cost of social security in North America will rise significantly after the next twenty to thirty years. Although the programs in both countries are estimated to be adequately financed, the projected contribution rates and the estimated future paths of fund balances are quite different in each country. *Social Security Bulletin*, Vol. 52, No. 4 (April 1989), pp. 2-13.

Eliminating the Medicare Waiting Period for Social Security Disabled-Worker Beneficiaries, by Barry V. Bye (Social Security Administration) and Gerald F. Riley (Health Care Financing Administration).

Medicare eligibility for Disability Insurance beneficiaries begins no earlier than twenty-four months after entitlement to benefits. Using a unique file of longitudinal data, Medicare costs during the waiting period have been estimated for a cohort of beneficiaries first entitled to disability benefits in 1972. The estimates suggest that the ten-year cost to Medicare of this cohort would have increased by about 45 percent if the waiting period had been eliminated and if Medicare were the primary payer during that time. Thirty percent of the increase in expenses would have been for persons who died within two years of entitlement to disability benefits. *Social Security Bulletin*, Vol. 52, No. 5 (May 1989), pp. 2-15.

Institutional Barriers to Employment of Older Workers, by Diane E. Herz and Philip L. Rones (Bureau of Labor Statistics, U.S. Department of Labor).

This article discusses various institutional obstacles faced by older persons who might want to work. It discusses the impact of Social Security regulations and pension policies on work activity, the market for part-time jobs, and age discrimination. Anticipating a drop in the ratio of workers to retirees as the baby boomers become eligible for retirement, federal policy has been directed toward encouraging workers to extend their worklives. Social Security regulations have been altered to encourage later withdrawal from the labor force, and mandatory retirement has been prohibited - regardless of age. *Monthly Labor Review*, Vol. 112, No. 4 (April 1989), pp. 14-21. (Reprinted with permission of the *Journal of Economic Literature*).

Aggregate and Distributional Effects of Fair Social Security, by Edi Karni (The Johns Hopkins University) and Itzhak Zilcha (Tel Aviv University).

In an overlapping generations economy with production, endogenous labor supply, a bequest motive, and uncertain lifetime, we show that a fair, fully-funded social security program reduces the aggregate levels of output, employment, capital, and savings. We determine the necessary and sufficient conditions for this social security program to increase the inequality of the income distribution. The conclusions apply to the entire non-stationary, competitive, equilibrium path taken by the economy following the introduction of social security. *Journal of Public Economics*, Vol. 40, No. 1 (October

1989), pp. 37-56. (Reprinted with permission of North-Holland Publishing Company).

Social Security as Trade Among Living Generations, by Ingemar Hansson (Ministry of Finance, Stockholm, Sweden) and Charles Stuart (University of California, Santa Barbara).

We study Social Security legislated endogenously by altruistic, overlapping generations. Starting from a steady-state equilibrium without Social Security, both generations living in a period can gain from legislation that mandates transfers from young to old in that and all subsequent periods. The Social Security allocation is Pareto-optimal. Later living pairs of generations may lose, but do not amend the law. *The American Economic Review*, Vol. 79, No. 5 (December 1989), pp. 1182-95. (Reprinted with permission of *The American Economic Review*).

A Median Voter Model of Social Security, by Robin W. Boadway (Queen's University, Kingston, Ontario) and David Wildasin (Indiana University).

This paper presents a theoretical median voter analysis of the determination of the level of social security. The framework for the analysis is a continuous-time, overlapping-generations model with nonaltruistic households facing borrowing constraints in the capital market. A majority voting equilibrium is shown to exist in which the median voter is liquidity-constrained. The desired level of social security for each voter is a declining function of the preexisting level of social security. As a consequence, in a sequence of votes on social security beginning with a zero level, the program initially overshoots its steady state value. *International Economic Review*, Vol. 30, No. 2 (May 1989), pp. 302-28. (Reprinted with permission of the *Journal of Economic Literature*).

The Growth of Social Security: Electoral Push or Political Pull?, by Roger D. Congleton (George Mason University) and William F. Shugart, II (University of Mississippi).

The social security program has grown more than a thousand-fold since its inception. Even after the increased number of retired persons and inflation are accounted for, average real social security benefit levels more than tripled from the late 1940s to the early 1980s. What accounts for this growth? This paper finds that increased retirement benefit levels are generated by changes in the constraints faced by the median voter rather than by changes in the political power of special interest groups. The results suggest that the median voter has a finite planning horizon. *Economic Inquiry*, Vol. 28, No. 1 (January 1990), pp. 109-32. (Reprinted with permission of *Economic Inquiry*).