Delhi.
Cullis, J. and P. Jones (1998): Public Finance and Public Choice, (second edition), Oxford University Press.
Government of India: Ministry of Finance, Budget Documents, various years.
Government of India: Central Statistical Organisation (CSO), National Account Statistics, Various years.
Helpman E, A. Razin and Sadka E (1998): Economic Effects of the Government Budget, Cambridge, Mass: MIT.
Jha, Raghavendra (1999): Modern Public Economics, London and New York: Routledge.
Laffont, Jean-Jacques (1994): Fundamentals of Public Economics, Cambridge, Mass: MIT Press.
Myles, Gareth D. (1995): Public Economics, Cambridge University Press.
Rosen Harvey S. (1995): Public finance (4th edition), Chicago.
Stiglitz J.E. (1998): Public Sector Economics, W. W. Norton and Company.
Thompson, F. And M.T.Green (1998): Handbook of Public Finance, New York: Marcel Dekker.

World Bank (1996): From Plan to Market, World Development Report, Washington DC: The World Bank.

World Bank (1999): Knowledge for Development, World Development Report, Washington DC: The World Bank.

MA II: PCC-8 : ECONOMETRICS-I (4 credits)

Aims of the Course: It is designed by the basic objective of endowing students with the theoretical knowledge of basic econometrics tools that are generally used by social scientists and researchers in analysing socio-economic phenomenon.

Skill Imparted: Students get familiarity with the simple and multiple regression models and learn the skills for formulating and developing econometric model for application on real economic situations.

UNIT1: Introduction to Econometrics

Definition and Objective of Econometrics - Methodology of Econometrics - Structure of Economic Data - Causality and Notion of ceteris-paribus in econometric analysis.

UNIT 2: The Simple Linear Regression Model

Concept of Regression – Estimation - Ordinary Least Square Method - Assumptions of OLS - Properties of OLS estimator - Gauss-Markov Theorem - Hypothesis Testing - Normality assumption for error term - t-test for individual regression coefficient - Analysis of Variance – Prediction - Mean and individual prediction.

UNIT 3: Multiple Linear Regression Model

Estimation - Assumptions and Properties - Analysis of Variance - R-squared - Hypothesis Testing - Individual and overall model significance - t and F test.

UNIT 4: Relaxing Assumptions of Classical Regression

Heteroscedasticity - Meaning and consequences for OLS estimator - Tests for heteroscedasticity - Remedial measures – Multicollinearity - Meaning and Consequences for OLS estimator - Tests for multicollinearity - Remedial measures – Autocorrelation - Meaning and consequences for OLS estimator - Tests for autocorrelation - Remedial measures - Specification errors.

UNIT 5: Special Problems in Single Equation Model

Dummy variables regression models - Log linear and semi-log models.

Compulsory Reading

Gujarati, D.N. and S Sangeetha (2007): Basic Econometrics, Fourth Edition, McGraw-Hill.

Other Reading List

Johnston, J. and J. Dinardo, Econometric Methods, Fourth Edition, McGraw-Hill, Latest Edition.

Stewart, J. and L. Gill : Econometrics, Second Edition, Prentice Hall, 1998.

Wooldridge, J.M. (2000): Introductory Econometrics: A Modern Approach, South Western College Publications.

MA II: PAECC-2 : SOFTWARE PACKAGES FOR ECONOMICS (3 credits)

Aim of the Course: Is to introduce to the software packages for data analysis and it is also recommended that students have minimum working knowledge of MS Office.

Unit1: An overview of SPSS for windows:

Advantages of SPSS- Importance of SPSS windows process –Creating and Editing Data file- Exporting and Importing Data- Managing Data- Graphs-Charts- Diagrams- Frequencies- Descriptive of Statistics- Measures of Central Tendency, Variability, and Deviation from normality.

Unit 2: Application to Economic Analysis -I

Bivariate Correlation; Simple and Partial Correlation; Simple linear Regression- Estimation, hypothesis testing and inference; ANOVA ; testing for problems in Econometrics.

Unit 3: Application to Economic Analysis -II

Multiple regression analysis- Estimation, hypothesis testing, testing for econometric problems and inference

Compulsory Reading

Ajai.S Gaur & Sanjaya S Gour, “ Statistical Methods for practice”, Sage Publications, New Delhi

Other Reading List

Andy Field, “ Discovering Statistics using SPSS”, Sage Publications, New Delhi

Joseph.F. Hair, Rolph E Andredrason Ronald L. Tathm & William C. Black, “ Multi Variate Analysis”, Pearson Education, New Delhi

MA II: PAEEC-2 : SOCIETY AND ECONOMICS (3 credits)

Aim of the course: Primary motive of this paper is to enrich the students with latent insights that intertwined with economic welfare and societal and cultural issues.

Unit1 : Historical perspectives

Evolution of social formation and Emergence of Nation States. Impact of clergy class on society. Colonialism and Imperialism.

Unit 2 : Philosophy of Economics

Emergence of socio economic theories and ideologies. Tussle between Material and Mental welfare. Growth and Development. Science and orthodoxy.

Unit 3 : Political structure and Welfare

Nature of State and Form of Government. Hereditary Politics and Corruption. Left and Right wing extremism and impact on welfare. Media and society – impact on development. Development and participation.

Unit 4: Social stigmatisation and Distribution of Resources

Religion – Caste and social Hierarchy – Distribution of resources. Access to land – Poverty. Cultural Hegemony and identity movements. Gender disparities.

Unit 5: Challenges to development in India

Role of academia in society/welfare. Political climate and LPG Policies - impact on Indian welfare: environmental issues and food security.

Compulsory Readings

‘An uncertain glory: India and its contradictions’ Amartya Sen

‘On Ethics and Economics’ by Prof. Amarta Sen

Other Reading List

‘Idea of Justice’ by Amartya Sen

‘Economic History of India’ by Tirathankar Roy

‘The Indian Ideology’ by Perry Anderson

Development as freedom’ amartya sen

‘Argumentative India’ Amartya sen

Blocked by Caste’ By Prof. Sukhadeo Thorat

‘Broken Republic – three essays’ Arundati Roy

‘Capitalism a ghost story’ by Arundati Roy

Persistence of caste’ by Prof. Anand Teltumbde

MA II: PGE-2: KARNATAKA ECONOMY (3 credits)

Aim of the Course: The basic objective of the course is to introduce students to the basic features of Karnataka economy and thereby enhance their analytical and critical ability to understand the dynamics of a regional economy.

Unit 1: Basic Structure of Karnataka economy

Basic features – Geography - Composition and growth trends in population - Human Development - Crude birth rates - Crude death rates - Human Development Index - State income or Net state domestic product - Sectoral share - Occupational structure - Sources of growth.

Unit2: Agriculture, Industry and Infrastructure

Role of Agriculture - Land use pattern - Cropping pattern - Land reforms - Agrarian crisis - Public distribution system - Industrial growth and structure -Small scale and cottage industries - Research and development in small scale industries – Infrastructure.

Unit3: Education and Health

Education - Literacy rate - Access and enrolment – Retention - Dropout rate - Causes and consequences - Educational infrastructure - Gender dimension of education – Policies – Demography – Health - Infant and child mortality - Causes and consequences - Health infrastructure - Nutritional status - Gender dimension of health – Policies.

Unit4: Poverty, Inequality and Local governance

Poverty - Employment – Work participation rates - Income deprivation - Inequality- Gini co-efficient - Panchayat raj institutions - Customary village councils - Decentralized planning - Human development and fiscal devolution.

Unit 5: Regional Disparities

Extent of regional disparities within Karnataka in growth rates - Human development indicators – Agriculture – Industry – Infrastructure - Literacy rate – Enrolment - Educational infrastructure - Health indicators - Health infrastructure - Incidence of poverty - High Power Committee for readdressal of regional imbalances.

Compulsory Reading List

Nanjundappa Committee Report: High Power Committee for Readdressal of Regional Imbalances.
Human Development Reports, Karnataka, Various years.

Reading List

VM Rao: Growth in the Context of Underdevelopment – Case of Dry Land Agriculture, EPW, 26 (13), March 1991.

Scarlett Epstein: South India – Yesterday, Today and Tomorrow, Delhi: Macmillan, 1978.

S Rajendran: Drought in Karnataka – Need for Long term Perspective, *Economic and Political Weekly*, 36 (36), September 2001, pp.3423-26.

M N Srinivas and M N Panini: Politics and Society in Karnataka, EPW 19 (2) January 1984, pp.69-75.

M V Nadakarni and RS Deshpandey: Agricultural Growth, Instability and Rainfall: A Case of Karnataka, *Economic and Political Weekly*, 17 (52), December 1982, pp.A127-A134.

Abdul Aziz and Sudhir Krishna: Land Reforms in India – Vol.4 – Karnataka – Promises Kept and Missed, New Delhi: Sage Publications, 1984.

Chandrashekar Damle: Land Reforms Legislations in Karnataka- Myth of Success, *Economic and Political Weekly*, 24 (33), August 1989, pp.1896-1906.

Government of Karnataka: Human Development Report, Bangalore: Dept. of Planning and Statistics, 1999 and 2005.

Kadekodi, Gopal et al.: Governance and the Karnataka Model of Development, *Economic and Political Weekly*, February 2007.

Sen, Gita, Aditi Aiyer and Asha George: Systematic Hierarchies and Systematic Failures: Gender and Health Inequalities in Koppal district, *Economic and Political Weekly*, February, 2007.

Ananthpur, Kripa: Dynamics of Local Governance in Karnataka, *Economic and Political Weekly*, February, 2007.

Thimmaiah G and Abdul Aziz: The Political economy of Land Reforms in Karnataka, A South Indian State, *Asian Survey*, 23 (7), 1983, pp.810-29.

MA II: PGE-2: BASIC ECONOMETIRCS (3 credits)

Aims of the Course: It is designed by the basic objective of endowing students with the theoretical knowledge of basic econometrics tools that are generally used by social scientists and researchers in analysing socio-economic phenomenon.

Skill Imparted: Students get familiarity with the simple and multiple regression models and learn the skills for formulating and developing econometric model for application on real economic situations.

UNIT1: Introduction to Econometrics

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UNIT 2: The Simple Linear Regression Model

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UNIT 3: Multiple Linear Regression Model

Estimation - Assumptions and Properties - Analysis of Variance - R-squared - Hypothesis Testing - Individual and overall model significance - t and F test.

UNIT 4: Relaxing Assumptions of Classical Regression

Heteroscedasticity - Meaning and consequences for OLS estimator - Tests for heteroscedasticity - Remedial measures – Multicollinearity - Meaning and Consequences for OLS estimator - Tests for multicollinearity - Remedial measures – Autocorrelation - Meaning and consequences for OLS estimator - Tests for autocorrelation - Remedial measures - Specification errors.

Compulsory Reading

Gujarati, D.N. and S Sangeetha (2007): Basic Econometrics, Fourth Edition, McGraw-Hill.

Other Reading List

Johnston, J. and J. Dinardo, Econometric Methods, Fourth Edition, McGraw-Hill, Latest Edition.

Stewart, J. and L. Gill : Econometrics, Second Edition, Prentice Hall, 1998.

Wooldridge, J.M. (2000): Introductory Econometrics: A Modern Approach, South Western College Publications.

Maddal, G. S (1992): Introduction to Econometrics : Macmillan publishing Company New York

Koutsoyiannis, A. (2001): Theory of Econometrics: Palgrave Macmillan; 2nd edition

MA II: PGE-2: HEALTH ECONOMICS (3credits)

Aims of the Course: It aims to enlighten the students with the basic tenets of health economics. It also tries to highlight the importance of health sector in the process of economic development.

Unit 1: Introduction to Health Economics

Role of health in welfare of economy and individual - Linkages between health, education, poverty and employment - Determinants and dimensions of health in India - Indicators of health.

Unit 2: Conceptual Framework and Implications

Health and Economic Development - Basic concepts of health – Nutrition – Malnutrition – Wasted-Stunted - Chronic energy deficiency - Dietary patterns – Anaemia – Hunger - Birth rate - Death rate - Fertility Rate - Infant Mortality Rate (IMR) - Maternal Mortality Rate (MMR) - Life expectancy.

Unit 3: Determinants of Health Sector

Public health infrastructure – Dimensions in India - Geographical atmosphere - Working conditions and food habits – Impact on health - Demand for health care – Health care accessibility – Private health sector and impact on economy - Government programmes in health sector.

Unit4: Health Expenditure

Public and private spending on health sector - Pricing of health care - Health insurance schemes: Organised sector and unorganised sector - WHO – user cost and health policy - Income and expenditure patterns on health in India.

Unit5: Health Sector in India

National health policies of India - Regional disparities in health sector - Variations in health sector - Across different social groups, age groups, religious groups and gender groups - Health statistics at aggregate and regional level.

Compulsory Reading

Deaton, Angus (2013). *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press

Other Reading List

Strauss, J and D, (1998): Health, Nutrition and Economic Development, *Journal of Economic Literature*, 36.

Cutler, D et al., (2006): The Determinants of Mortality, *The Journal of Economic Perspectives*, 20 (3).

Smith, J, (1999): Health Bodies and Thick wallets: The dual relation between Health and Economic Status, *The Journal of Economic Perspectives*, Vol.13 (2).

Acemogulu, D and S. Johnson (2007): Disease and Development: The effect of Life expectancy on Economic Growth, *Journal of Political Economy*, 115 (6).

Glewwe, P, (1999): Why does mother's schooling raise child health in developing countries? Evidence from Morocco, *Journal of Human Resources*, 34(1).

Berman, P (1995): Health sector reform in developing countries: Making health development sustainable, Boston: Harvard series on population and international health.

Frank R G, (2004): Behavioural Economics and Health Economics, NBER working paper 10881, October 2004.

Gertler, P, Gruber J, (2002): Insuring consumption against illness, *American Economic Review*, 92 (1).