Developments in the Economics of Aging. David A. Wise, ed. The National Bureau of Economic Research and University of Chicago Press, 2009, ISBN 978-0-226-90335-4, 432 pages. doi:10.1017/S1474747210000211

This book is the eleventh in a series of volumes flowing from an economics of aging research program at the National Bureau of Economic Research, a program that is still extremely active after more than 20 years. Like its predecessors, the volume contains a number of quite specialized papers which have been grouped into various broad themes: healthcare, inter-generational transfers, retirement behavior, and retirement saving. Many of the papers continue specific research projects which got their start in previous volumes. This time, more than half of the papers explore aspects of the relationship between individual socio-economic status and health status, very relevant given the current US health care reform debate.

Any volume which contains specialized papers on so many different themes is bound to have a somewhat eclectic character, and for this reason, reading the book from cover to cover was a somewhat unsatisfying experience. It is not a book for those seeking a general overview of the economics of aging. But I am sure that serious scholars and researchers – the primary target audience of the volume, and indeed, the whole series – will make use of it by referring to specific chapters in their area of interest in combination with similar chapters from previous volumes in the series. In this particular volume, there is also some useful reading for practitioners, mainly in the section on retirement saving, and for policymakers, especially those in the area of healthcare. A chapter with potentially very broad appeal by James Poterba, Joshua Rauh, Steven Venti and David Wise, evaluates the distributional and welfare effects of different life-cycle investment strategies in 401(k) accounts using a well-calibrated simulation model that integrates both pension and non-pension wealth. This paper continues a research program started in the previous volume, and it will provide a useful benchmark study for those who are interested in developing asset allocation strategies for defined contribution pension plans.

The issue of retirement behavior and labor force participation of the elderly is one that goes back to the first volume in this series published in 1987. A new theme in this area, though, is how the rise of defined contribution pensions has altered retirement incentives and behavior. In this volume, Michael Hurd, Monika Reti, and Susan Rohwedder present perplexing and surprising evidence which seems to indicate that while few individuals advanced retirement plans in response to the stock market boom of the late 1990's, some individuals have in fact postponed retirement in response to the crash.

A great deal has been written over the years on the costs associated with early retirement. Yet few papers have examined the possible subjective benefits of early retirement – if they exist – in the form of higher wellbeing. Axel Börsch-Supan and Hendrik Jürges continue a long-standing research project on early retirement in Germany in this series by examining the subjective benefits to individuals of retiring early. They essentially find that there is no benefit associated with retiring early once disability is controlled for; in contrast, there is a cost associated with retiring early which vanishes one or two years after retirement once the individual has successfully adapted.

A noteworthy paper in the section of the volume dealing with inter-generational transfers, by Ronald Lee, Andrew Mason, An-Chi Tung, Mun-Sim Lai, and Tim Miller, introduces the concept of a system of National Transfer Accounts (NTA). The aim of the NTA is to measure inter-generational transfers in a manner consistent with National Income and Product Accounts. This exercise extends well-known Generational Accounts, which deal exclusively with transfers between different generations and the government, by including private income and inter-generational transfers. This effort is to provide an integrated view of age-related public and private transfers inside an economy. The comparison between the US and Taiwan presented in the paper is striking, because although the form of the transfers in the two countries is very different (private in Taiwan, public in the US), the aggregate relative magnitude and direction of the transfers are much more similar. This chapter also finds that US elderly consume much more than elderly Taiwanese (and younger people in the US), largely because of their consumption of healthcare.

Interestingly, in a later chapter, James Banks, Michael Marmot, Zoe Oldfield, and James Smith find that, despite this high consumption of healthcare in the US, average health there appears to be worse than in England. Furthermore, the socio-economic status/health gradient appears to be steeper in the US than in England. The authors also report that US men appear to *report* better health status than English men, even if their objective health status appears to be the same, meaning that comparisons of subjective measures of health status may be misleading. The complexity of the relationship between wealth and health is illustrated by another chapter in this volume, by Anne Case and Angus Deaton, where they report that there is no simple and reliable relationship between health and wealth (or income) in three much poorer sites in India and South Africa, either between or within sites. It is true, though, that the subjects at these three sites do report worse health on average than much richer Americans.

Other chapters in the health and wealth section examine how and how well individuals with different educational backgrounds cope with disability (the more educated appear to do better), why Europeans smoke more than Americans (not much of the difference is explained by income), and how the Medicare Modernisation Act of 2006, which made the federal government responsible for the financing of prescription drugs for all Medicare recipients, influenced prescription drug use by the disabled elderly in the US (it increased dramatically). As I have mentioned, one striking feature of this series of NBER aging volumes over the years is their continuity. Research programs often span different volumes, so readers would be well advised to consult previous volumes produced by the research program if they find particular papers interesting. This book, though, is an excellent addition to the whole series, which over the years has developed into an essential resource for any serious scholar or diligent policymaker working in the field of the economics of aging.

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Aging Population, Pension Funds, and Financial Markets: Regional Perspectives and Global Challenges for Central, Eastern, and Southern Europe. Robert Holzmann, ed. The World Bank, ISBN 978-0-821-37732-1, 184 pages. doi:10.1017/S1474747210000223

Given much of the debate on population aging has been in the context of the developed world, it is refreshing to read a collection of papers that focuses on the challenges of demographic change from the perspective of emerging economies in Central, Eastern, and Southern Europe (CESE). The need to develop financial markets in CESE countries is at the heart of the challenge faced by CESE countries. Robert Holzmann's introduction serves to provide meaningful context; he notes that, as in developed countries, CESE countries are aging rapidly – declining fertility rates and net outward migration have outweighed the impact of lower life expectancy. In response, many CESE countries have implemented reforms that have reduced the generosity of publicly provided pensions and increased the importance of privately funded retirement schemes. Against this backdrop, he argues the development of financial markets is critical – improving transparency, liquidity, and access to a variety of financial instruments.

The first section explores the development of financial markets in CESE countries. Holzmann, Feher, and von Gersdorff assess the "readiness" of CESE countries to successfully manage multi-pillar pension reform. They find that financial sector development is behind other countries with similar levels of income. For example, the majority of pension funds are concentrated in bank deposits and bonds: a survey of 10 CESE countries reveals on average only 12% of funds are invested in stocks. The authors conclude further development of capital markets is important to providing the access to financial assets the pension fund industry needs.