

This PDF is a selection from a published volume from the
National Bureau of Economic Research

Volume Title: Analyses in the Economics of Aging

Volume Author/Editor: David A. Wise, editor

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-90286-2

Volume URL: <http://www.nber.org/books/wise05-1>

Publication Date: August 2005

Title: Front matter, Analyses in the Economics of Aging

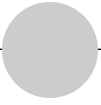
Author: David A. Wise

URL: <http://www.nber.org/chapters/c10354>

Analyses in the Economics of Aging



**A National Bureau
of Economic Research
Conference Report**



Analyses 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. He is also the Peter and Helen Bing Senior Fellow at the Hoover Institution and director of the NBER Program on Aging. Among the many titles he has edited in this area are the recent *Themes in the Economics of Aging* and *Perspectives on the Economics of Aging*.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 2005 by the National Bureau of Economic Research
All rights reserved. Published 2005
Printed in the United States of America
13 12 11 10 09 08 07 06 05 1 2 3 4 5
ISBN: 0-226-90286-2 (cloth)

Library of Congress Cataloging-in-Publication Data

Analyses in the economics of aging / edited by David Wise.

p. cm. — (NBER conference report)

Papers presented at a conference held in Carefree, Arizona, in May 2003.

Includes bibliographical references and index.

ISBN 0-226-90286-2 (cloth : alk. paper)

1. Aging—Economic aspects—Congresses. 2. Older people—Economic conditions—Congresses. 3. Older people—United States—Economic conditions—Congresses. 4. Retirement income—Congresses. 5. Older people—Medical care—Costs—Congresses. 6. Medicare—Congresses. I. Wise, David A. II. Series.

HQ1061 .A63 2005

305.26—dc22

2004062822

© 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 Z39.48-1992.

National Bureau of Economic Research

Officers

Michael H. Moskow, *chairman*
Elizabeth E. Bailey, *vice-chairman*
Martin Feldstein, *president and chief executive officer*
Susan Colligan, *vice president for administration and budget and corporate secretary*

Robert Mednick, *treasurer*
Kelly Horak, *controller and assistant corporate secretary*
Gerardine Johnson, *assistant corporate secretary*

Directors at Large

Peter C. Aldrich	Martin Feldstein	Michael H. Moskow
Elizabeth E. Bailey	Jacob A. Frenkel	Alicia H. Munnell
John H. Biggs	Judith M. Gueron	Rudolph A. Oswald
Andrew Brimmer	Robert S. Hamada	Robert T. Parry
John S. Clarkeson	George Hatsopoulos	Richard N. Rosett
Don R. Conlan	Karen N. Horn	Marina v. N. Whitman
George C. Eads	John Lipsky	Martin B. Zimmerman
Jessica P. Einhorn	Laurence H. Meyer	

Directors by University Appointment

George Akerlof, <i>California, Berkeley</i>	Marjorie B. McElroy, <i>Duke</i>
Jagdish Bhagwati, <i>Columbia</i>	Joel Mokyr, <i>Northwestern</i>
Ray C. Fair, <i>Yale</i>	Andrew Postlewaite, <i>Pennsylvania</i>
Michael J. Brennan, <i>California, Los Angeles</i>	Uwe E. Reinhardt, <i>Princeton</i>
Glen G. Cain, <i>Wisconsin</i>	Nathan Rosenberg, <i>Stanford</i>
Franklin Fisher, <i>Massachusetts Institute of Technology</i>	Craig Swan, <i>Minnesota</i>
Saul H. Hymans, <i>Michigan</i>	David B. Yoffie, <i>Harvard</i>
	Arnold Zellner, <i>Chicago</i>

Directors by Appointment of Other Organizations

Richard B. Berner, <i>National Association for Business Economics</i>	Angelo Melino, <i>Canadian Economics Association</i>
Gail D. Fosler, <i>The Conference Board</i>	Jeffrey M. Perloff, <i>American Agricultural Economics Association</i>
A. Ronald Gallant, <i>American Statistical Association</i>	John J. Siegfried, <i>American Economic Association</i>
Richard C. Green, <i>American Finance Association</i>	Josh S. Weston, <i>Committee for Economic Development</i>
Thea Lee, <i>American Federation of Labor and Congress of Industrial Organizations</i>	Gavin Wright, <i>Economic History Association</i>
Robert Mednick, <i>American Institute of Certified Public Accountants</i>	

Directors Emeriti

Carl F. Christ	Paul W. McCracken	Eli Shapiro
Lawrence R. Klein	Peter G. Peterson	
Franklin A. Lindsay	Bert Seidman	

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

1. The object of the NBER is to ascertain and present to the economics profession, and to the public more generally, important economic facts and their interpretation in a scientific manner without policy recommendations. The Board of Directors is charged with the responsibility of ensuring that the work of the NBER is carried on in strict conformity with this object.

2. The President shall establish an internal review process to ensure that book manuscripts proposed for publication DO NOT contain policy recommendations. This shall apply both to the proceedings of conferences and to manuscripts by a single author or by one or more co-authors but shall not apply to authors of comments at NBER conferences who are not NBER affiliates.

3. No book manuscript reporting research shall be published by the NBER until the President has sent to 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 above principles of the NBER. Such notification will include a table of contents and an abstract or summary of the manuscript's content, a list of contributors if applicable, and a response form for use by 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 and the main conclusions reached.

4. No volume shall be published until forty-five days have elapsed from the above notification of intention to publish it. During this period a copy shall be sent to any Director requesting it, and if any Director objects to publication on the grounds that the manuscript contains policy recommendations, the objection will be presented to the author(s) or editor(s). In case of dispute, all members of the Board shall be notified, and the President shall appoint an ad hoc committee of the Board to decide the matter; thirty days additional shall be granted for this purpose.

5. The President shall present annually to the Board a report describing the internal manuscript review process, any objections made by Directors before publication or by anyone after publication, any disputes about such matters, and how they were handled.

6. Publications of the NBER issued for informational purposes concerning the work of the Bureau, or issued to inform the public of the activities at the Bureau, including but not limited to the NBER Digest and Reporter, shall be consistent with the object stated in paragraph 1. They shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The Executive Committee of the Board is charged with the review of all such publications from time to time.

7. NBER working papers and manuscripts distributed on the Bureau's web site are not deemed to be publications for the purpose of this resolution, but they shall be consistent with the object stated in paragraph 1. Working papers shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The NBER's web site shall contain a similar disclaimer. The President shall establish an internal review process to ensure that the working papers and the web site do not contain policy recommendations, and shall report annually to the Board on this process and any concerns raised in connection with it.

8. Unless otherwise determined by the Board or exempted by the terms of paragraphs 6 and 7, a copy of this resolution shall be printed in each NBER publication as described in paragraph 2 above.

Contents

	Preface	ix
	Introduction	1
	David A. Wise	
1.	Utility Evaluation of Risk in Retirement Saving Accounts	13
	James M. Poterba, Joshua Rauh, Steven F. Venti, and David A. Wise	
	<i>Comment:</i> Robert J. Willis	
2.	Passive Decisions and Potent Defaults	59
	James J. Choi, David Laibson, Brigitte C. Madrian, and Andrew Metrick	
	<i>Comment:</i> Antonio Rangel	
3.	Characterizing the Experiences of High-Cost Users in Medicare	79
	Thomas MaCurdy and Jeff Geppert	
	<i>Comment:</i> Jonathan Skinner	
4.	The Efficiency of Medicare	129
	Jonathan Skinner, Elliott S. Fisher, and John E. Wennberg	
	<i>Comment:</i> Alan M. Garber	
5.	Intensive Medical Technology and the Reduction in Disability	161
	David M. Cutler	
	<i>Comment:</i> Alan M. Garber	

6.	Broken Down by Work and Sex: How Our Health Declines	185
	Anne Case and Angus Deaton	
	<i>Comment:</i> Daniel McFadden	
7.	Consequences and Predictors of New Health Events	213
	James P. Smith	
	<i>Comment:</i> David M. Cutler	
8.	Healthy, Wealthy, and Knowing Where to Live: Trajectories of Health, Wealth, and Living Arrangements among the Oldest Old	241
	Florian Heiss, Michael D. Hurd, and Axel Börsch-Supan	
	<i>Comment:</i> Steven F. Venti	
9.	Institutions and Saving for Retirement: Comparing the United States, Italy, and the Netherlands	281
	Arie Kapteyn and Constantijn Panis	
	<i>Comment:</i> Andrew A. Samwick	
10.	Household Saving in Germany: Results of the First SAVE Study	317
	Axel Börsch-Supan and Lothar Essig	
	<i>Comment:</i> Andrew A. Samwick	
11.	Caste, Culture, and the Status and Well-Being of Widows in India	357
	Robert Jensen	
	<i>Comment:</i> Esther Duflo	
12.	Individual Subjective Survival Curves	377
	Li Gan, Michael D. Hurd, and Daniel McFadden	
	<i>Comment:</i> Robert J. Willis	
	Contributors	413
	Author Index	417
	Subject Index	421

Preface

This volume consists of papers presented at a conference held in Carefree, Arizona, in May 2003. Most of the research was conducted as part of the program on the Economics of Aging at the National Bureau of Economic Research. The majority of the work was sponsored by the U.S. Department of Health and Human Services, through the National Institute on Aging grants P01-AG05842 and P30-AG12810 to the National Bureau of Economic Research. Any other funding sources are noted in the individual papers.

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 organizations.

