how responsibilities can be divided between the public and the private sector? Lessons from history. *The Geneva Papers on Risk and Insurance: Issues and Practice*, July 1995, 20(76): 439–445. (Reprinted with permission of *The Geneva Papers on Risk and Insurance.)*

Social Insurance

Unemployment Insurance Take-up Rates in Canada: Facts, Determinants, and Implications, by Paul Storer (Université du Québec à Montréal) and Marc A. Van Audenrode (Université Laval)

This paper examines the curious group of unemployed persons who are eligible for unemployment insurance benefits but do not receive them. The characteristics of the group are illustrated and factors linked to the decision to take up benefits are identified. A measure is provided for the sensitivity of estimated unemployment insurance disincentive effects to the existence of eligible nonclaimants. The results of the paper suggest that detailed modeling of the decision to receive unemployment insurance benefits is needed if empirical work is to serve as a reliable guide for unemployment insurance policy reform. *Canadian Journal of Economics*, November 1995, 28(4a): 822–835. (Reprinted with permission of *Canadian Journal of Economics.)*

The Medicaid Notch, Labor Supply, and Welfare Participation: Evidence from Eligibility Expansions, by Aaron S. Yelowitz

I assess the impact of losing public health insurance on labor market decisions of women by examining a series of Medicaid eligibility expansions targeted toward young children. These targeted expansions severed the historical tie between AFDC and Medicaid eligibility. The reforms allowed a mother's earnings to increase without losing public health insurance for her young children. Increasing the income limit for Medicaid resulted in a decrease in AFDC participation and an increase in labor force participation among these women. The effects were large for ever married women and negligible for never married women. *The Quarterly Journal of Economics*, November 1995, 60(4): 909–940. (Reprinted with permission of *The Quarterly Journal of Economics*.)

Social Security and Endogenous Growth, by Jie Zhang (University of Windsor and University of Victoria)

This paper examines the effects of social security on the steady-state growth of per capita income in an endogenous growth model in which agents care about their own consumption, the number of children, and the welfare of each child. It shows that an unfunded program may simulate growth by reducing fertility and increasing the ratio of human capital investment per child to per family income when bequests are positive. Also, it may cause faster growth than funded programs, especially when receipts from funded programs are independent of contributions.

When voluntary saving is positive, funded social security is neutral if receipts are linked to contributions, and most likely depresses growth if receipts are independent of contributions. *Journal of Public Economics*, October 1995, 58(2): 185–213. (Reprinted with permission of North-Holland Publishing Company.)

GOVERNMENT INSURANCE PROGRAMS AND FINANCIAL RISK MANAGEMENT

Deposit Insurance and Bank Interest Rate Risk: Pricing and Regulatory Implications, by Jin-Chuan, Arthur F. Moreau, and C. W. Sealey (McGill University)

The linkage between the interest rate risk exposure of banks and the liabilities of a deposit insuring agency is not well understood. In this paper, a model is developed to evaluate the interest rate risk exposure of both deposit taking institutions and deposit insuring agents when bank equity has limited liability and interest rates are stochastic. Based on a sample of U.S. banks, empirical results are presented for the interest rate risk exposure of banks and its impact on the liabilities of the FDIC. *Journal of Banking & Finance*, September 1995, 19(6): 959–1134. (Reprinted with permission of the *Journal of Banking & Finance.*)

Forbearance, Deposit Insurance Pricing, and Incentive Compatible Bank Regulation, by S. Nagarajan and C. W. Sealey (McGill University)

This paper examines the incentive compatible role of regulatory forbearance policy in the context of optimal bank regulation under moral hazard. We show that, when a bank's asset portfolio returns have market risk, the regulator can influence the bank's choice of ex ante risk by delaying the closure decision of an insolvent bank. The optimal closure policy involves coordinating the closure decision with market-wide performance. Such a policy may significantly alleviate the bank's ex ante risk-shifting problem. Furthermore, even fixed-rate deposit insurance can be optimal when combined with a sound forbearance policy and a minimum capital standard. *Journal of Banking & Finance*, September 1995, 19(6): 1109–1130. (Reprinted with the permission of the *Journal of Banking & Finance.*)

PENSIONS AND RETIREMENT

Lifetime Income Redistribution by the Old-Age State Pension in The Netherlands, by Jan H. M. Nelissen (Tilburg University, The Netherlands)

This paper looks at how the Dutch General Old-Age Pensions Act impacts the distribution of equivalent lifetime income, using a dynamic cross-sectional microsimulation model. Considering both vertical and horizontal redistributional effects, the paper shows that lifetime redistribution is considerably smaller than the redistribution measured on the basis of a period approach. The horizontal lifetime redistribution is more important than the vertical one, but this effect is rather limited, in particular due to the increasing premium percentages in combination with