

7. OTHER CONSIDERATIONS

Some things that receivers of social insurance payments want have public-good aspects. A good example of this is social centers for the aged. These should, therefore, be provided free or subsidized.

An interesting argument for providing goods in kind as benefits of social insurance programs applies to the case of social insurance directed at children and dependent wives. Since husbands cannot always be counted on to act in the interest of the rest of their families, benefits provided in kind which cannot be sold are appropriate in these cases. School lunch and food stamp programs are obvious examples.

8. CONCLUSION

It is clear from the above discussion that there are a great many cases when the economist's rule that cash is best breaks down, even under his usual assumptions of nonpaternalism and consistent preferences. The reason for this is the fact of great and important imperfections in the insurance market.

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