SOCIAL INSURANCE

Unemployment Insurance and Unemployment Dynamics, by Ross D. Milbourne (University of New South Wales), Douglas D. Purvis and W. David Scoones (Queen's University)

One of the puzzling features of the recent behaviour of the Canadian unemployment rate is its persistence in the presence of a sustained expansion in real national income. Neither deficient aggregate demand nor a once-for-all, supply-side induced increase in the natural rate provides a convincing explanation of this phenomenon. This paper presents a model which explains how aspects of unemployment insurance (UI) in Canada will cause persistence: unemployment will be highly serially correlated even if output is not. We document the increased persistence of the unemployment rate since 1977, and we show that the model accounts for much of this phenomenon. *Canadian Journal of Economics*, Vol. XXIV, No. 4 (November 1991), pp. 804-26. (Reprinted with permission of the *Canadian Journal of Economics*).

The Effects of Social Security in a Life Cycle Labor Supply Simulation Model, by Ben Craig (Indiana University) and Raymond G. Batina (Washington State University)

We simulate a number of social security provisions in an overlapping generations model of family labor supply. The program causes both men and women to shift labor toward the beginning of the life cycle, increases the family's ratio of retirement consumption to consumption when young, and lowers both wage rates but does not substantially alter the male-female wage ratio. The wealth effects of the program appear to dominate the incentive effects. Our exhaustive sensitivity analysis reveals that our results are robust to changes in several key labor supply parameters, the intertemporal male and female own wage elasticities, and the cross wage elasticity. *Journal of Public Economics*, Vol. 46, No. 2 (November 1991), pp. 199-226. (Reprinted with permission the North-Holland Publishing Company).

Equity and Efficiency Consequences of Unemployment Insurance Reform in Canada: The Importance of Sensitivity Analyses, by S. Phipps

This paper conducts an evaluation of the equity and efficiency consequences of proposals for the reform of the Canadian Unemployment Insurance program. The sensitivity of results to the measure of "welfare" chosen and to the model employed to simulate individual behavioral responses is illustrated. *Economica*, Vol. 58, No. 230 (May 1991), pp. 199-214. (Reprinted with permission of the *Journal of Economic Literature*).

Recent Trends in Insured and Uninsured Unemployment: Is There an Explanation?, by Rebecca M. Blank (Northwestern University) and David E. Card (Princeton University)