

## First paper topics

Please answer one of the following questions in three pages. Please turn in your answer to me by 10 am on Tuesday, September 22.

1. Both Menzel and Reinhardt note that we are paternalistic about health care: we fund health care rather than giving people resources that they can spend as they see fit. As Reinhardt puts it, “taxpayers would like poor families to use a select few basic commodities ... in adequate amounts, but specifically not to use tax-financed subsidies to purchase whatever goods and services the poor fancy (especially gin and Cadillacs)” (p. 979). Describe some of the questions that bear on whether our paternalistic treatment of health care makes sense.
2. Kenneth Arrow describes a system of what he calls “ideal insurance” in which “the payment to the physician is made in accordance with the degree of benefit” (p. 964). As Arrow notes, this system does not have the same problem with uncertainty as our own (p. 965). So why don't we have such a system? Could we have one?

