

A Cross Country Comparison of the Effects of Social Security and Health Policies on the Labor Supply and Search Behavior of Older Workers

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December, 2004

We propose to use the European Community Household Panel and the Health and Retirement Study to compare the importance of various policy instruments that can result in increased labor force participation by older workers. In the current economic and social environment, especially in the United States, older individuals are likely to extend their labor force participation beyond traditional retirement ages. Public policies can foster this behavior to reduce the financial pressures on the public social insurance systems. We explicitly consider the participation decision and job search activities of older individuals, accounting for uncertainty, using a sequential decision structure. The different policy environments that can be found in fourteen European countries, and the United States, allow us to identify the relevant parameters of our model.