hospital consultants and of an aging population are also considered. *Journal of Health Economics*, July 1993, 12(2): 171-186. (Reprinted with permission of the *Journal of Economic Literature*.)

The Effect of the Medicaid Home Care Benefit on Long-Term Care Choices of the Elderly, by Susan L. Ettner (Harvard Medical School)

This paper analyses the impact of Medicaid home care benefits on the probability of nursing home entry and the use of formal and informal home care by disabled elderly remaining in the community. Using data from the National Long-Term Care Survey, I find evidence that Medicaid home care subsidies reduced the probability of nursing home entry among at-risk elderly using formal home care. Among non-institutionalized persons, the subsidy increased the use of formal home care but led to substitution of informal with formal care for services that were non-medical in nature. *Economic Inquiry*, January 1994, 32(1): 103-127. (Reprinted with permission of *Economic Inquiry*.)

Employee Benefit Programs

The Effect of Employee Benefits on the Demand for Part-Time Workers, by M. Montgomery and J. Cosgrove

This paper uses the results of a unique survey of child-care centers in 1989 to examine the effect of fringe benefits on the demand for part-time teachers and teacher aides. An analysis that controls for wages and other establishment characteristics shows that, as the level of fringe benefit payments at the establishment rises, hours of work by part-time workers fall significantly relative to the hours worked by full-time teachers and teacher aides. Particularly influential are insurance payments (such as health and dental), which have an effect more than twice that of fringe benefits in general. *Industrial and Labor Relations Review*, October 1993, 47(1): 87-98. (Reprinted with permission of the *Journal of Economic Literature*.)

Employment-Based Health Insurance and Job Mobility: Is There Evidence of Job-Lock? by Brigitte C. Madrian (Harvard University)

This paper assesses the impact of employer-provided health insurance on job mobility by exploring the extent to which workers are "locked" into their jobs because preexisting conditions exclusions make it expensive for individuals with medical problems to relinquish their current health insurance. I estimate the degree of job-lock by comparing the difference in the turnover rates of those with high and low medical expenses for those with and without employer-provided health insurance. Using data from the 1987 National Medical Expenditure Survey, I estimate that job-lock reduces the voluntary turnover rate of those with employer-provided health insurance by 25 percent, from 16 percent to 12 percent per year. *Quarterly Journal of Economics*, February

1994, 109(1): 27-54. (Reprinted with permission of the *Quarterly Journal of Economics*.)

Employee Stock Ownership and Corporate Control: An Empirical Study, by Upinder S. Dhillon and Gabriel G. Ramirez (State University of New York-Binghamton)

This study reexamines the wealth and corporate control effects of employee stock ownership plans (ESOPs) and finds that the adoption of an ESOP is in general associated with positive wealth effects. However, the *Polaroid* court ruling significantly changed the market's perception by enhancing the antitakeover role of ESOPs. A significant negative market response is found only after the court ruling. Analysis of speculation and bid activity initiated after an ESOP adoption shows a significant decline in takeover-related activity following the court decision. Regression analysis corroborates this evidence. Consistent with Stulz [*Journal of Financial Economics*, 1988, 20: 22-54] and Harris and Raviv [*Journal of Financial Economics*, 1988, 20: 55-86], the results also suggest a non-monotonic relationship between firm value and managerial ownership. The results support the Scholes and Wolfson [*Financial Management*, 1990, 49: 12-28] hypothesis that ESOPs are not primarily implemented for tax advantages. *Journal of Banking and Finance*, January 1994, 18(1): 9-26. (Reprinted with permission of North-Holland Publishing Company.)

Pension Fund Accounting

Incentives and Disincentives for Financial Disclosure: Voluntary Disclosure of Defined Benefit Pension Plan Information by Canadian Firms, by Thomas William Scott (University of Alberta)

Understanding managers' incentives to disclose information voluntarily has been described as "the quintessential accounting problem" (Verrecchia 1990a, 245). In contrast to economic consequences (positive) theories, Leftwich (1990, 41) states that "there are few empirical investigations of the effect of an information role on accounting choice" and that "information economics has yet to yield a set of empirically testable propositions." This study addresses this empirical deficiency by testing hypotheses developed from two disclosure theories by examining Canadian firms' voluntary disclosure of defined benefit pension plan (DBPP) information.

First, Verrecchia's (1983) proprietary cost theory states that the incentive to disclose information is a decreasing function of the potential proprietary costs attached to a disclosure and an increasing function of the favorableness of the news in a disclosure. Second, Diamond (1985) explains firms' voluntary disclosures through information cost savings. He shows that if a firm commits to a policy of disclosing relevant information, it will preempt investors' private