

WHEN THE STATE MIRRORS THE FAMILY: THE DESIGN OF PENSION SYSTEMS

Vincenzo Galasso

Bocconi University, IGER, and Dondena

Paola Profeta

Bocconi University and Dondena

Abstract

We study how family culture has affected the adoption and generosity of public pension systems. Our theoretical framework suggests that inheritance rules shape filial obligations to parents, and thus the within-family intergenerational transmission of resources. In countries with egalitarian inheritance rules, inheriting children represent a large share of the population, and support generous pension systems; in countries with non-egalitarian inheritance rules, a majority of non-inheriting individuals prefers basic pension systems. An empirical cross-country analyses using historical data on inheritance rules support these predictions. These results are robust to controlling for alternative legal, religious, demographic, economic and political explanations. Evidence from individual (General Social Survey) data confirm our findings: US citizens whose ancestors came from countries featuring egalitarian inheritance rules rely more on the government as a provider of old age security income. (JEL: Z10; Z13; N30; H10; H55)

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E-mail: vincenzo.galasso@unibocconi.it (Galasso); paola.profeta@unibocconi.it (Profeta)