Perspectives on the Economics of Aging



A National Bureau of Economic Research Conference Report

Perspectives on 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 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 *Advances in the Economics of Aging*.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 2004 by the National Bureau of Economic Research
All rights reserved. Published 2004
Printed in the United States of America
13 12 11 10 09 08 07 06 05 04 1 2 3 4 5
ISBN: 0-226-90305-2 (cloth)

Chapter 11 is reprinted from *Journal of Econometrics*, vol. 112, Adams et al., "Healthy, Wealthy, and Wise? Tests for Direct Causal Paths between Health and Socioeconomic Status," pp. 3–56, 2003, with permission from Elsevier.

Library of Congress Cataloging-in-Publication Data

Perspectives on the economics of aging / edited by David A. Wise.

p. cm.—(A National Bureau of Economic Research Conference report)

Includes bibliographical references and index.

ISBN 0-226-38680-5 (cloth: alk. paper)

1. Aged—United States—Economic conditions. 2. Retirement— Economic aspects—United States. 3. Retirement income—United States. 4. 401(k) plans—United States. 5. Individual retirement accounts—United States. I. Wise, David A. II. Series

HQ1064.U5P467 2004 332.024'0084'60973—dc22

2004041253

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

Martin Feldstein Laurence H. Meyer

Directors by University Appointment

George Akerlof, California, Berkeley

Jagdish Bhagwati, Columbia

Michael J. Brennan, California, Los Angeles

Glen G. Cain, Wisconsin

Franklin Fisher, Massachusetts Institute

of Technology

Saul H. Hymans, Michigan Marjorie B. McElroy, Duke

Economics Association

Joel Mokyr, Northwestern

Andrew Postlewaite, Pennsylvania Uwe E. Reinhardt, Princeton Nathan Rosenberg, Stanford

Craig Swan, Minnesota David B. Yoffie, Harvard

Arnold Zellner, Chicago

Directors by Appointment of Other Organizations

Mark Drabenstott, American Agricultural

Gail D. Fosler, The Conference Board

A. Ronald Gallant, American Statistical Association

Richard C. Green, American Finance Association

Robert Mednick, American Institute of Certified Public Accountants

Angelo Melino, Canadian Economics Association

Richard D. Rippe, National Association for Business Economics

John J. Siegfried, American Economic Association

David A. Smith, American Federation of Labor and Congress of Industrial Organizations

Josh S. Weston, Committee for Economic Development

Gavin Wright, Economic History Association

Directors Emeriti

Franklin A. Lindsay

Carl F. Christ Paul W. McCracken Eli Shapiro Peter G. Peterson Lawrence R. Klein 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.