SOCIAL INSURANCE

Substitution Between Unemployment Insurance and Workers' Compensation: An Analysis Applied to the Risk of Workplace Accidents, by Bernard Fortin (Université Laval, Québec, Canada) and Paul Lanoie (Ecole des Hautes Etudes Commerciales and CRDE, Montréal, Canada)

This paper extends the literature on post-injury duration of absence from work by developing a model that incorporates substitution between unemployment insurance benefits and workers' compensation. A theoretical analysis is presented in which the worker maximizes expected utility over four possible states of nature. The model is tested empirically using pooled cross-section and time-series data at the two-digit industry level. The main findings support the predictions of the model: an increase in workers' compensation benefits increases the average duration of accidents with an elasticity of 0.9-1.4, while an increase in unemployment insurance payments reduces the average duration of accidents with an elasticity of 0.5-0.7. *Journal of Public Economics*, December 1992, 49(3): 287-312. (Reprinted with permission of North-Holland Publishing Company.)

EMPLOYEE BENEFIT ISSUES

Managerial Vote Ownership and Shareholder Wealth: Evidence from Employee Stock Ownership Plans, by Saeyoung Chang (Arizona State University) and David Mayers (Ohio State University)

We examine employee stock ownership plan (ESOP) announcements to study the effects of an increase in managerial voting rights without a proportional increase in the ownership of cash flow claims. Our finding that when managers initially control few votes firm value increases with the fraction of shares contributed to the ESOP supports the view that managerial vote control serves shareholder interests. Conversely, the decrease in firm value with larger contributions to the ESOP when managers initially control many votes reflects a divergence of incentives that increases the agency problems between managers and outside shareholders. *Journal of Financial Economics*, August 1992, 32: 103-131. (Reprinted with permission of North-Holland Publishing Company.)

Finding the Optimal Allocation to a Health-Care Reimbursement Account, by Thomas S. Nunnikhoven (International Paper Company, Memphis, TN)

A health-care reimbursement account offers tax savings to eligible employees who are willing to face a risk of losses due to unused account balances. Finding the optimal allocation to such an account requires decision making in the face of uncertain future medical expense. The allocation which minimizes expected total cost (sum of medical expense, excess taxes and