BOOK REVIEWS

Passing the Torch: The Influence of Economic Incentives on Work and Retirement, by Joseph F. Quinn, Richard V. Burkhauser, and Daniel A. Myers. (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research) 1990.

Reviewer: Norma L. Nielson, Professor of Insurance, Oregon State University.

This book summarizes and condenses research about various aspects of retirement into a single volume. The book provides a valuable review of the subset of literature in labor economics that deals with retirement and pension issues. It provides an historical review of research results and methodology that begins in the 1930s and continues through to 1990, highlighting important results and trends that can be particularly useful for researchers whose interests are not "pure" economics. For those individuals, this book can provide efficient direction to rigorous discussions on topics of interest.

A major theme of the book is how the public policy decisions that society has made in constructing our Social Security and employer pension systems affect work behavior throughout the life cycle–affecting not only decisions at retirement but labor mobility and other decisions at all stages in a career. The introductory chapter contains excellent charts and graphs showing retirement trends in the U.S. While these trends are often discussed, having them graphically depicted in a concise, well-documented format is indeed useful.

Chapter 2 reviews literature on the importance of Social Security and employer pensions to the labor supply decisions of older workers through the early 1980s. Chapter 3, continuing that review with the works of the later 1980s and into 1990, clearly shows the trend of results indicating the smaller importance of the roles of mandatory retirement rules and health status as economics research examined "what people do" rather than "what people say they do."

Chapter 4 reviews the literature on the effects of pensions on the patterns of wage compensation and on work behavior earlier in an individual's career. In this chapter they observe the relatively larger role played by defined benefit plans in work decisions. They opine that continued growth in defined contribution plans will diminish the importance of employment penalties late in life as well as other incentives built into the private pension system.

Chapters 5 and 6 document how a sample of older American workers actually chose to withdraw from their career jobs. The data and discussions about workers who do not completely and abruptly withdraw from the labor force, so-called "partial" or "phased" retirements, are especially valuabe since so much of the research on retirement has used a discrete definition of retirement. Because, as the authors state "very little empirical evidence exists on the influence of Social Security on these nontraditional job transitions," the book's contributions in this area are particularly notable. The authors' description of partial retirement finds interesting and diverse patterns and is particularly useful here, juxtaposed against these other research results.

Chapter 7, offering the authors' summary and conclusions, includes the following quote:

> . . . Our society has built programs with strong retirement incentives, and people have responded to them as economic theory and common sense would predict, . . . We are convinced that older Americans would respond to changed incentives in the future as they have in the past. What remains to be seen is whether the market–firms responding to labor shortages on the horizon–will introduce the appropriate changes themselves, or whether a more active government role is required.

Thus, these authors stop short of many other authors in the field of retirement. They do not explicitly call for the consistent, well-defined national pension policy that this nation lacks.

Unquestionably this book is an asset to retirement researchers. But no single book, including this one, has successfully captured all of the literature in this vast field. The authors state (p. 36) that they "review the research of selected authors," and the reader should carefully consider the list of authors who were and were not selected. Such researchers as Emily Andrews, Zvi Bodie, Michael Hurd, and Alicia Munnell, whose work is directed at many of the same research questions as the literature reviewed in this book, are missing. Those seeking a broader look at the literature might want to review several other recent collections of work on retirement, such as Bodie's *Pensions in the U.S. Economy* (University of Chicago Press, 1988), Ricardo-Campbell's *Issues in Contemporary Retirement* (Hoover Institution, 1988), Wachter's *Social Security and Private Pensions* (Lexington Books, 1988), and *Pensions and the U.S. Economy* (University of Pennsylvania Press, forthcoming 1992).