

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Advances in the Economics of Aging

Volume Author/Editor: David A. Wise, editor

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-90302-8

Volume URL: <http://www.nber.org/books/wise96-1>

Conference Date: May 6-9, 1993

Publication Date: January 1996

Chapter Title: Front matter, "Advances in the Economics of Aging"

Chapter Author: David A. Wise

Chapter URL: <http://www.nber.org/chapters/c7314>

Chapter pages in book: (p. -12 - 0)



National
Bureau of
Economic
Research

Advances in the Economics of Aging

Edited by
David A. Wise

This Page Intentionally Left Blank

Advances in the Economics of Aging



A National Bureau
of Economic Research
Project Report

Advances in the Economics of Aging

Edited by

David A. Wise



The University of Chicago Press

Chicago and London

DAVID A. WISE is the John F. Stambaugh Professor of Political Economy at the John F. Kennedy School of Government, Harvard University, and director for Health and Retirement Programs at the National Bureau of Economic Research.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 1996 by the National Bureau of Economic Research
All rights reserved. Published 1996
Printed in the United States of America
05 04 03 02 01 00 99 98 97 96 1 2 3 4 5
ISBN: 0-226-90302-8 (cloth)

Library of Congress Cataloging-in-Publication Data

Advances in the economics of aging / edited by David A. Wise
p. cm.—(National Bureau of Economic Research project
report)

Includes bibliographical references and index.

1. Aged—United States—Economic conditions—Congresses.
 2. Old age—Economic aspects—United States—Congresses.
 3. Retirement—Economic aspects—United States—Congresses.
- I. Wise, David A. II. Series.

HQ1064.U5A6318 1996

305.26—dc20

95-53331

CIP

⊗ The paper used in this publication meets the minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI Z39.48-1984.

National Bureau of Economic Research

Officers

Paul W. McCracken, *chairman*

John H. Biggs, *vice-chairman*

Martin Feldstein, *president and chief executive officer*

Gerald A. Polansky, *treasurer*

Sam Parker, *director of finance and corporate secretary*

Susan Colligan, *assistant corporate secretary*

Deborah Mankiw, *assistant corporate secretary*

Directors at Large

Peter C. Aldrich

Elizabeth E. Bailey

John H. Biggs

Andrew Brimmer

Carl F. Christ

Don R. Conlan

Kathleen B. Cooper

Jean A. Crockett

George C. Eads

Martin Feldstein

George Hatsopoulos

Karen N. Horn

Lawrence R. Klein

Leo Melamed

Merton H. Miller

Michael H. Moskow

Robert T. Parry

Peter G. Peterson

Richard N. Rosett

Bert Seidman

Kathleen P. Utgoff

Donald S. Wasserman

Marina v. N. Whitman

John O. Wilson

Directors by University Appointment

George Akerlof, *California, Berkeley*

Jagdish Bhagwati, *Columbia*

William C. Brainard, *Yale*

Glen G. Cain, *Wisconsin*

Franklin Fisher, *Massachusetts Institute of Technology*

Saul H. Hymans, *Michigan*

Marjorie B. McElroy, *Duke*

Joel Mokyr, *Northwestern*

Andrew Postlewaite, *Pennsylvania*

Nathan Rosenberg, *Stanford*

Harold T. Shapiro, *Princeton*

Craig Swan, *Minnesota*

David B. Yoffie, *Harvard*

Arnold Zellner, *Chicago*

Directors by Appointment of Other Organizations

Marcel Boyer, *Canadian Economics Association*

Mark Drabentstott, *American Agricultural Economics Association*

William C. Dunkelberg, *National Association of Business Economists*

Richard A. Easterlin, *Economic History Association*

Gail D. Fosler, *The Conference Board*

A. Ronald Gallant, *American Statistical Association*

Robert S. Hamada, *American Finance Association*

Charles Lave, *American Economic Association*

Rudolph A. Oswald, *American Federation of Labor and Congress of Industrial Organizations*

Gerald A. Polansky, *American Institute of Certified Public Accountants*

Josh S. Weston, *Committee for Economic Development*

Directors Emeriti

Moses Abramovitz

George T. Conklin, Jr.

Thomas D. Flynn

Franklin A. Lindsay

Paul W. McCracken

Geoffrey H. Moore

James J. O'Leary

George B. Roberts

Eli Shapiro

William S. Vickrey

Relation of the Directors to the Work and Publications of the National Bureau of Economic Research

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.

2. The President of the National Bureau shall submit to the Board of Directors, or to its Executive Committee, for their formal adoption all specific proposals for research to be instituted.

3. No research report shall be published by the National Bureau until the President has sent each member of the Board a notice that a manuscript is recommended for publication and that in the President's opinion it is suitable for publication in accordance with the principles of the National Bureau. Such notification will include an abstract or summary of the manuscript's content and a response form for use by those Directors who desire a copy of the manuscript for review. Each manuscript shall contain a summary drawing attention to the nature and treatment of the problem studied, the character of the data and their utilization in the report, and the main conclusions reached.

4. For each manuscript so submitted, a special committee of the Directors (including Directors Emeriti) shall be appointed by majority agreement of the President and Vice Presidents (or by the Executive Committee in case of inability to decide on the part of the President and Vice Presidents), consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when notice of the proposed publication is submitted to him. It shall be the duty of each member of the special manuscript committee to read the manuscript. If each member of the manuscript committee signifies his approval within thirty days of the transmittal of the manuscript, the report may be published. If at the end of that period any member of the manuscript committee withholds his approval, the President shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty days additional shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board who shall have voted on the proposal within the time fixed for the receipt of votes shall have approved.

5. No manuscript may be published, though approved by each member of the special manuscript committee, until forty-five days have elapsed from the transmittal of the report in manuscript form. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general or the special committee have passed on its validity in every detail.

6. Publications of the National Bureau issued for informational purposes concerning the work of the Bureau and its staff, or issued to inform the public of activities of Bureau staff, and volumes issued as a result of various conferences involving the National Bureau shall contain a specific disclaimer noting that such publication has not passed through the normal review procedures required in this resolution. The Executive Committee of the Board is charged with review of all such publications from time to time to ensure that they do not take on the character of formal research reports of the National Bureau, requiring formal Board approval.

7. Unless otherwise determined by the Board or exempted by the terms of paragraph 6, a copy of this resolution shall be printed in each National Bureau publication.

(Resolution adopted October 25, 1926, as revised through September 30, 1974)

Contents

Preface	ix
Introduction	1
David A. Wise	
I. LABOR MARKET BEHAVIOR	
1. The Effect of Labor Market Rigidities on the Labor Force Behavior of Older Workers	11
Michael D. Hurd	
<i>Comment:</i> Angus S. Deaton	
2. Why Are Retirement Rates So High at Age 65?	61
Robin L. Lumsdaine, James H. Stock, and David A. Wise	
3. The Military Pension, Compensation, and Retirement of U.S. Air Force Pilots	83
John Ausink and David A. Wise	
<i>Comment on Chapters 2 and 3:</i> Robert J. Willis	
4. Health Insurance and Early Retirement: Evidence from the Availability of Continuation Coverage	115
Jonathan Gruber and Brigitte C. Madrian	
<i>Comment:</i> Richard J. Zeckhauser	

II. HEALTH CARE

- 5. Medicare Reimbursement and Hospital Cost Growth** 149
Mark B. McClellan
Comment: Thomas E. MaCurdy

III. HOUSING AND LIVING ARRANGEMENTS

- 6. Living Arrangements: Health and Wealth Effects** 193
Axel Börsch-Supan, Daniel L. McFadden, and Reinhold Schnabel
Comment: Steven F. Venti

IV. SAVING AND WEALTH

- 7. Do 401(k) Plans Replace Other Employer-Provided Pensions?** 219
Leslie E. Papke, Mitchell Petersen, and James M. Poterba
Comment: Richard Thaler
- 8. Is Housing Wealth a Sideshow?** 241
Jonathan S. Skinner
Comment: John B. Shoven

V. STYLIZED MODELS AND SIMULATIONS

- 9. Elderly Health, Housing, and Mobility** 275
Jonathan S. Feinstein
Comment: Daniel L. McFadden
- 10. Intergenerational Transfers, Aging, and Uncertainty** 321
David N. Weil
Comment: James M. Poterba
- Contributors 343
Author Index 345
Subject Index 349

Preface

This volume consists of papers presented at a conference held at Carefree, Arizona, in May 1993. It is part of the National Bureau of Economic Research's ongoing Project on the Economics of Aging. Most of the work reported here was sponsored by the U.S. Department of Health and Human Services, through National Institute on Aging grant numbers P01-AG05842, R37-AG08146, and T32-AG00186.

Any opinions expressed in this volume are those of the respective authors and do not necessarily reflect the views of the National Bureau of Economic Research or the sponsoring organization.

This Page Intentionally Left Blank