Economics of Aging

Yale University
ECON 466 01 / EP&E 448 01 – Fall 2013

Instructor: Doug McKee
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Class: Wednesdays 1:30-3:20 at WLH 202
Office Hours: By appointment at 28 Hillhouse Ave., Room 308

This course provides an overview of the economics literature in aging, primarily in the United States, but with some discussion of other countries. The course is organized around major topics in the empirical literature including saving for old age, retirement, the design and viability of social security systems, elder care, and inheritance. We will place special emphasis on the retirement and savings decision and will discuss both classical life cycle models as well as behavioral explanations. The course will teach students how to read technical contemporary economic research in these areas and will include in depth discussion of the primary theories and methods used.

Grades:

Your grade will be composed of five parts.

1. Class participation: (10%)
   This is a seminar; you are required to attend each class prepared to discuss the assigned readings. As part of this, you will fill out a worksheet for each of the week’s papers noting the paper’s contribution, empirical approach, and limitations. These worksheets are required but will not be graded.

2. Co-teach one class: (15%)
   Each student (or pair of students, depending on size of class) will prepare a 15–20 minute presentation of one or two of the papers assigned and will lead a discussion of the paper(s). Discussion should center on the contribution of the paper(s), issues with the analysis, relationship with other course readings, and any questions that are left open. Students will meet with me a few days before class to talk about the papers and plan a group activity that will follow the paper discussions. Students will receive a grade for their co-teaching by the following class.

3. Identify a research question (1 page): (10%)
   Each student will identify a research question related to the economics of aging. These one page papers will motivate your question’s importance and provide some intuition for a possible answer. You should find and discuss two or three related academic papers when making your case. I recommend perusing the entire syllabus for ideas.
   Due: September 18 (Week 4), in class
4. Mid-term draft of a proposal of an empirical project (5–7 pp.): (25%)  
Each student will turn their research question into the first half of a research proposal. This  
should contain a literature review that places the project in context, a fleshed out hypothesis,  
and an economic model that formalizes your intuition. We will discuss my expectations in  
detail during class.  
Due: October 16 (Week 8), in class

5. Final research proposal (15–20 pp.): (40%)  
The final paper will incorporate any feedback you receive on your midterm draft and should  
identify a primary data source and specify a detailed empirical approach. Students are encour-  
eged to do some preliminary data description and analysis, but this is not required.  
Due: December 11 (Last day of the reading period)
Readings:

Most of the readings are available online at www.jstor.org, nber.org, the journal’s website, or the course website.

PART I: RETIREMENT

Week 1 (8/28): Retirement in the 20th century


Week 2 (9/4): Static and simple life-cycle models of labor supply


Week 3 (9/11): Estimating life cycle models of labor supply


Week 4 (9/18): Reforming social security systems


Week 5 (9/25): Retirement and health


PART II: SAVING FOR OLD AGE

Week 6 (10/2): Financial Literacy


Week 7 (10/9): Behavioral models of saving


Week 8 (10/16): Life cycle models of saving


Week 9 (10/30): Are Americans saving “enough?”


Week 10 (11/6): Saving in developing countries


PART III: INTERGENERATIONAL TRANSFERS, ELDER CARE AND INHERITANCE

Week 11 (11/13): Transfers Across Generations


Week 12 (11/20): Inheritance


Week 13 (12/4): Elder Care
