Unemployment Insurance and Employment, by D. R. Deere

This article examines the impact of unemployment insurance on the allocation of labor across industries. An overlooked aspect of unemployment insurance is the effect of imperfect experience rating on hiring. Firms in more stable industries generally pay more into the unemployment insurance system than their workers ever receive in benefits, thus subsidizing more volatile industries. The results indicate that industry employment shares are significantly affected by unemployment insurance and that there is a net shift of resources from the service industry to the construction industry. The estimates also imply that layoff unemployment is increased by about 5 percent because of unemployment-insurance-induced employment shifts. *Journal of Labor Economics*, Vol. 9, No. 4 (October 1991), pp. 307-24. (Reprinted with permission of the *Journal of Economic Literature*).

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EMPLOYEE BENEFIT ISSUES

Impact on Equity Prices of Pronouncements Related to Nonpension Postretirement Benefits, by Hassan Espahbodi (Western Illinois University), Elizabeth Strock and Hassan Tehranian (Boston College)

This study examines the impact on equity prices of nine pronouncements related to the proposed accounting for nonpension postretirement benefits. Compared to a control group, the experiment firms exhibit significant negative abnormal returns around the issuance of the Exposure Draft on nonpension postretirement benefits. The negative abnormal returns are most pronounced for firms with few retirees relative to current employees, firms with high debt ratios, small firms, and firms currently reporting these benefits on the pay-as-you-go basis. These results are consistent with the contracting cost hypotheses. *Journal of Accounting and Economics*, Vol. 14, No. 4 (December 1991), pp. 323-46. (Reprinted with permission of the North-Holland Publishing Company).

Implicit Distribution of Profit and Its Effects on Work Productivity, by P. Artus, E. Legendre, and P. Morin

This paper examines if it is in the best interest of firms to introduce profit sharing as an incentive for wage-earners to work harder. A theoretical model is developed and its results are compared with those of an empirical work, using a panel of 700 industrial firms. It seems that profit sharing has a significant, but somewhat limited, impact on work productivity. *Annales d'Économie et de Statistique*, No. 22 (April-June 1991), pp. 33-57. (Reprinted with permission of the *Journal of Economic Literature*).