TABLE 5.—ESTIMATES OF REGRESSION COEFFICIENTS DERIVED FROM LABOR FORCE AND INCOME STATISTICS OF MILITARY RETIREES CLASSIFIED BY AGE AND LEVEL OF SCHOOL COMPLETED, 1965, L_1 AND L_2 AS DEPENDENT VARIABLES

Regression number	Dependent variable[b]	Coefficient of—			Dummy variables included[a]		Constant	R^2
		W[b]	X[b]	U[b]	School	Age		
(1)	L_1	*0.9115 (.0594)	*−0.5876 (.0426)	*0.2334 (.0532)	None	None	*1.008 (.298)	0.975
(2)	L_2	*1.155 (.076)	*−.7199 (.0545)	*.3593 (.0681)	do	do	*1.272 (.380)	.971
(3)	$L_1/1-L_1$	†1.031 (.477)	*−1.564 (.342)	*−1.982 (.427)	do	do	*5.808 (2.387)	.935
(4)	$L_2/1-L_2$	*1.479 (.513)	*−2.239 (.368)	*−1.896 (.460)	do	do	*9.824 (2.569)	.942
(5)	L_1	*.4924 (.1267)	†−.1982 (.0866)	.0529 (.0664	12 years, 16 years, 17 or more years.	55 to 64 years, 65 or more years.	−.6497 (.3619)	.992
(6)	L_2	*1.180 (.059)	*−.7106 (.043)	*.4040 (.0536)	12 years, 13 to 15 years.	None	*1.139 (.306)	.985
(7)	$L_1/1-L_1$	*1.100 (.400)	*−2.455 (.738)	*−1.433 (.478)	9 to 11 years, 12 years, 13 to 15 years, 16 years, 17 or more years.	55 to 64 years	*13.73 (6.62)	.982
(8)	$L_2/1-L_2$	*3.119 (.656)	*−2.412 (.387)	†−1.432 (.695)	12 years, 13 to 15 years, 17 or more years.	45 to 54 years, 55 to 64 years.	*7.962 (2.505)	.986
(9)	L_1	*.5150 (.1565)	−.2671 (.2601)	.0800 (.1013)	All	All	−.1604 (1.693)	.992
(10)	L_2	*.8492 (.2369)	−.3257 (.3937)	.2315 (.1534)	All	All	−.8566 (2.563)	.986
(11)	$L_1/1-L_1$	−1.026 (.858)	1.919 (1.389)	*−1.492 (.541)	All	All	11.24 (9.04)	.991
(12)	$L^{21}/_2-L2$	.693 (.824)	1.231 (1.370)	−.239 (.534)	All	All	9.922 (8.919)	.993

[a] Coefficients of dummy variables and their standard errors appear in app. C.
[b] The definition of the dependent variables is in table 1, note a. W and X are defined in the text. U represents the unemployment rate of retirees.
*Signifies that coefficients are significant at the 0.01 level, using a 2-tail test.
†Signifies that coefficients are significant at the 0.05 level, using a 2-tail test.

Numbers in parentheses are standard errors of the regression coefficients.

The elasticity of supply with respect to X is equal to $\alpha_1 \frac{X}{X+W}$ when supply is measured by L or by $\frac{L}{1-L}$. When L is the measure of supply, this elasticity is estimated from the regression coefficient of X found in table 5. It is assumed to be the same for each age-education group. When supply is measured by $\frac{L}{1-L}$, the income elasticity with respect to L, $\frac{\partial L}{\partial X} \cdot \frac{X}{L}$, is derived by multiplying the regression coefficient of X (table 5) by $(1-L)$. This produces differing elasticities for each age-education cell. Estimates of the elasticities in each of the cells using the income coefficients of equations 2 and 4 are presented in table 6. The estimated elasticities are less than one in all but two cases. The income elasticity is higher for older retirees in each education class for both equations. In each equation age constitutes the major source of variation in the estimated elasticity. Since younger retirees are more likely to be primary workers, it is reasonable to expect to find their labor force behavior to be less sensitive to forms of family income other than their earnings. There is a substantial difference in estimated elasticities for given age-education groups between the equations. Because of the asymptotic properties of the