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Labor and Population Program Working Papers

1996

Number	Title	Author	Date
WP 96-01	Nutritional Status in Indonesia:	<i>Elizabeth Frankenberg</i>	January
DRU-1287-NICHD	Evidence from the 1993 Indonesian Family Life Survey	<i>Wayan Surisatini Duncan Thomas</i>	1996

The authors use data from the Indonesian Family Life Survey to examine patterns of height and weight among Indonesians of all ages. The heights attained by adults have increased dramatically over the last half century. Noting that height is fixed by adulthood, the authors suggest that the more recent cohorts of adults experienced more favorable nutritional conditions as children than did their older counterparts. Turning to children, we examine height, weight, and weight in combination with height. We show that child height, a longer-run indicator of nutritional status, is positively correlated with maternal education and household income, particularly among those children in the upper half of the income and maternal education distributions. Urban children are also taller than their peers. Essentially the same patterns emerge for child weight. Weight, conditional on height, focuses attention on shorter-run nutritional status. Weight-for-height is also positively associated with income and maternal education, although the effects are considerably weaker than those observed for the longer-run indicators.

Number	Title	Author	Date
WP 96-02	Parental Investments in	<i>Duncan Thomas</i>	January
DRU-1303-NICHD	Schooling: The Roles of Gender and Resources in Urban Brazil	<i>Robert F. Schoeni John Strauss</i>	1996

There have been dramatic increases in educational attainment in Brazil over the last half-century. These increases have been especially rapid for women who are, today, better educated than men. The importance of the education and income of mothers and fathers in explaining this growth is explored. Relative to paternal education, maternal education has a bigger impact on schooling of children and it has a bigger impact on education of daughters, relative to sons. In contrast, paternal education has a bigger impact on schooling of sons relative to daughters. One explanation for these differences is that parents do not pool incomes when allocating household resources. That hypothesis is tested by comparing the differential impact of maternal income on schooling of her daughters relative to her sons with differences in the impact of paternal income on the education of his sons relative to his daughters. After controlling for a household fixed effect, these "differences-in-differences" are significant indicating that income-pooling is not consistent with the data.

Number	Title	Author	Date
WP 96-03 DRU-1305-NICHD	Data on Reasons for No or Short Breastfeeding: Are They Reliable and Do They Help Us Understand Infant Feeding Behavior?	<i>Barthélémy Kuate Defo</i> <i>Julie DaVanzo</i>	February 1996

This paper uses unique data from the 1976-77 and 1988-89 Malaysian Family Life Surveys (MFLSs) to address two questions: (1) Are the reported reasons for not initiating breastfeeding or for stopping breastfeeding reliable based on indices of agreement of responses between the two surveys and/or conventional multivariate analyses of overall versus reason-specific breastfeeding duration? and (2) What do we gain by separating analyses of age-specific breastfeeding cessation by reported reasons? The analyses are based on responses of mothers to questions about the duration of breastfeeding and why they never initiated or stopped breastfeeding. The authors investigate the reliability of data on reasons for no or short breastfeeding by comparing reports 12 years apart (1976 and 1988) about the reason why a particular child did not breastfeed or stopped breastfeeding. They find that the reported reasons for no/short breastfeeding are quite reliable in general, and that the data on reason-specific breastfeeding practices are indeed informative in verifying hypotheses about the influences on breastfeeding patterns. In both surveys, no/insufficient milk is the most frequently given reason for no or short breastfeeding. The covariates considered here that significantly affect whether the child is breastfed and the duration of breastfeeding (sanitation and water facilities, mother's education, employment, ethnicity, place of residence, child's birthweight and birth cohort), also affect the reported reason why the child was not breastfed or stopped breastfeeding.

Number	Title	Author	Date
WP 96-04 DRU-1316-NIA	Demographic and Economic Correlates of Health in Old Age	<i>James P. Smith</i> <i>Raynard Kington</i>	February 1996

This paper examines gender, race, and ethnic disparities in health outcomes among older Americans using an important new survey--the Asset and Health Dynamics among the Oldest Old (AHEAD). The paper is divided into six main sections. The first sketches the implications of the theoretical model used to analyze health status, while the second describes the survey and demographic differences in two salient dimensions of health outcomes in old age--the prevalence of chronic conditions and the extent of functional limitations. A brief description of the principal explanatory variables and a justification for the statistical models used are outlined in the third section. The fourth and fifth sections highlight the differential impact on health outcomes of alternative sources of income and wealth and the role that health risk factors play in promoting good health. The paper concludes with a summary of the implications of this research for gender, racial, and ethnic health disparities.

Number	Title	Author	Date
WP 96-05 DRU-1327-NIA	Socioeconomic Differentials in the Returns to Social Security	<i>Constantijn W. A. Panis</i> <i>Lee A. Lillard</i>	February 1996

Returns to Social Security's Old Age and Survivors Insurance (OASI) program vary across socioeconomic groups because of progressivity in the benefit formula, spousal and widowhood provisions, differential mortality rates, and other factors. This paper computes the rate of return to OASI contributions and the implied intracohort transfers, distinguishing between a number of socioeconomic characteristics: males and females; blacks and whites; single persons and married couples (with several labor force participation scenarios); and low, medium, and high incomes. Accounting for the fact that mortality rates differ not only by age, sex, and race, but also by marital status and household income, the authors find that income transfers from blacks to whites and from high-income to low-income individuals are smaller than Vital

Statistics mortality rates predict. The authors also assess the effects of raising the Normal Retirement Age, increasing the contribution rate, and reducing benefits on differentials in returns to OASI, and they illustrate the potential impacts of reform amendments on various income categories and the 1930-1970 birth cohorts.

Number	Title	Author	Date
WP 96-06	Demand for Prescription Drugs in the Medicare Population	<i>Lee A. Lillard</i>	March
DRU-1343-NIA		<i>Jeannette Rogowski</i>	1996
		<i>Raynard Kington</i>	

Although most of the elderly are covered by Medicare, they potentially face large out-of-pocket costs for their health care due to excluded services. Aside from nursing home care, one of the most significant exclusions is for prescription drugs. Recent health care reform initiatives proposed adding prescription drug coverage to the Medicare program. Yet, there is little literature addressing the size of the anticipated behavioral response to this policy change. This study, using a new data source, the RAND Elderly Health Supplement to the 1990 Panel Study of Income Dynamics, provides estimates of the demand response associated with insurance coverage for prescription drugs among the elderly. Due to its longitudinal nature, the PSID is unique in its ability to support the estimation of behavioral relations by providing instruments to account for and test the endogeneity of insurance coverage. Instruments include work history affecting insurance coverage from a prior employer and lagged health affecting private purchase of policies. Information on spouses helps identify selection into positive expenditures. The results of this study show that coverage for drugs is an important determinant of demand among the elderly. Insurance coverage for drugs increases both the probability of use and total expenditures conditional on use. Insurance coverage, however, significantly lowers out-of-pocket expenditures for drugs. Medicaid coverage has similar magnitudes of effects on elderly households but is less precisely estimated. Insurance coverage is found to be exogenous to the demand for prescription drugs. General health and chronic conditions are found to be important determinants of drug use and expenditures.

Number	Title	Author	Date
WP 96-07	Long-Term Determinants of Supplemental Health Insurance Coverage in the Medicare Population	<i>Lee A. Lillard</i>	April 1996
DRU-1378-NIA		<i>Jeannette Rogowski</i>	
		<i>Raynard Kington</i>	

The Medicare program provides health insurance coverage for virtually all elderly Americans. However, the program does not cover some important types of medical services, including prescription drugs, dental services and most long term care. Expenditures for these services, as well as the copayments and deductibles under the Medicare program, may result in significant out-of-pocket expenditures for the elderly. As a result, many have private insurance to supplement Medicare. Using data from a new data source, the 1990 Health Supplement to the Panel Study of Income Dynamics, this paper examines the determinants of private insurance coverage among the elderly. Among economic factors, wealth is the most important in the decision to purchase private insurance among the elderly. Controlling for economic factors, blacks, persons with less education and unmarried women are less likely to purchase insurance to supplement Medicare. Despite the potential for adverse selection, there is no evidence that persons in prior poor health are more likely to purchase supplemental insurance. Among elderly persons who have supplemental insurance through employment-based sources, the primary determinant of having insurance is work history. The probability of holding employer-provided insurance increases with job tenure and is related to prior occupation. The primary determinant of whether a private policy covers prescription drugs or dental care, two important excluded services under Medicare, is that the source of the insurance was an

employer. the current trend among employers towards decreased generosity of post-retirement health benefits implies that fewer older Americans will have insurance coverage for these services.

Number	Title	Author	Date
WP 96-08	A Chronicle of Abortion Legality, Medicaid Funding, and Parental Involvement Laws, 1967-1994	<i>Jon F. Merz</i>	May 1996
DRU-		<i>Jacob A. Klerman Catherine A. Jackson</i>	

Empirical analyses of the effect of abortion regulation on demographic and health outcomes has been hampered by the difficulty of reconstructing what legal rules were in place in each state at a given point in time. Summarizing the results of a detailed review of the primary legal sources published elsewhere, this paper provides the required chronology. For three legal issues—the legality of abortion, Medicaid funding, and parental involvement—the paper reviews the broad legal issues, discusses the crucial Supreme Court cases, and includes figures documenting the dates on which the in-force legal rules in each state changed.

Number	Title	Author	Date
WP 96-09	The Economics of Fertility in Developed Countries: A Survey	<i>V. W. Hotz</i>	June 1996
DRU-1422-NICHD		<i>Jacob Alex Klerman Robert J. Willis</i>	

This paper surveys the intellectual development and empirical implications of the literature on the economics of fertility as it applies to fertility behavior in developed economies. The authors have two primary objectives. First, they seek to review the important theoretical developments, or model features, spawned by attempts to explain household fertility behavior with a neoclassical framework. In the process, the authors characterize how the development of the theory of the allocation of time, the concepts of household production theory, and human capital investment theory, among others, helped improve their understanding of the fertility decisions of households in developed societies. Second, the authors attempt to characterize the implications that these models provide for empirical assessments of the determinants of fertility behavior. As is true in many other subfields of economics, strategies for identifying the effects of relationships implied by neoclassical economic models of consumer choice, even those as straightforward as the effect of a price change on a household's demand for a good, are often controversial. Assessing the validity of implications of economic models of fertility is no exception to this pattern. The authors characterize the identification problems as they arise in this context, and they highlight several studies which they believe follow exemplary strategies for obtaining estimates of causal relationships, especially with respect to their credibility. The paper begins with a survey of trends in fertility in the United States, proceeds to discussions of static and dynamic models of fertility behavior, and then gives an analysis of econometric approaches and empirical findings about the determinants of fertility. Some directions for future research are mentioned in the conclusion.

Number	Title	Author	Date
WP 96-10	Welfare Reform and Abortion: Research Perspectives	<i>Jacob Alex Klerman</i>	June 1996
DRU-1423-NICHD			

The impetus for the current round of welfare reform derives from two complementary arguments. First, there is simply a concern that too many resources are being transferred from taxpayers to a dependent class, welfare recipients. Second, there is a concern that the welfare system itself induces undesirable behavior; in particular, the claim is that it induces women to have children when they cannot afford them

and out of wedlock. The paper provides a discussion of the methodological issues in evaluating the causal effects of welfare reform on the number of abortions; then combines the insights from the discussion of the theory, the data, and the methodological issues to try to draw some insights from the existing literature. Using the perspectives gained from the discussion of data and methodological issues, the paper then reviews the empirical literature on the effects of welfare and abortion policy on abortion and tries to put these pieces together to sketch potential research strategies to explore the actual effects of welfare reform on the level of abortions.

Number	Title	Author	Date
WP 96-11 DRU-1448-NICHD	Beliefs About Children's Illness Among Rural Guatemalan Women	<i>Anne Pebley</i> <i>Elena Hurtado</i> <i>Noreen Goldman</i>	July 1996

This paper examines women's beliefs about the causes of childhood illness in rural Guatemala, using information from a qualitative survey. The authors focus on beliefs about the two major causes of child morbidity and mortality in developing countries: diarrhea and acute respiratory infection (ARI). Since parents' ability to prevent children's illnesses and to seek effective treatment depends in part on their beliefs about the causes of these illnesses, increased knowledge related to parents' beliefs about illness is necessary for a better understanding of how parents make health-related choices. In the first section of the paper, the authors briefly summarize the biomedical perspective on the causes of diarrhea and ARI in developing countries. In the second section, they summarize the findings of anthropological research on health beliefs. The third section is a discussion of the study communities and methods. The fourth section presents the authors' results.

Number	Title	Author	Date
WP 96-12 DRU-1453-RC	Does Aid to Families with Dependent Children Displace Familial Assistance?	<i>Robert F. Schoeni</i>	July 1996

Proponents of reducing welfare assistance argue that the family would respond to the increased need of single mothers by providing more assistance if the state lowered welfare benefits. The objective of this study is to estimate whether income received from AFDC displaces private familial assistance in the form of cash and time help. It is found that displacement is precisely estimated among blacks but not whites. The estimates for blacks suggest that annual familial cash received is reduced by 17 cents per dollar increase in AFDC benefits, and time help received is reduced by 75 hours per year per \$1,000 increase in AFDC benefits. As a result, family members who would have given greater amounts of assistance under a less generous welfare program now, themselves, have greater income equal to the amount they otherwise would have transferred. Although these may not be the people to whom the program is directly attempting to assist, it is found that they too are quite poor and needy.

Number	Title	Author	Date
WP 96-13 DRU-1461-RC	Do Children of Immigrants Make Differential Use of Public Health Insurance?	<i>Janet Currie</i>	July 1996

If immigrant parents face higher transactions costs of enrolling in Medicaid, and different opportunities in the market for private health insurance, then their responses to becoming eligible for Medicaid are likely to differ from those of native-born parents. This prediction is tested using data about health insurance

coverage and the utilization of medical care from the U.S. National Health Interview Survey. The results suggest that focusing on coverage alone will produce misleading assessments of the costs and benefits of expanding Medicaid eligibility for immigrants since among immigrants, eligibility increases utilization of basic services without affecting coverage. Second, the marginal cost of the additional medical services consumed by eligible immigrant children is small. However, the infra-marginal costs of expanding Medicaid eligibility to immigrants may be quite large, because as much as a quarter of the cost of providing infra-marginal services is shifted from private to public insurers.

Number	Title	Author	Date
WP 96-14	Wage Losses of Displaced	<i>Robert F. Schoeni</i>	August
DRU-1474-RC	Workers in the 1990s	<i>Michael Dardia</i>	1996

The large-scale downsizings of the 1990s has renewed interest in the wage losses of displaced workers. This study uses administrative data to follow 833,004 workers in California between 1989 and 1994, providing estimates of the extent of wage losses associated with the recent downsizings. Patterns of wage loss that are similar to those found in studies using different data for different regions and periods are documented. However, we do not find that wages decline substantially prior to displacement, which has been found in previous research. The study also finds that wage losses: (i) vary substantially among workers, (ii) differ by the period of displacement, (iii) are related to the economic conditions at the time of displacement, (iv) vary by firm size, industry of new employment, and the number of subsequent separations, (v) are similar within versus across firms, and (vi) in the long-run are 17 to 25 percent. The effects on quarterly versus hourly wages are also explored.

Number	Title	Author	Date
WP 96-15	Fertility, Education and	<i>Duncan Thomas</i>	October
DRU-1508-RC	Resources in South Africa		1996

Population and education are likely to play a central role in public policy in south Africa as it emerges from years of apartheid. Using household survey data, collected as part of the Project for Statistics on Living Standards and Development, the paper examines some of the mechanisms that underlie the negative association between fertility and education. First, education is not randomly assigned within a population. By placing the spotlight on educational attainment around natural exit points in the education system, it is demonstrated that part, but not all, of the association between education and fertility does reflect self-selection in educational attainment. A naive interpretation of the effect as entirely causal would be misleading. Second, education and household resources tend to be correlated and so a woman's education may simply be a proxy for her, or her family's, income. This turns out to not be the entire story in South Africa: After controlling for spousal characteristics, household income, labor market choices, and even community characteristics, female education continues to have a powerful negative association with fertility. The third set of experiments attempts to isolate the relationship between skills that are likely to be learned in school and demographic outcomes. After controlling for income and education, performance on a set of quantitative and comprehension tests has an independent impact on fertility. The impact of comprehension skills is particularly large in magnitude, suggesting that the acquisition and assimilation of information may be important in affecting family decision-making.

Number	Title	Author	Date
WP 96-16 DRU-1527-NICHD	Fertility Effects of Medicaid Funding of Abortions: A Disaggregated Analysis	<i>Jacob Alex Klerman</i>	October 1996

While standard price theoretic arguments imply that lowering the “cost” of abortion should lower fertility, recent theoretical and empirical work suggests the opposite. Using disaggregated birth certificate data, this paper explores the effect of Medicaid funding of abortions on fertility. For post-1981 changes in funding, the paper finds statistically significant and substantively large effects in the direction predicted by the price theoretic model. In particular, Medicaid funding of abortions lowers black non-marital later births across nearly all ages by about twenty percent. The effects on white fertility are much smaller. Parallel investigations of earlier changes in Medicaid funding policy—much of it induced by judicial decisions—shows much smaller effects for both whites and blacks.

Number	Title	Author	Date
WP 96-17 DRU-1528-RC	Does Head Start Help Hispanic Children?	<i>Janet Currie Duncan Thomas</i>	October 1996

Poor educational attainment is a persistent problem among Latino children, relative to non-Latinos. This paper examines the effects of participation in the Head Start program on Latinos. The authors find that large and significant benefits accrue to Head Start children when they compare them to siblings who did not participate in the program. On average, Head Start closes at least 1/4 of the gap in test scores between Latino children and non-hispanic white children, and 2/3 of the gap in the probability of grade repetition. Latinos are not a homogenous group, and the authors find that the benefits of Head Start are not evenly distributed across sub-groups. Relative to siblings who attend no preschool, the gains from Head Start are greatest among children of Mexican-origin and children of native-born mothers, especially those whose mothers have more human capital. In contrast, Latino children whose mothers are foreign-born and Puerto Rican children appear to reap little benefit from attending Head Start, relative to their siblings.

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