



NEWSLETTER 2018-28

CALENDAR:

Departmental Seminar

Fabian Kindermann (University of Regensburg)
Rental Markets and Wealth Inequality in the Euro-Area

Monday, November 26
16:30–18:00
H26

IOS Seminar

Christopher Gerry (University of Oxford):
The impact of supplemental private health insurance on health-related behaviours and outcomes: new evidence from Russia

Tuesday, November 27
13:30–15:00
WiOS 109 (Landshuter Str. 4)

ABSTRACTS:**Departmental Seminar**

Fabian Kindermann:

(Joint work with Sebastian Kohls, Northwestern University)

Rental Markets and Wealth Inequality in the Euro-Area

Abstract: In this paper we argue that a country's level of wealth inequality can be viewed as a reflection of the quality of its rental market for housing. Using the ECB's Household Finance and Consumption Survey (HFCS), we document that the aggregate homeownership rate and various measures of wealth inequality are negatively correlated across EuroArea countries. Empirically, this relationship is driven by the fact that in countries with lower homeownership rates a larger fraction of households only hold very low amounts of wealth. We show that a simple wedge in the rental market can explain the qualitative features of the data using a general equilibrium life-cycle model of household investment and consumption. A larger wedge incentivizes households to save more at a young age in order to make a downpayment and buy a house. This leads not only to a higher homeownership rate but also overall fewer households with low wealth, decreasing cross-sectional wealth inequality. Quantitatively, our model explains around 80% of the variation in wealth inequality seen in the data, where rental market inefficiencies alone can explain around 50%. We show that the welfare losses associated with the rental market wedges identified by our model can be substantial.

IOS Seminar

Christopher Gerry:

The impact of supplemental private health insurance on health-related behaviours and outcomes: new evidence from Russia

Abstract: This paper contributes to the discussion around ex-post (increased utilisation of health care) and ex-ante (changes in health behaviours) moral hazard in voluntary, supplemental private health insurance. Applying a novel fixed effects ordered choice methodology on data from the Russian Longitudinal Monitoring Survey - Higher School of Economics we compare the impact of workplace provided and individually purchased supplemental health insurance on the utilisation of health care, on a range of health behaviours and on self-assessed health. We find compelling evidence of ex-post moral hazard that confirms a theoretical predication and empirical regularity found in other settings. In contrast to other empirical findings though, our data reveals evidence of ex-ante moral hazard demonstrated by clear behavioural differences between those with self-funded supplemental health insurance and those for whom the workplace finances the additional insurance. We find no evidence that either form of insurance is related to improved self-assessed health.

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