

Preface

I have analyzed social security systems on and off for twenty-five years.¹ Since social security became a major topic in the U.S. debate, I have been working more on than off this topic. Thus, when I received the opportunity and the honor to give these lectures, it was natural for me to turn to social security as their topic. The lectures were given November 14–16, 2000.

My goal for the first (public) lecture of this series was to illustrate how I approach some social security issues by analyzing some of the issues most relevant for the current discussion in Germany. My goal for the following two lectures was to present the backgrounds in subjects that influence my thinking about social security and then to show some applications to social security issues. For the book, I have rearranged the sequence of material, starting with the two technical lectures and dividing each of them

1. I use social security in the U.S. sense, as the public system of providing retirement income to workers. I was initially drawn into this topic by invitations from Bill Hsiao to serve on successive panels that he chaired, the Panel on Social Security Financing consulting to U.S. Senate Finance Committee, 1974–1975, and the Consultant Panel on Social Security of the Congressional Research Service, 1975–1976.

into three chapters. While expanding the material considerably, I have stayed fairly close to the lectures as delivered. I have moved the public lecture toward the end, with the written version in very much the same form as was presented. I have added a brief introduction, as a guide to the material, and a concluding chapter, where I review briefly some issues in the relationship between economic theory and policy recommendations.

One of the issues I faced was distinguishing these lectures from the Lindahl Lectures, which I delivered one year earlier.² There, too, I chose to consider issues of relevance in my host country. Then I turned to thinking about the interaction between social security and the labor and capital markets. These different approaches make the two books somewhat complementary, although it is inevitable that there is some overlap between them—in style and approach if nothing else.

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2. Diamond (forthcoming).