
Comments and Complements on Márton Medgyesi

The impact of intergenerational transfers on wealth accumulation in Hungary in comparative perspective

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Marton's main conclusion

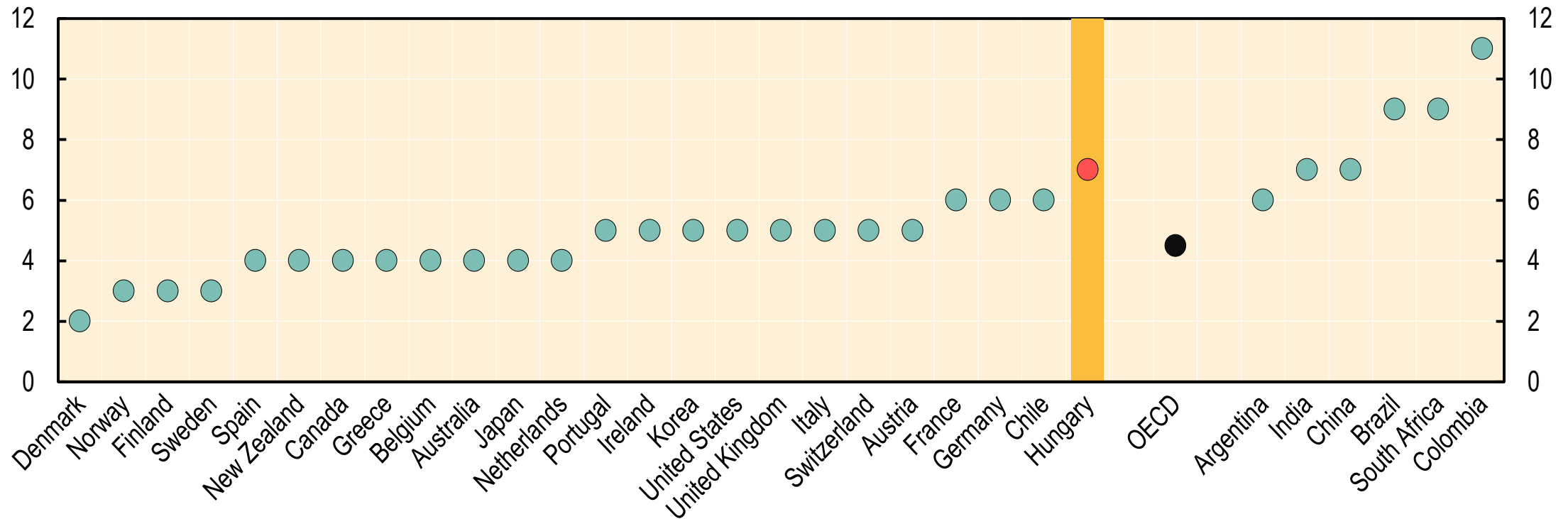
- *While Hungary is characterised by low social mobility, intergenerational wealth transfers contribute little to the accumulation of wealth (wrt other countries), and their effect on wealth inequality is weaker than elsewhere*

Three sets of more general comments:

- Is social mobility really that low in Hungary?
- How do we grasp “wealth inequality”?
- And how do wealth transfers contribute to it?

Ad 1). Indeed, intergenerational mobility of earnings/incomes appears to be lowest among all OECD countries

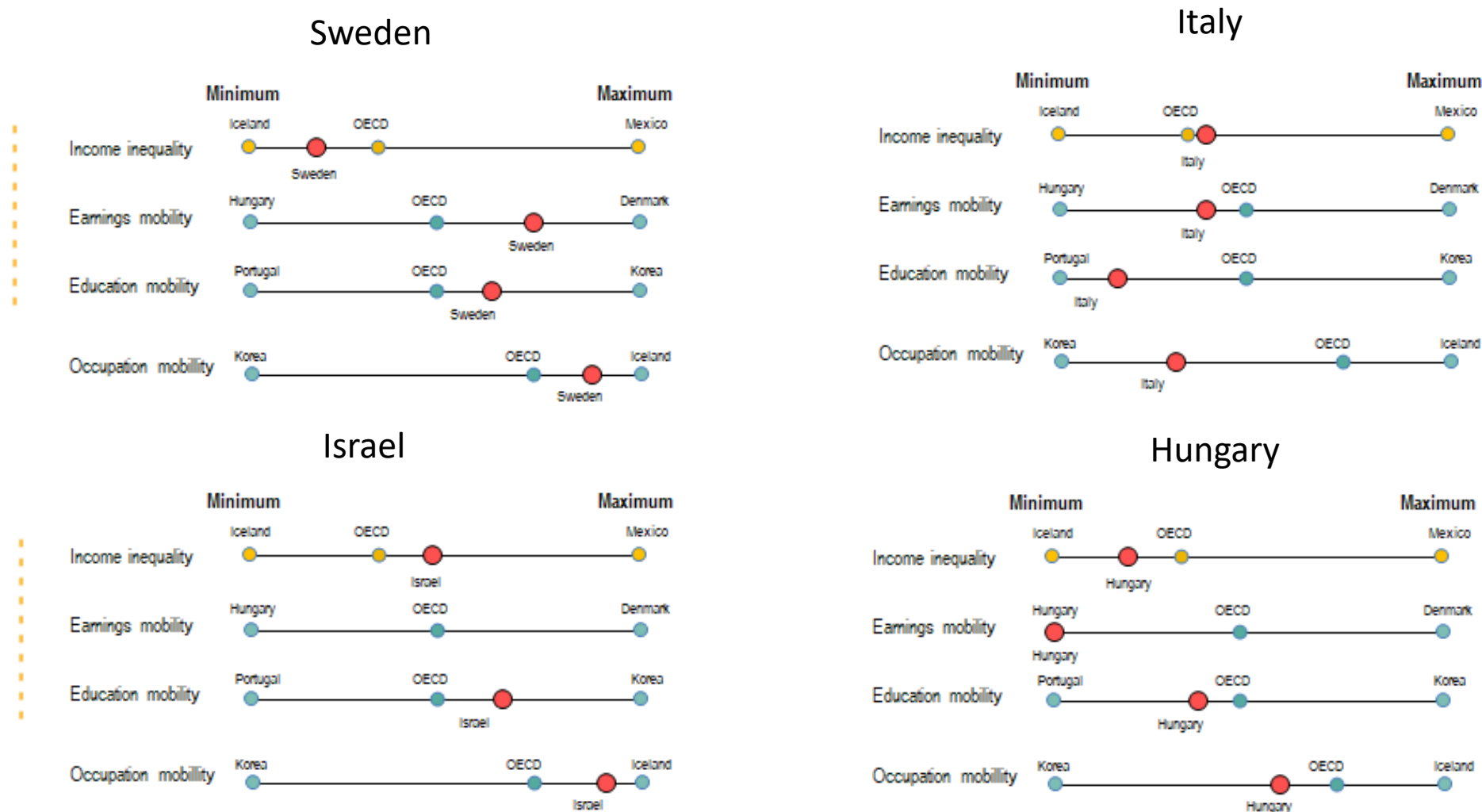
Number of generations it would take for descendants of poor families to reach the mean income in society



Source: OECD (2018), *A Broken Social Elevator?*

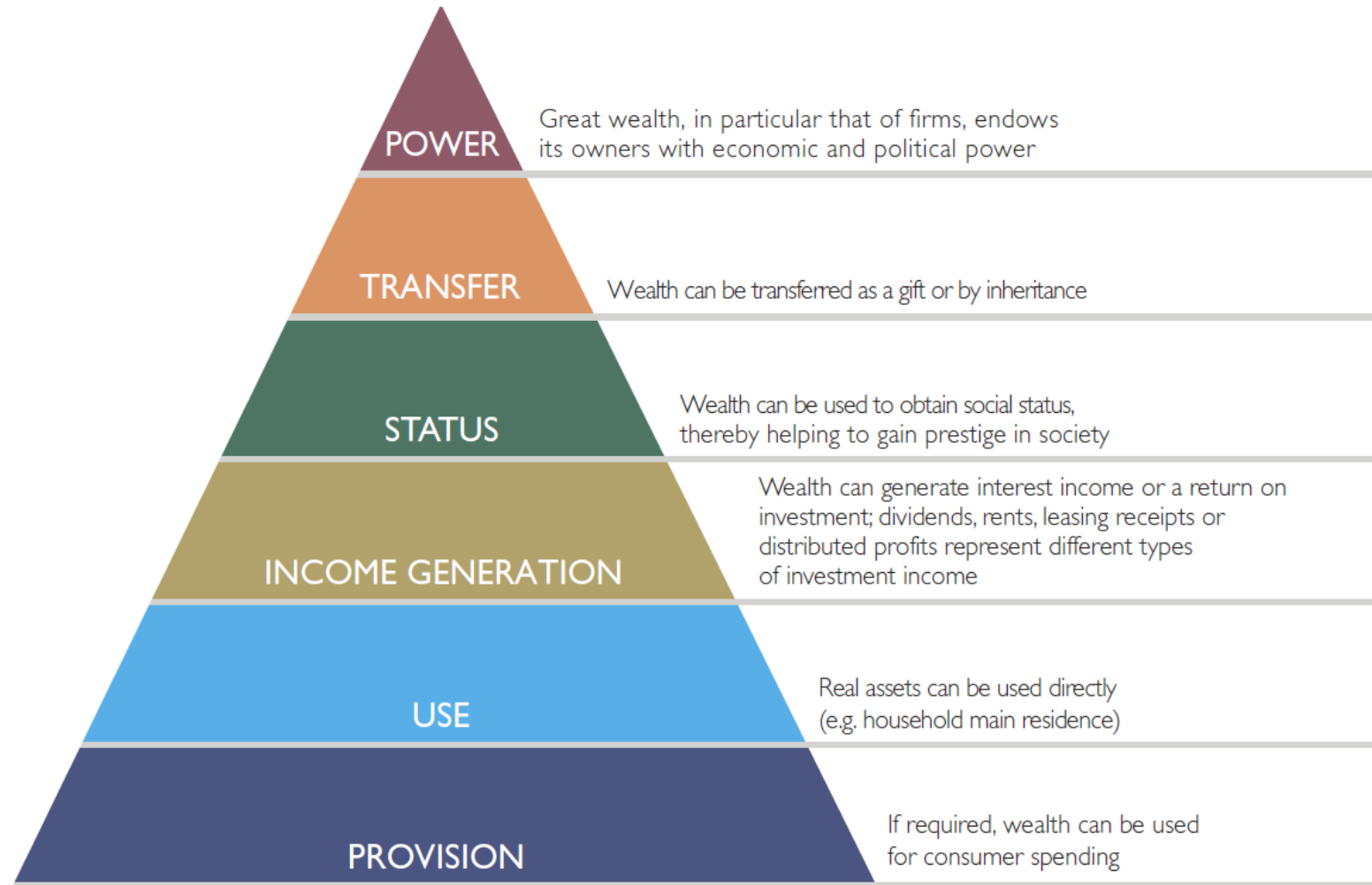
Note: Estimates are illustrative. Poor families: families in the bottom 10% of the income distribution. Calculations based on IGEs between fathers and sons and the current level of household incomes of the bottom decile and the mean, assuming constant elasticities.

Social mobility is low in Hungary in other dimensions, too



Source: OECD (2018), *A Broken Social Elevator?*

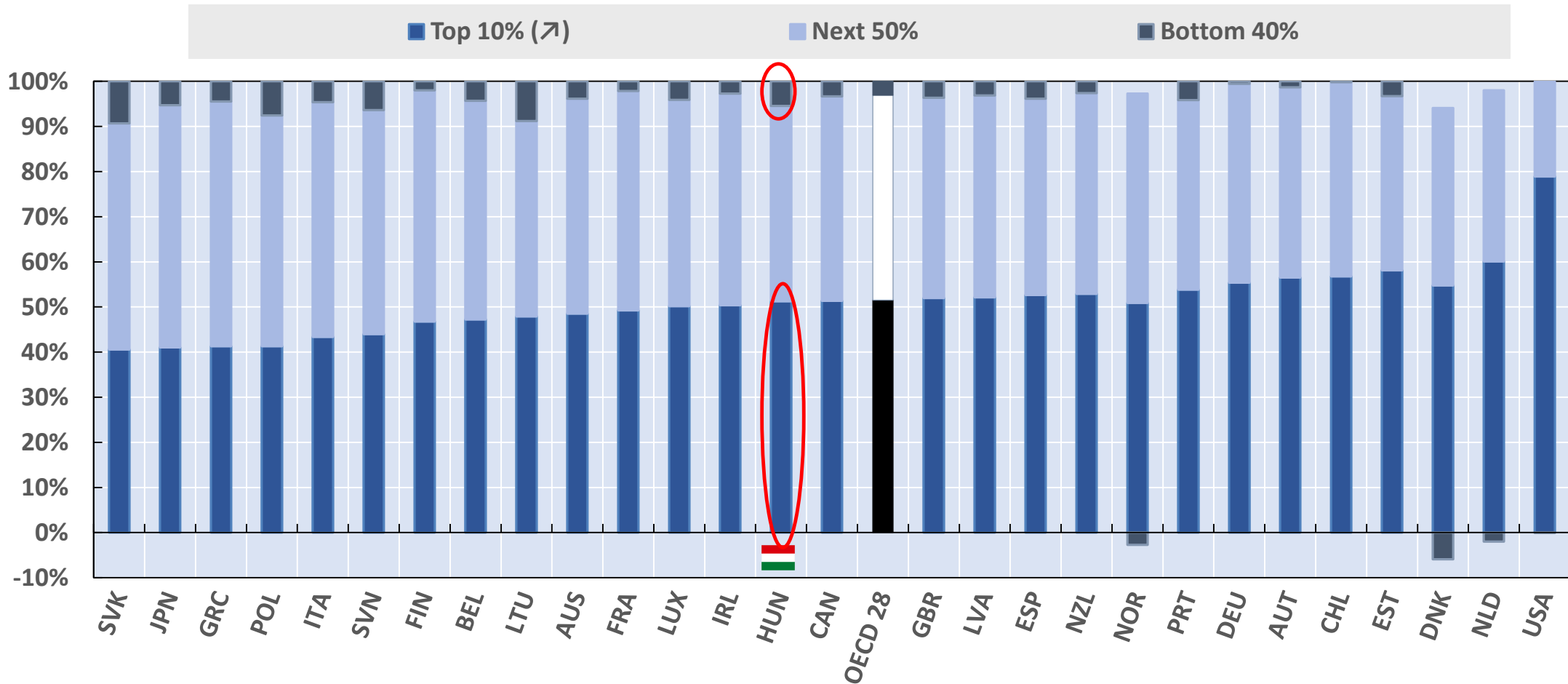
Ad 2). The different purposes and functions of holding wealth



Source: Fessler and Schürz (2018), "The functions of wealth: renters, owners and capitalists across Europe and the United States", OENB Working Paper 223

Interpreting wealth distributions: focusing on concentration or participation

Share of total net wealth, 2019 or latest date

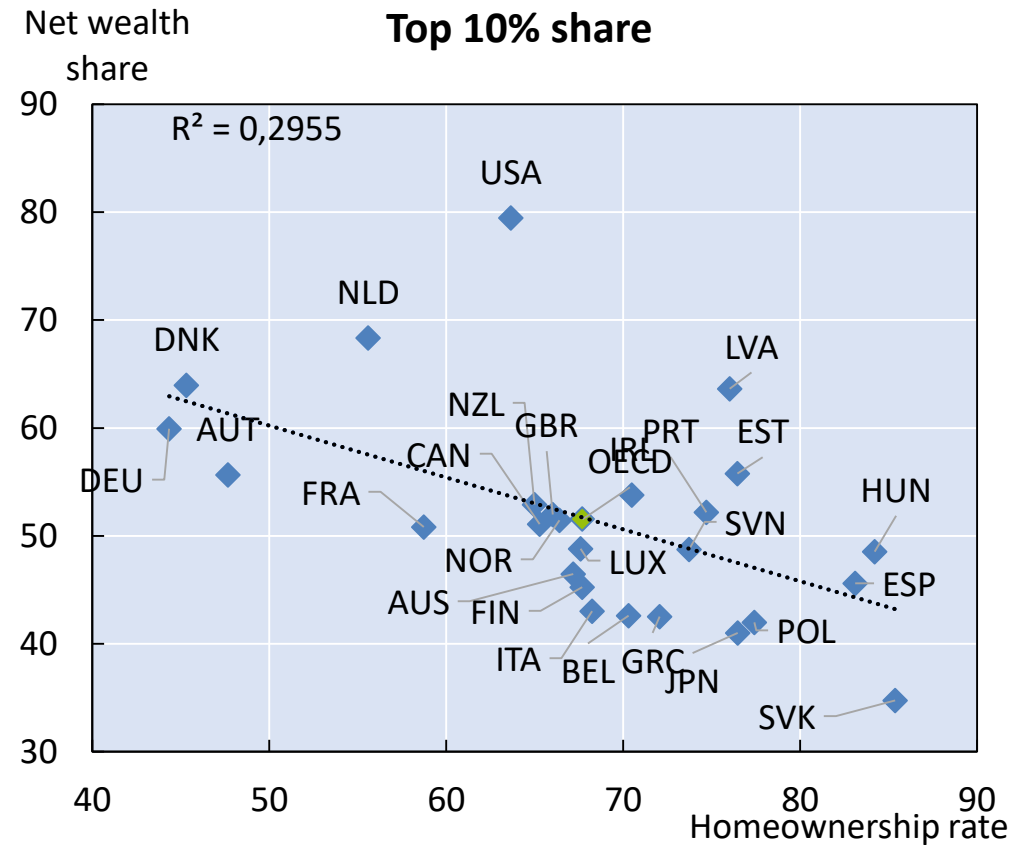
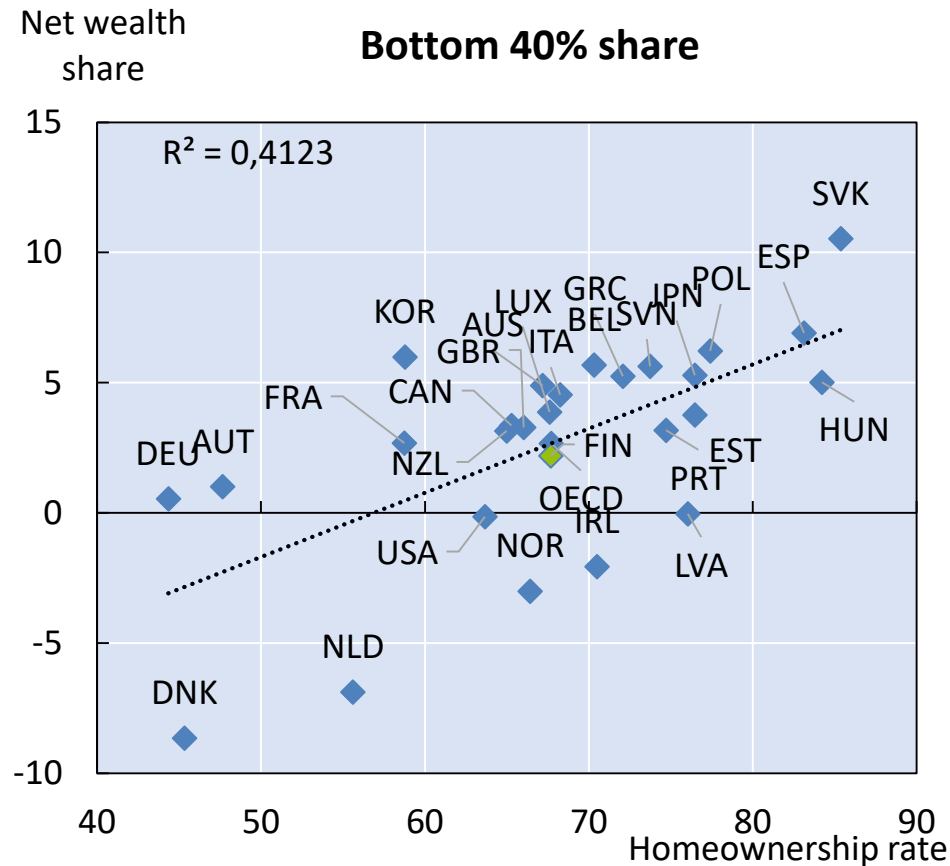


Source: OECD WDD, <http://oe.cd/idd>

Note. Wealth refers to net private household wealth.

Wealth inequality is lower in countries where homeownership is more common

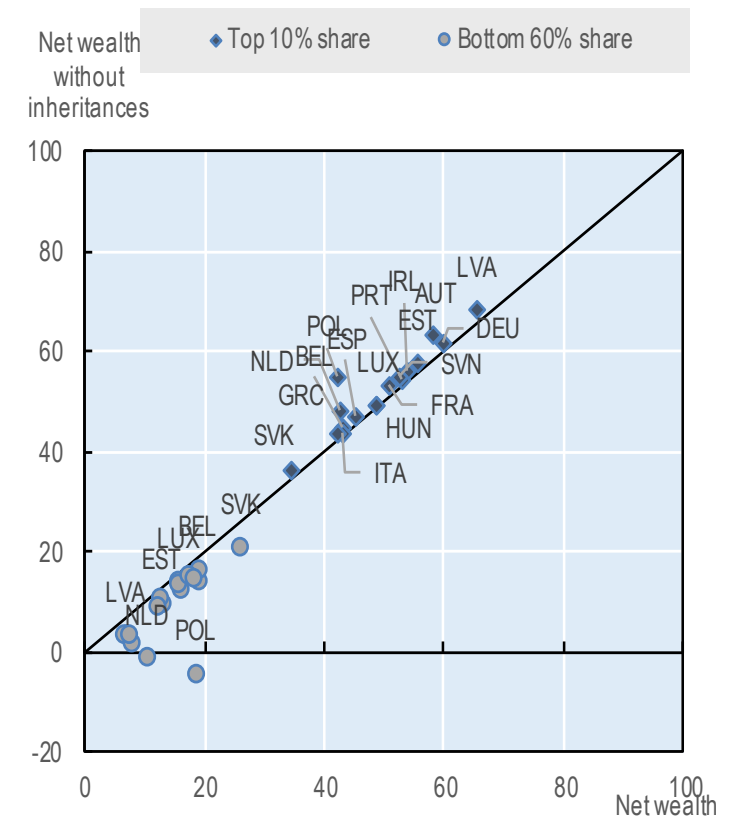
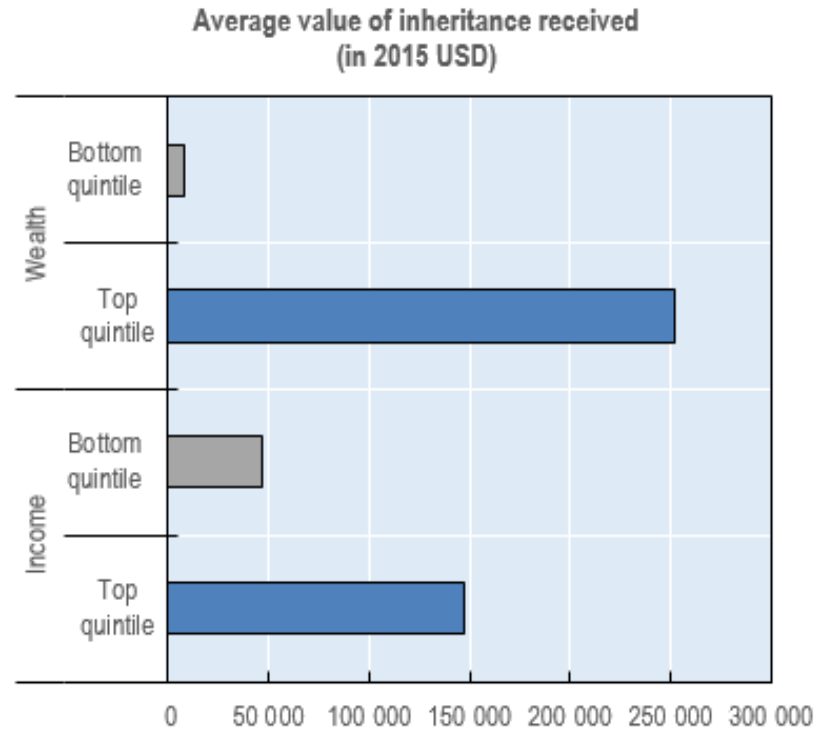
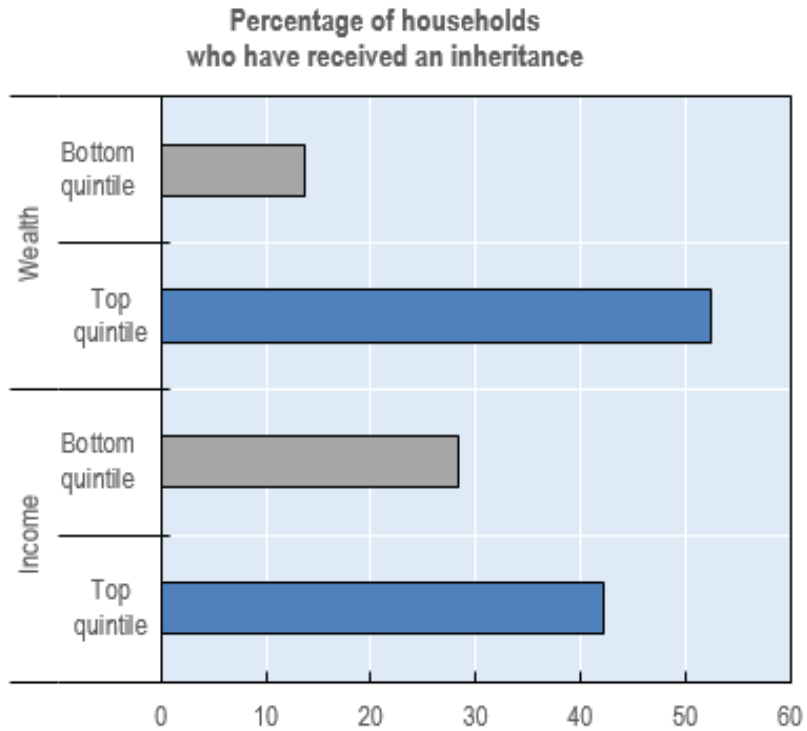
Percentage bottom 40% and top 10% net wealth shares and homeownership rates



Source: Causa et al. (2019), "Housing, wealth accumulation and wealth distribution: Evidence and stylized facts", [OECD Economics Department Working Papers](#) 1588

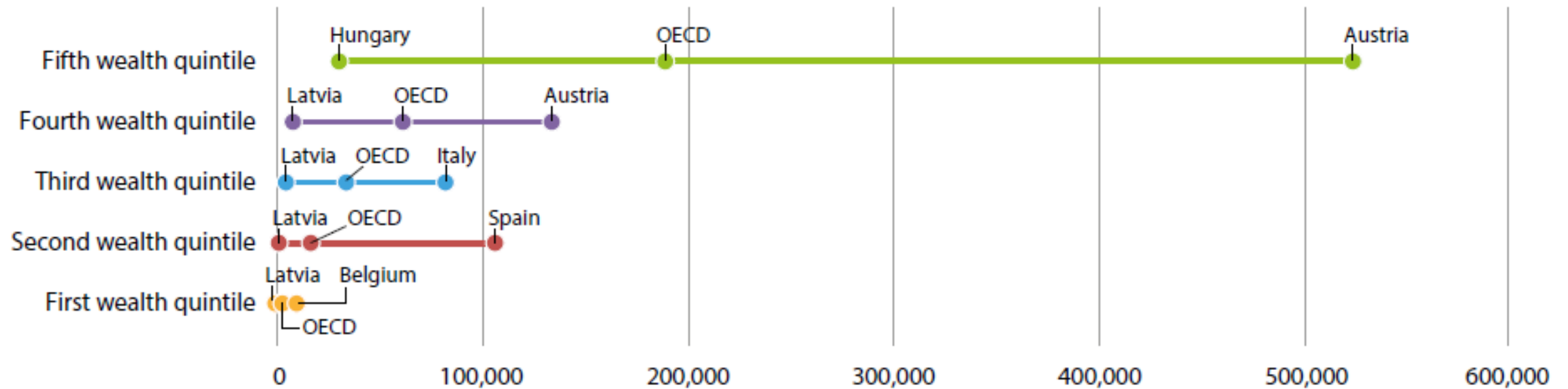
Ad 3). What is the impact of wealth transfers on the distribution of wealth?

Inheritances raise absolute and slightly reduce relative wealth inequality



Large country differences when it comes to values of inheritances across the wealth distribution

Average value of inheritances received across the wealth distribution (USD)



Source: OECD (2021), *Inheritance Taxation in OECD Countries*, based on OECD WDD, <http://oe.cd/idd>

Finally, taxation may explain part of the story

Wealth transfer taxes in OECD countries

Type of tax	Country*
Inheritance tax and gift tax	Belgium, Chile, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain, Switzerland, Turkey
Estate tax and gift tax	Denmark, Korea, United Kingdom, United States
Gifts taxed under personal income tax	Latvia (no inheritance tax), Lithuania (with a separate inheritance tax)
Repealed inheritance or estate taxes (repeal year in brackets)	Australia (1979), Austria (2008) , Canada (1972), Czech Republic (2014), Israel (1980), Mexico (1961), New Zealand (1992), Norway (2014), Slovak Republic (2004), Sweden (2004)

THANK YOU!

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