Contents

Preface vii
Contributors viii
Introduction 1

Robin Brooks and Assaf Razin

PART ONE. AGING POPULATIONS AND THE NEED FOR SOCIAL SECURITY REFORM

1 The Developed World’s Demographic Transition – The Roles of Capital Flows, Immigration, and Policy 11
Hans Fehr, Sabine Jokisch, and Larry Kotlikoff

2 Will Social Security and Medicare Remain Viable as the U.S. Population Is Aging? An Update 44
Henning Bohn

PART TWO. UNDERSAVING AS A RATIONALE FOR MANDATORY SOCIAL SECURITY PROGRAMS

3 Self-Control and Saving for Retirement 73
David Laibson, Andrea Repetto, and Jeremy Tobacman

PART THREE. INVESTING PUBLIC PENSIONS IN THE STOCK MARKET

4 Social Security Investment in Equities 145
Peter Diamond and John Geanakoplos

5 Investing Public Pensions in the Stock Market: Implications for Risk Sharing, Capital Formation, and Public Policy in the Developed and Developing World 183
Deborah Lucas