

## Essays on Economic Models of Welfare Stigma

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<https://doi.org/10.15017/2534373>

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出版情報 : Kyushu University, 2019, 博士 (経済学), 課程博士  
バージョン :  
権利関係 :

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論 文 名 : Essays on Economic Models of Welfare Stigma  
(福祉制度におけるスティグマの理論分析)

区 分 : 甲

### 論 文 内 容 の 要 旨

This thesis presents a collection of attempting to examine the relationship of the interaction between welfare stigma and household decision-making with respect to participating in welfare policy by analysing theoretical economic models from various views.

In the first chapter, I present the background, the motivation and the survey of the related literature. I explain standard labour supply model and previous researches on welfare stigma. Then, I suggest their limitations to explain actual states in the real world.

In the second chapter, I analyse the extended version of statistical discrimination stigma model. The model was developed by Besley and Coate (1992). There exist two types in the model: the needy type and the non-needy type. The needy type people cannot work even if they hope to do. On the other hand, the non-needy type people can work even if they want to do. Stigma cost is determined by the ratio of the non-needy type to the needy type in recipients. In particular, they assumed that stigma cost is a decreasing function with the ratio. Their results indicated the occurrence of welfare fraud. However, the needy type was assumed to take-up welfare regardless of level of stigma cost. In general, people like needy type are thought to be influenced by stigma in their decision-makings. Moreover, not taking-up welfare by needy type corresponds to 'ro-kyu' which means not taking-up welfare by eligible poor people. To solve these problems and limitations in previous research, I extend the statistical stigma model to endogenise the decision-making process for the needy type. As a result, multiple equilibrium can occur: one equilibrium is 'high stigma, serious ro-kyu and restrained welfare fraud' and the other is 'low stigma, restrained ro-kyu, serious welfare fraud'. Multiple equilibria are likely to occur when the needy type's elasticity of stigma sensitiveness to the ratio of the needy type to the non-needy type in the pool of recipients in welfare benefit. The comparative static analysis indicates that an increase in the benefit level is likely to reduce take-up of welfare benefits in needy types. I demonstrate this result through a simple equation, linking two types of elasticity for needy and non-needy types: the needy type's elasticity of stigma sensitiveness to the ratio between types in recipients and the non-needy type's elasticity of material utility to benefit level are sufficiently large.

The third chapter studies the stigma model of relative income. The model is similar to the taxpayer resentment model (Besley and Coate, 1992) in the point that non-recipients (workers, taxpayers or capitalists). The model differs from Besley and Coate (1992)'s taxpayer resentment

model in that the stigmatised can become the stigmatiser. Moreover, we use relative income mechanism to formulate stigma which is increasing function with average of the ratio of benefit level to each working wage. As a result, multiple equilibria can occur, high stigma and low stigma, contrary to the proportion of Besley and Coate (1992)'s model. It is because there exists feedback effect. In the comparative static analysis, the result indicates that the possibility that the number of recipients declines in case of a negative macroeconomic shock since there exists the negative indirect effect on recipients, which decreases in case of increase in stigma from increased resentment due to a shift of working income distribution.

The fourth chapter researches the aspiration enhancing role of the stigma created by low income and poverty. I discuss the possibility that this stigma gives children an incentive to seek an escape from poverty, and I investigate the mechanism of transmitting this stigma culture over generations. In some cases, increased income inequality immobilises family cultural capital, and social mobility is constrained.

The fifth chapter investigates the relationship between benefit level and the beneficiary ratio in minimum income guarantee program from the view of welfare stigma using theoretical analysis and empirical evidence. First, the theoretical study presents a simple stigma model to consider household decision-making regarding whether to work or take up welfare benefits. As a theoretical result, an equilibrium recipient ratio forms the inverse U-shaped curve with respect to benefit level when stigma cost is an increasing convex function with benefit level. On the other hand, an equilibrium recipient ratio appears to be the U-shaped function with benefit level when stigma cost is an increasing concave function with benefit level. Second, an empirical analysis is conducted using OECD panel data to examine which case of stigma is in keeping with the estimation result regarding the relationship between benefit level and beneficiary ratio. The empirical results are consistent with the case that stigma cost is convex function with respect to benefit level.

The final chapter concludes this thesis.