

## Index

- accounting, generational: as analysis of well-being, 249; limitation in dealing with, 248; to measure intergenerational distribution, 213–19; sensitivity to demographic projections, 251–2; traditional method, 217. *See also* redistribution, intergenerational
- accounts, generational: before and after reform in EU member states, 232t, 233–5; calculation of, 243–4; concept of, 242–3; generational contracts in Germany, 235–7; minima, maxima, and scaled accounts of selected EU countries, 222–4; for present and future birth cohorts, 243–4; for selected EU member countries, 219–29, 249–50
- activities of daily living (ADLs), 269–70, 276–7, 281–4. *See also* instrumental activities of daily living (IADLs)
- age profiles: for Social Security, 42–3; of tax payments, 42
- Aid to Families with Dependent Children (AFDC): case load and benefit growth (1965–95), 397, 399–401, 407; decompositions of factors contributing to change in spending, 413–15, 417–18; demographic factors, participation rates, and spending per recipient, 407–19; effect of demographic influences, 392; growth in spending for (1965–95), 396–8; trends in real per capita spending, 423; waivers for welfare reform experiments, 427. *See also* Temporary Assistance for Needy Families (TANF)
- Altonji, J., 65
- Auerbach, Alan, 202, 213–19
- Bayo, Francisco R., 48
- Becker, Gary S., 157, 438
- Bell, William, 25n3
- benefits: availability of U.S. Social Security, 168–9, 171–2; early eligibility for retirement benefits, 173–4; under EITC, 397, 399; under Supplemental Security Income, 397; to TANF-AFDC families under Medicaid, 402
- Bergstrom, T., 103
- Blank, Rebecca, 408
- Boe, Carl, 31
- Bohn, Henning, 78
- Boland, Barbara, 407
- Börsch-Supan, Axel, 188
- Bureau of the Census (BC): baseline fertility projection, 69–70; fertility projections: actual, high, and low, 16; forecasts of total fertility rate (1940–2005), 14–15; range of uncertainty for OADR and TDR, 22–3
- Butcher, K., 65
- Caldwell, Steven B., 375
- Card, D., 65
- Carter, Lawrence, 25, 27–30
- Congressional Budget Office (CBO), 41, 407–8; probabilistic forecasts of federal budget, 41–3
- contracts, generational: in Germany, 235–7
- CORSIM microsimulation model, 298; CORSIM-SSBC model, 311–38; identification and projections, 388–9; processes used in Social Security projections, 370–4; shortcomings, 375–7
- Cutler, David M., 40, 103, 274, 275, 280, 288

*Index*

- Das Gupta, P., 436
- data sources: analysis of disability rate changes, 276; for CORSIM's microsimulation, 387; demographic decomposition of welfare spending (1968–96), 406, 409; for empirical analysis of California counties, 128–9, 140–4; estimated average cross-sectional age profiles of tax payments, 42
- Day, Jennifer C., 14, 16, 40–41
- debt: intertemporal debt in generational accounting, 216
- demographic change: effect on medical sector spending, 253–4; effect on nursing home care, 281–7; effect on public expenditures, 1–2; fiscal implications and impact, 43–5, 251–2; in welfare participation analysis, 406–7
- demographic factors: in cost function of local government, 102–3; criteria in decomposition of factors influencing welfare, 410–11; effect on fiscal burden, 150; elderly and oldest-old dependency ratio, 204, 206–7; impact on local government budget, 105; influence on composition of government spending, 3–4; influence on welfare caseload and spending, 409–19; manipulation of local, 122; projections until 2050 of influence of, 421–2; related to generational imbalance, 238–9
- demographic forecasts: cohort-component accounting relationship, 58–63; core, 8; disaggregation approach to, 9–10; elderly dependency ratio, 58; fertility rate projection, 58; information in long-term, 7–8; mortality and morbidity of elderly cohorts, 65–6; with probability bounds, 24–5; Social Security system formation of, 300–302; stochastic forecasts applied to government budgets, 41–3; survival curve projection, 58; uncertainty of, 21–5; uses for, 8, 69
- demographic groups: competition for, 119–21; mobility rates, 151; variations in preference for public goods, 150
- demographic transition theory, 12
- dependency ratios. *See* old age dependency ratio; total dependency ratio (TDR); youth dependency ratio (YDR)
- Diamond, Peter, 78
- disability rates: ADLs and IADLs as measure of, 269–70; effect of changes on Medicare spending, 276–80; elderly people, 270–2
- Durkheim, Émile, 438
- Earned Income Tax Credit (EITC): growth in benefits under, 397, 399
- Easterlin, Richard, 13
- Economic and Monetary Union (EMU): conditions for joining, 208
- Edmonston, Barry, 14, 15, 65
- Edwards, Ryan, 42–3, 45
- elderly people: disability rates (1982–94), 270; disability rates in OECD countries, 270–2; institutionalization rates (1982–94), 270; morbidity and mortality of cohorts, 65–6; postponed age of death, 273. *See also* old-age dependency ratio
- Elmendorf, D., 103
- European Union (EU): demographic trends, 203–7; fiscal policy in selected member countries, 219–29; fiscal policy issues, 208–10; social security reform, 230–7; social spending in member countries, 210–13; trends in economic performance of member countries, 208
- female-headed households: in AFDC caseload (1942–92), 402, 405–6; in AFDC-TANF program, 399, 402; as element of eligibility for AFDC-TANF, Food Stamps, and Medicaid, 421; participation in AFDC, Medicaid, and Food Stamp programs (1994–96), 411–12; trends on growth of (1940–94), 402–4, 419–20
- fertility: declining childbearing rates, 420; demographic approaches to predicting change in, 10–11; economic theories of, 9, 64; European, 11, 252; government effect on, 13; problems in modeling, 31; structural change in, 31, 64; total fertility rate (TFR), 9n1, 14–18; trends in EU member countries, 204–6; trends in nonmarital, 420
- fertility forecasts: of Bureau of the Census, 14–18; ideas that influence, 10–11; time series approach to, 30–3, 64, 71; total fertility rates in, 30–3; width of probability intervals, 40–1
- fiscal burden: defined, 149; demographics effect on, 150–1; distribution between current and future generations, 224–9;

Cambridge University Press

978-0-521-66244-4 - Demographic Change and Fiscal Policy

Edited by Alan J. Auerbach and Ronald D. Lee

Index

[More information](#)*Index*

- in generational accounting, 215–17; intercommunity spillovers generate, 101, 102–3; linked to demographic characteristics, 103, 151
- fiscal federalism: demographics and public goods in framework of, 109–10; literature of, 104–6
- fiscal federalism model: applied to California counties, 128–40, 149, 153–4; with expenditure spillovers, 112–14, 149; fiscal transfers of central government, 110–23; public choice in, 123, 152
- fiscal forecasts, stochastic, 52–4
- fiscal imbalance: EU member countries intergenerational, 238–9; policy response to, 91
- fiscal policy: attention to demographic change, 251–2; effect of population age composition on intergovernmental transfers, 124–8; in EU member countries, 208–10; how changes alter distribution and incentives, 9191; intergenerational model with limits to changes in, 83–90, 99; issues in EU member countries, 208–10; Maastricht Treaty criteria, 208; in measurement of intergenerational distribution, 213–19; in overlapping-generations model, 74–83; political considerations, 94–7; in selected EU member countries, 219–29; sticky, 99
- Fischel, W., 117n24
- Food Stamps program: AFDC-TANF families under, 402; case load and benefit growth (1965–95), 397, 399–401, 407; demographic factors, participation rates, and spending per recipient, 409–19; growth in spending for (1965–95), 396–8; participation rates, 407–8
- forecasts, stochastic: applied to government budgets, 41–3; fiscal and population, 34, 52–4; of increased Social Security payroll tax rate, 45–8
- Gabe, Thomas, 407–8
- generational issues. *See* accounting, generational; fiscal burden; overlapping generations (OLG) model; redistribution, intergenerational
- Gokhale, Jagadeesh, 202, 213–19
- Gomez de Leon, José, 26
- Goodman, R., 103
- government, central: in fiscal federalism model, 110–23, 149. *See also* transfers, intergovernmental
- governments, local: cost of providing public goods, 107–9; effect of population age composition on transfers to, 124–8; in equilibrium, 116; fiscal burden of, 101–2; impact of demographic factors on, 105–6; impact of intergovernmental transfers on, 105–6; interjurisdictional spending spillovers, 110–23; public good spending categories, 126–8. *See also* transfers, intergovernmental
- government spending: allocation in EU member countries, 210–11; demographic influences, 399–406; forecasts and probabilities, 43–5; influence of age composition on, 134–8; influence of demographic factors on, 3–4; influence of participation rates on, 409–19; social spending in EU member countries, 210–13; tied to age-related programs, 73; trends in public assistance, 393–9. *See also* Aid to Families with Dependent Children (AFDC); Food Stamps program; governments, local; Medicaid program; Medicare program; welfare system, U.S.
- Gruber, Jonathan, 161
- Hamilton, B., 117n24
- Hayek, F. A., 111n15
- health care programs: forecasting acute care spending, 273; government spending for, 43–5. *See also* Medicaid program; Medicare program
- Horiuchi, Shiro, 20–1, 30
- Hulten, C., 105
- immigration: Bureau of the Census scenarios, 64; effect on host population, 205–6; modeling and forecasting, 32, 34
- immigration policy: effect on demographic forecasts, 71; shifts burden of Medicare and Social Security, 65
- Inman, R., 105, 123
- instrumental activities of daily living (IADLs), 269–70, 276–7, 281–4
- Kannisto, Vaino, 20
- Keyfitz, Nathan, 24
- Kotlikoff, Laurence, 202, 213–19

Cambridge University Press

978-0-521-66244-4 - Demographic Change and Fiscal Policy

Edited by Alan J. Auerbach and Ronald D. Lee

Index

[More information](#)*Index*

- labor force departure: age of workers leaving, 179–88; hazard rate in Germany, 175–6, 195; hazard rate in United States, 172–5; incentives for, 198–200; retirement age in France, 177–9. *See also* normal retirement age (NRA)
- labor force participation: in countries outside United States, 161; in industrialized countries by age, 166–8; relation to age, 165–8; trends in industrialized countries (1960–96), 163–5; trends in United States (1960–94), 162–3
- Lee, Ronald, 25, 27–32, 34–43, 45, 51, 63–4, 66–7, 439
- life expectancy: compared to TFR, 34–7; OASSA projections of U.S., 18–21; time series approach to forecasting, 27–9; trend in EU member countries, 203–5
- Lubitz, James D., 275
- Lutz, Wolfgang, 23
- McFadden, Daniel, 66
- McKinnon, R., 123n34
- McKnown, Robert, 30
- Manton, Kenneth, 11, 272, 292
- Meara, Ellen, 274, 275
- Medicaid program: benefits to AFDC-TANF families, 402; case load and benefit growth (1965–95), 397, 399–401, 407; decomposition of factors influencing spending, 415, 417–19; demographic factors, participation rates, and spending per recipient, 409–19; growth in spending for (1965–95), 395–8; participation rates, 407–9; post-1984 eligibility expansion, 408–9
- medical care. *See* health care programs; Medicaid program; Medicare program; nursing home care
- medical spending: age-specific, 254; for elderly people, 261–72; factors influencing levels of, 253–4; for long-term care, 255–61
- Medicare program: immigration policy shifts burden of, 65; policy reform options, 287–8
- Medicare spending: changes in disability-specific, 278–80; changes with changes in age at death, 275–6; effect of disability rate changes on, 276–8; forecasts of, 257–60; growth (1967–95), 274–5; in last year of life, 273–4; with postponed age of death, 273; projected growth (1992–2070), 278–80
- Michel, Richard, 407
- Mieszkowski, P., 117n24
- migration: effect on population's age structure, 252; in fiscal federalism model, 116–17; importance in EU member countries, 203, 205–6; time series approach to forecasting, 32. *See also* immigration
- Miller, Tim, 439
- Moffitt, Robert, 395n3
- morbidity: of elderly cohorts, 65–6
- Morrison, Richard J., 375
- mortality: demographic approaches to predicting change in, 11–12; of elderly cohorts, 65; OASSA projections of U.S., 18–21
- mortality forecasts: deriving, 11–12; filtering out uncertainty, 42–3; time series approach to, 25–30; of U.S. Social Security Administration, 18–21
- Nechyba, T., 123n34
- Neufeld, Christopher, 313n10
- normal retirement age (NRA), 42–3, 171
- nursing home care: determinants of, 281–7; effect of demographic change on, 281–7
- OASSA. *See* Office of the Actuary of the Social Security Administration (OASSA)
- Oates, W., 111n15
- Office of the Actuary of the Social Security Administration (OASSA), 14; performance of projections, 48, 50; range of uncertainty for OADR and TDR, 22–3; U.S. mortality projections (1940–2030), 18–21
- old-age dependency ratio (OADR): among legal immigrants, 64–5; elderly and oldest-old in EU countries, 204, 206–7; in Europe and United States, 251–2; forecasts of, 37–8, 40; forecasts with BC and OASSA projections, 37–40; predicted increases in, 1, 252
- overlapping generations (OLG) model: distribution of consumption in, 93–4; fiscal policy in, 74–90
- participation rates: for AFDC, Medicaid, and Food Stamps, 409–19; influence on welfare caseload and spending, 409–19;

*Index*

- U.S. welfare system, 407. *See also* labor force participation
- payroll tax rate, 45–9
- Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), 395, 427
- Pflaumer, Peter, 24
- population: double-aging in EU member countries, 204; effect of age composition change on revenues and expenditures, 136–8; effect of age composition on intergovernmental transfers, 124–8; effect of age composition on spending and revenues, 134–8; projection of elderly and oldest-old in EU countries, 206–7; trends in size in EU member countries, 204–6
- population forecasts: of BC, OASSA, and Lee-Tujapurkar, 51–2; implicit assumptions for, 12–13; to project change in welfare spending, 421–2; stochastic, 34, 53–4; time series analysis of uncertainty in, 25–41; time series approach, 25–41; uncertainty in, 51. *See also* demographic forecasts
- Poterba, James, 103
- public choice: in fiscal federalism model, 152; within jurisdictions, 123
- public goods: demographic factors in demand for, 103, 107–9; effect of population age composition on local, 124–6; local expenditures for, 114; spending in fiscal federal model for, 110–23; spillover and cost functions, 124–6; spillover characteristics of local, 117–18; variation in preferences for and utilization of, 150
- Raffelhüschen, Bernd, 218
- Rangel, A., 123
- redistribution, intergenerational, 213–19, 224–9, 233–4
- retirement: comparison of incentives in industrialized countries, 182, 184–6, 191–2; hazard rate of, 172; incentives in Germany, 175–7, 194–6; incentives in United States under Social Security system, 180–3; pay-as-you-go systems, 99–100; tax incentives for, 179–88
- retirement age: age at which benefits available, 168–9; changed in European countries, 233–4; normal retirement age (NRA), 42–3, 171; statutory changes in, 200
- retirement age, early: comparison of industrialized countries, 184–8; U.S. tax rate at, 185
- Richie, Bill, 298, 300
- Riley, Gerald F., 275
- Rogers, Andrei, 30
- Rubinfeld, D., 105, 123
- Ryder, Norman B., 436
- Sanderson, Warren, 13, 23
- scenario approach: absence of probability bounds in forecasting, 21–2; to assess and communicate uncertainty, 21–5; random, 23–4, 36–7
- Scherbov, Sergei, 23
- Schwab, R., 105
- Sheiner, Louise, 280, 288
- Smetters, Kent, 54
- Smith, James, 14, 16, 65
- Social Security benefit calculator (SSBC): SSBC benefit calculations, 377–83
- Social Security benefit calculator (SSBC), 298
- Social Security system: benefits under Supplemental Security Income (SSI), 397; long-term forecasting methodology, 300–311; SSBC benefit calculator, 298
- Social Security system, U.S.: actuaries' long-term forecasting methodology, 300–301; change in benefits when indexed to CPI, 95; change in nominal benefits under, 95; Delayed Retirement Credit, 182n7; early eligibility for retirement in United States, 173–4; immigration policy shifts burden of, 65; institutional structure of U.S., 171–5; problems related to solvency of, 159. *See also* Medicaid program; Medicare program; Office of the Actuary of the Social Security Administration (OASSA)
- Social Security Trust Fund, U.S.: exhaustion when payroll tax rate raised, 45; exhaustion with increased NRA, 48–9; exhaustion with investment in equities, 45–7; with increased national retirement age, 48, 49f; with increased payroll tax, 45, 49f; with investment in equities, 45–7, 49f; Trustee projections, 48, 50l
- social security systems: actuarial deficits in countries outside United States, 159–61; institutional structure in France, 177; institutional structure in

Cambridge University Press

978-0-521-66244-4 - Demographic Change and Fiscal Policy

Edited by Alan J. Auerbach and Ronald D. Lee

Index

[More information](#)*Index*

- Social security systems (*cont.*)  
 Germany, 175–7, 194–6; reforms in EU member countries, 230–7; retirement incentives in, 168–70
- social security wealth (SSW): accrual, 169; accrual in industrialized countries, 184–5; accrual in United States, 181–2; defined, 169
- social spending, EU member states, 209t, 211–13
- spillovers: for four public good types, 124–6; interjurisdictional consumption, 114, 118; intra- and interjurisdictional investment, 113, 118
- spillovers, expenditure: in fiscal federalism model, 112–14; implications for equilibrium, 117–19
- SSW. *See* social security wealth (SSW)
- Stoto, Michael, 24–5, 40
- taxation: benefit and non-benefit, 119–20; competition and exporting, 120–1; to influence demographic mix, 152. *See also* payroll tax rate
- tax burden. *See* fiscal burden
- Temporary Assistance for Needy Families (TANF): AFDC-Unemployed Parent program, 402; effect of provisions, 421; female-headed families in, 399, 402; replacement for AFDC, 427
- Tiebout, C., 111n15
- Tiebout equilibrium, 155
- time series forecasting methods, 27–34
- total dependency ratio (TDR): forecasts of, 37, 39–40; uncertainty in, 22–3
- total fertility rate (TFR): compared to life expectancy, 34–7; European, 11
- transfers, intergovernmental: effect of population age composition on, 124–8; impact on local government budget, 105; with spillovers, 104–5
- Tuljapurkar, Shripad, 25, 31–2, 34–43, 45, 51, 63–4, 66–7
- uncertainty: in demographic forecasts, 21–5; in population forecasts, 51; stochastic approach to, 70
- unemployment: in EU member states, 211
- welfare state: need to reform EU member countries', 238
- welfare system, U.S.: benefit-wage ratio, 420; caseload trends, 406–19; change in structure of (1996), 392; household participation rate in AFDC, Medicaid, and Food Stamps, 411–12; marital status and childbearing eligibility criterion, 399; means-tested spending for, 395–401; participation rates (1970s, 1980s, 1990s), 407; projection of change in real spending per capita, 421–2; recent trends in spending, 427–33; spending growth related to increased number of recipients, 399; state-level reform experiments, 427; trends in differences in spending by race, 429–33; trends in per capita spending, 393–5. *See also* Social Security system, U.S.
- Wilmoth, John, 20–1, 30
- Wise, David, 161
- youth dependency ratio (YDR), 40
- Zeckhauser, R., 103
- Zodrow, G., 117n24