

INHERITED WEALTH OVER THE PATH OF DEVELOPMENT: SWEDEN, 1810–2016

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Abstract

We estimate the importance of inherited wealth in Sweden over the past 200 years. Inheritance is measured both as the annual inheritance flow divided by national income and as the share of inherited wealth in all private wealth. In the nineteenth century, Sweden differs from France and the U.K. in having much lower inheritance-income flows, but at the same time exhibiting equally large shares of inherited wealth in total wealth. This pattern is in line with Sweden at the time being a poor country with low domestic capital accumulation, but at the same time exhibiting high economic growth rates. In the twentieth century the importance of inheritance in relation to national income fell, but since the 1990s it has increased rapidly, today reaching almost the same levels as a century ago. The share of inherited wealth in total wealth has also fallen over time, but remains relatively low due to a rapid accumulation of new wealth. We study potential determinants and explanations, pointing especially to Swedish welfare-state institutions, and in particular to the development of an extensive public occupational pension system contributing to keeping private inheritance low. (JEL: D30, J10, N10)

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