

## ECONOMICS NEWS WEEK ENDING 1.4.08

1. "Treasury Plans Social Security Debit Card," by Eleanor Laise (\_Wall St. Journal\_, January 4, 2008, P. A4). Note: Full Text of the Wall St. Journal is available, for a fee, at:

<http://www.wsj.com/>

Full Text is also available (usually on a one day delay) via the ProQuest Newspaper Library, for the Eastern Edition only. These articles are taken from the Midwest Edition. Do a "guided search" on article title words for the date of the article.

2. US DEPARTMENT OF LABOR, EMPLOYEE BENEFITS SECURITY ADMINISTRATION REPORT: "A Look At 401(k) Plan Fees," (January 2008, .pdf and HTML format, 19p.).

[http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html)

3. UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL REPORT: "First review and appraisal of the Madrid International Plan of Action on Ageing: preliminary assessment," (November 2007, .pdf format, 18p.). [http://www.un.org/ga/search/view\\_doc.asp?symbol=E/CN.5/2008/7](http://www.un.org/ga/search/view_doc.asp?symbol=E/CN.5/2008/7)

4. ASSOCIATION OF CONSULTING ACTUARIES [UK] REPORT: "2007 Review and Pension Trends Survey Report," (December 2007, .pdf format, 24p.).

[http://www.aca.org.uk/files/ACA\\_2007\\_Final\\_Survey\\_Report\\_\(included\\_in\\_Review\\_and\\_Report\)-30\\_December\\_2007-20071230142747.pdf](http://www.aca.org.uk/files/ACA_2007_Final_Survey_Report_(included_in_Review_and_Report)-30_December_2007-20071230142747.pdf)

5. URBAN INSTITUTE REPORT:

A. "The Impact of Late-Career Health and Employment Shocks on Social Security and Other Wealth," by Richard W. Johnson, Gordon Mermin, and Dan Murphy (Discussion Paper 07-07, November 2007, .pdf format, 35p.). <http://www.urban.org/url.cfm?ID=411591>

B. "Tax Considerations in a Universal Pension System (UPS)," by Adam Carasso and Jonathan Barry Forman (Discussion Paper No. 28, December 2007, .pdf format, 30p.).

<http://www.urban.org/url.cfm?ID=411593>

6. NATIONAL BUREAU OF ECONOMIC RESEARCH:

A. "Aging and Death under a Dollar a Day," by Abhijit V. Banerjee and Esther Duflo (w13683, December 2007, .pdf format, 43p.).

Abstract:

This paper uses household survey data from several developing countries to investigate whether the poor (defined as those living under \$1 or \$2 dollars a day at PPP) and the non poor have different mortality rates in old age. We construct a proxy measure of longevity, which is the probability that an adult's mother and father are alive. The non-poor's mothers are more likely to be alive than the poor's mothers. Using panel data set for Indonesia and Vietnam, we also find that older adults are significantly more likely to have died five years later if they are poor. The direction of causality is unclear: the poor may be poor because they are sick (and thus more likely to die), or they could die because they are poor. <http://papers.nber.org/papers/W13683>

B. "Net Worth and Housing Equity in Retirement," by Todd Sinai and Nicholas S. Souleles (w13693, December 2007, .pdf format, 40p.).

Abstract:

This paper documents the trends in the life-cycle profiles of net worth and housing equity between 1983 and 2004. The net worth of older households significantly increased during the housing boom of recent years. However, net worth grew by more than housing equity, in part because other assets also appreciated at the same time. Moreover, the younger elderly offset rising house prices by increasing their housing debt, and used some of the proceeds to invest in other assets. We also consider how much of their housing equity older households can actually tap, using reverse mortgages. This fraction is lower at younger ages, such that young retirees can consume less than half of their housing equity. These results imply that 'consumable' net worth is smaller than standard calculations of net worth. <http://papers.nber.org/papers/W13693>

7. URBAN INSTITUTE: "Tax Considerations in a Universal Pension System (UPS)," by Adam Carasso and Jonathan Barry Forman (Discussion Paper No. 28, December 2007, .pdf format, 30p.). <http://www.urban.org/url.cfm?ID=411593>

8. UK HOUSE OF COMMONS: "Pensions Bill [Bill 25 of 2007-08]," by Djuna Thurley (Research Paper 07/94, December 2007, .pdf format, 136p.). Note: There is no abstract for this paper. <http://www.parliament.uk/commons/lib/research/rp2007/rp07-094.pdf>

9. INSTITUTE FOR THE STUDY OF LABOR (IZA) [UNIVERSITY OF BONN, GERMANY]:

A. "Sweden's Pensioners: How They Have Fared in the Roller Coaster Ride through the Past Decade and a Half of Deep Recession and Economic Exuberance," by Björn Gustafsson, Mats Johansson, and Edward Palmer (Discussion Paper No. 3248, December 2007, .pdf format, 45p.).  
Abstract:

This study analyses the development of the economic well-being of the elderly in Sweden since 1990 - a period characterized by increased influence from the financial market and extreme economic events - using data from the Household Income Survey. The elderly were not isolated as pensions were cut, full indexation abandoned and taxes increased during Sweden's deep recession in the 1990s. Instead, relatively, pensioners fared better than the working age population. On the other hand, poverty increased in absolute terms. In contrast in the following years of rapid economic growth, the growth in the income of the pensioners fell behind that of workers and relative poverty increased. The analysis shows that the limited resources of many of the elderly put them close to a socially interesting poverty line. Income inequality among the elderly has increased with an increase in the importance of capital income for the better off among the elderly, with a clear tendency towards delineation between the better and worse off, which we conclude has implications for public expenditures for the elderly. Overall, poverty among the elderly in Sweden remains low in an international perspective and our analysis leads us to conclude that the Swedish welfare state has maintained its resilience. <http://ftp.iza.org/dp3248.pdf>

B. "Subjective Health Assessments and Active Labor Market Participation of Older Men: Evidence from a Semiparametric Binary Choice Model with Nonadditive Correlated Individual-Specific Effects," by Jürgen Maurer, Roger Klein, and Francis Vella (Discussion Paper No. 3257, December 2007, .pdf format, 30p.).  
Abstract:

We use panel data from the US Health and Retirement Study 1992-2002 to estimate the effect of self-assessed health limitations on active labor market participation of men around retirement age. Self-assessments of health and functioning typically introduce an endogeneity bias when studying the effects of health on labor market participation. This results from justification bias, reflecting an individual's tendency to provide answers which "justify" his labor market activity, and individual-specific heterogeneity in providing subjective evaluations. We address both concerns. We propose a

semiparametric binary choice procedure which incorporates potentially nonadditive correlated individual-specific effects. Our estimation strategy identifies and estimates the average partial effects of health and functioning on labor market participation. The results indicate that poor health and functioning play a major role in the labor market exit decisions of older men.

<http://ftp.iza.org/dp3257.pdf>

10. EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH: *\_Mainstreaming Ageing: Indicators To Monitor Sustainable Policies\_*, edited by Bernd Marin and Asghar Zaidi (*\_Public Policy and Social Welfare\_*, Vol. 32, 2007, ISBN 978-0-7546-7361-3, 864p.).

[http://www.euro.centre.org/detail.php?xml\\_id=1025](http://www.euro.centre.org/detail.php?xml_id=1025)