

# Intergenerational Economics

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## Content of course (2<sup>nd</sup> part)

Start:            15 December

Presentations: 13 and 27 January

Exam:            10 February

### III) Intergeneration redistribution

- 1) Introduction
- 2) Mechanisms of unfunded pension systems
- 3) Transition from unfunded pension systems
- 4) Unfunded systems in Open Economy
- 5) ... and Political Economy
- 6) ... and Education

### IV) Public Debt

- 1) Introduction
- 2) Ricardian equivalence

## Literature:

### III) Intergeneration redistribution

#### Chapter 1: Introduction

- Lindbeck, Assar and Mats Persson (2003): “The Gains from Pension Reform”, *Journal of Economic Literature* 41, 74-112.
- Fenge, Robert, Volker Meier, Christian Holzner and Martin Werding (2002): *Alterssicherungssysteme im internationalen Vergleich: Finanzierungen, Leistungen, Besteuerung*, Ifo Institute for Economic Research: Munich.
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapters 3 + 4) (\*\*)

#### Chapter 2: Mechanism

- Sinn, Hans-Werner (2000): “Pension Reform and Demographic Crisis. Why a Funded System is Needed and Why it is not Needed”, *International Tax and Public Finance* 7, 389-410. (\*\*)
- Lindbeck, Assar and Mats Persson (2003): “The Gains from Pension Reform”, *Journal of Economic Literature* 41, 74-112. (\*\*)
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapter 2)

#### Chapter 3: Efficiency

- Breyer, Friedrich (1989): “On the Intergenerational Pareto Efficiency of Pay-as-you-go Financed Pension Systems”, *Journal of Institution and Theoretical Economics* 145, 643-658.
- Casarico, Alessandra (1998): „Pension reform and economic performance under imperfect capital markets“, *The Economic Journal* 108, 344-362. (\*\*)
- Fenge, Robert (1995): “Pareto-efficiency of the Pay-as-you-go Pension System with Intragenerational Fairness”, *FinanzArchiv* 52, 357-363.
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapters 5.1)

#### Chapter 4: Open economy

- Wildasin, David E. (1999): “Public Pensions in the EU: Migration Incentives and Impacts”, in: Arvind Panagariya, et al. (eds.): *Environmental and Public Economics: Essays in Honor of Wallace E. Oates*, Elgar: Cheltenham, 253-282.
- Breyer, Friedrich and Martin Kolmar (2002): “Are National Pension Systems Efficient if Labor is (Im)Perfectly Mobile?”, *Journal of Public Economics* 83, 347-374. (\*\*)

- Kolmar, Martin (2005): “Beveridge versus Bismarck Public-Pension Systems in Integrated Markets”, *Regional Science and Urban Economics* forthcoming. (\*\*)
- Poutvaara, Panu (2005): “Social Security Incentives, Human Capital Investment and Mobility of Labor”, mimeo.
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapter 9)

#### Chapter 5: Political Economy

- Browning, Edgar K. (1975): “Why the Social Insurance Budget is too Large in a Democracy”, *Economic Inquiry* 13, 373-88.
- Casamatta, Georges, Helmuth Cremer and Pierre Pestieau (2001): “Demographic Shock and Social Security: A Political Economy Perspective”, *International Tax and Public Finance* 8, 417-431. (\*\*)
- Casamatta, Georges, Helmuth Cremer and Pierre Pestieau (2000): “The Political Economy of Social Security”, *Scandinavian Journal of Economics* 102, 503-522.
- Sinn, Hans-Werner and Silke Uebelmesser (2002): “Pensions and the Path to Gerontocracy in Germany”, *European Journal of Political Economy* 19, 153-158. (\*\*)
- Sjoblom, Kriss (1985): “Voting for Social Security”, *Public Choice* 45, 225-240.
- Uebelmesser, Silke (2004): "Political Feasibility of Pension Reforms", *Topics in Economic Analysis & Policy* 4, Article 20.
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapter 6)

#### Chapter 6: Education

- Boldrin, Michele and Ana Montes (2005): “The intergenerational state – education and pension”, *Review of Economic Studies* 72, 651-664. (\*\*)
- Thum, Claudio and Silke Uebelmesser (2003): “Mobility and the Role of Education as a Commitment Device”, *International Tax and Public Finance* 10, 549-564. (\*\*)
- Uebelmesser, Silke (2004): *Unfunded Pension Systems: Ageing and Migration*, Contributions to Economic Analysis 264, North-Holland: Amsterdam,... (Chapter 7)

#### **IV) Public Debt**

- To be announced

## References for presentation in class (ad III)

### Chapter 3: Efficiency and Transition

1. Börsch-Supan, Ludwig, Winter (2003): Ageing, pension reform and capital flows: a multi-country simulation model, mimeo.
2. Casarico, Alessandra and Carlo Devillanova (2002): "Capital-skill Complementarity and the Redistributive Effects of Social Security", Working Paper Econpublica 89.
3. Fehr, Hans (2000): "Pension Reform during the Demographic Transition", *Scandinavian Journal of Economics* 102, 419-443.

### Chapter 4: Open Economy

4. Casarico, Alessandra and Carlo Devillanova (2002): "Social Security and Migration with Endogenous Skill Upgrading", *Journal of Public Economics* 87, 773-797.
5. Casarico, Alessandra (2001): "Pension Systems in Integrated Capital Markets", *Topics in Economic Analysis & Policy* 1, Article 1.
6. Razin and Sadka (1999): "Migration and Pension with International Capital Mobility", *Journal of Public Economics* 74, 141-150.
7. Storesletten, Kjetil (2000): "Sustaining Fiscal Policy through Immigration", *Journal of Political Economy* 108, 300-23.

### Chapter 5: Political Economy

8. Büttler, Monika (2000): "The Political Feasibility of Pension Reform Options: the Case of Switzerland", *Journal of Public Economics* 75, 389-416.
9. Galasso, Vincenzo and Paola Profeta (2004): "Lessons for an Aging Society: the Political Sustainability of Social Security Systems", *Economic Policy*, 63-115.
10. Koethenbueger, Marko, Panu Poutvaara and Paola Profeta (2005) *Why are More Redistributive Social Security Systems Smaller? A Median Voter Approach*, CESifo Working Paper 1397.
11. Razin, Sadka and Swagel (2002): "The Ageing Population and the size of the welfare state", *Journal of Political Economy* 110, 900-918.

### Chapter 6: Education

12. Poutvaara, Panu (2003): „Gerontocracy revisited: unilateral transfer to the young may benefit the middle-aged“, *Journal of Public Economics* 88, 161-174.

### Other topic: **Fertility**

13. Sinn, Hans-Werner (2004): „The pay-as-you-go pension system as fertility insurance and an enforcement device“, *Journal of Public Economics* 88, 1335-1357.
14. Boldrin, Michele (2005): *Fertility and Social Security*, NBER Working Paper 11146.