than some measure of output; (2) bonuses and paybacks are based on individual rather than group performance; and (3) when the HMO operates as a proprietary (for-profit) organization. Utilization is not significantly affected by incentives placed on the hospital. Finally, physician ownership of the HMO was found to lead to higher levels of utilization. *Quarterly Review of Economics and Finance,* Autumn 1992, 32(3): 31-53. (Reprinted with permission of the *Quarterly Review of Economics and Finance.*)

Economic Disability and Health Determinants of the Hazard of Nursing Home Entry, by Alvin E. Headen, Jr. (North Carolina State University and Duke University)

A Cox proportional hazards model was used to estimate economic determinants of the conditional probability of first nursing home entry during a 34-month period for a panel of disabled older persons who resided in the community at the initial survey. Allowing for death that competes with first entry and end-of-survey censoring produced the following results. Wealth significantly reduces the hazard of nursing home entry. The price elasticity of the hazard of nursing home entry is estimated to be -0.7. Also, nursing home entry is positively related to the opportunity cost of informal caregiver time faced by the family. *The Journal of Human Resources,* Winter 1993, 28(1): 80-110. (Reprinted with permission of *The Journal of Human Resources.*)

SOCIAL INSURANCE

Social Security: Does the Wartime Dream Have to Become a Peacetime Nightmare? by Alec L. Parrott

This year sees the fiftieth anniversary of the Beveridge Report and the fortieth of ILO Convention No. 102, two landmarks in the history of social security. In the author's view both documents represented a genuine attempt to give effect to the wartime aim of social security for all, but since then a combination of circumstances has obscured both the clarity of the objective and the range of policy choices available to governments in pursuing it. Primary responsibility for the welfare of the individual and the family has passed from the individual to the State, and today whatever is spent on social security is regarded as public expenditure. It is time for a rethink of what social security really means, and how it can best be attained. *International Labour Review,* 1992, 131(3): 367-386. (Reprinted with permission of the *International Labour Review.*)

An Evaluation of Alternative Methods of Taxing Social Security Benefits, by P. J. Harmelink and J. F. Speyrer

This article examines the advantages and disadvantages of various proposals to tax Social Security benefits, including their impact upon representative taxpayers. For each taxpayer, the authors determine the present values of remaining lifetime tax liabilities under these alternative methods of taxation. After comparing the taxpayers' relative burdens under each proposal and describing necessary steps for implementation, the authors evaluate the effects of each approach according to four criteria: equity, administrability, economic incentives, and revenue neutrality. A cost recovery system, while increasing taxpayers' absolute burden somewhat, has some real strengths when compared with current treatment and the other proposals. *Journal of Post Keynesian Economics,* Fall 1992, 15(1): 3-30. (Reprinted with permission of the *Journal of Economic Literature.*)

The Effect of Social Security on Labor Supply: A Cohort Analysis of the Notch Generation, by A. B. Krueger and J. S. Pischke

This article uses aggregate birth year/calendar year level data derived from the Current Population Survey to estimate the effect of Social Security wealth on the labor supply of older men in the 1970s and 1980s. The analysis focuses on measuring the impact of the 1977 amendments to the Social Security Act, which created a substantial, unanticipated reduction in Social Security wealth for individuals born after 1916. This differential in benefits has become known as the benefit notch. Results indicate that labor supply continued to decline for the "notch babies" who received lower Social Security benefits than earlier cohorts. *Journal of Labor Economics,* October 1992, 10(4): 412-437. (Reprinted with permission of the *Journal of Economic Literature.*)

PENSIONS AND RETIREMENT

Corporate Pensions and Government Insurance: Déjà Vu All Over Again? by Peter A. Abken (Federal Reserve Bank of Atlanta)

Is federal government insurance of private pension plans, provided through the Pension Benefit Guaranty Corporation (PBGC), in danger of requiring bailout? This article focuses on private defined-benefit pensions that could wind up on the PBGC's balance sheet. The author gives an economic analysis of the agency's operations and the growing concern that taxpayer funds may be needed to fulfill its obligation as guarantor of private pension claims. The discussion points out similarities and differences between the problems with government pension insurance and the well-known problems with deposit insurance. *Economic Review,* March/April 1992, 77(2): 1-16.

The Market Response to Pension Plan Terminations, by H. Fred Mittelstaedt (University of Notre Dame) and Philip R. Regier (Arizona State University)

This study, which analyzes stock returns associated with the announcement to terminate overfunded defined-benefit pension plans, differs from prior research by considering both the role of the replacement plan and prior

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