Social Insurance

1. <u>A Problem Associated With Assymetice Information</u>

Social Insurance

Unemployment insurance insures against unemployment. It is unlikely to be privately provided because of

<u>A problem associated with assymetice information</u> selection and moral hazard. However, the governemtn can imrpove

in one regard. Through coercion it can avoid adverse selection. At the same time, though, government

intervention cannot eliminate moral hazard and can even exacerbate it.

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