

VID Colloquium

Education, Lifetime Labor Supply, and Longevity Improvements

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This paper presents an analysis of the differential role of mortality for the optimal schooling and retirement age when the accumulation of human capital follows the so-called "Ben-Porath mechanism". We set up a life-cycle model of consumption and labor supply at the extensive margin that allows for endogenous human capital formation based on Card (2001). This paper makes two important contributions. First, we provide the conditions under which a decrease in mortality leads to a longer education period and an earlier retirement age. Second, those conditions are decomposed into a Ben-Porath mechanism and a lifetime-human wealth effect vs. the years-to-consume effect. Finally, using Swedish data for cohorts born between 1865 and 2000, we show that our model can match the empirical evidence.

About the presenter

Miguel Sánchez-Romero obtained his Ph.D. in Economics from Universidad Autónoma de Madrid (Spain) in December 2006. He was a Fulbright postdoctoral researcher under the supervision of Prof. Dr. Ronald D. Lee at the Center on Economics and Demography of Ageing (CEDA) at University of California, Berkeley (2008-2010). Before joining the Wittgenstein Centre in 2014, he worked as research scientist at the Max Planck Institute for Demographic Research (MPIDR) in Rostock, Germany. Miguel's main research interest deals with the effect of the interaction between demographic changes and intergenerational transfers on economic growth. To perform his analysis, he develops theoretical models as well as computable general equilibrium models that incorporate realistic demography and public and private transfers based on National Transfer Accounts (NTA) data.

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