

Boeri, Tabellini:
Does information increase
political support for pension
reform?

Comment by Tuulia Hakola

Basic question

”If you know more about the pension system, are you more willing to reform it”

- Overall information about the system and willingness to reform
- Cost awareness (contribution levels)
- Knowledge on individual benefits (orange envelopes)

Answer

- Yes.
- Cross-section survey (response rate ?)
- Fix the fact that more informed individuals might also be those who are more willing to reform – not because they know more but because they are e.g. more "able".
- Dependent variable shrink = more willing to cut benefits or raise retirement age
- Explanatory variables of interest = a) system is in deficit, b) system is paygo and c) size of contribution

Info vs. info channel

- But those who followed the debate, don't seem to be more informed
 - Authors conclude that they just confirm their priors from the media or there is measurement error
 - Or the media info does not provide answers to the questions posed in the paper?

Data from a survey by Forma, Pirttilä and Uusitalo

Willingness to shrink expenditures

ITALY

- 38% raise ret age or cut benefits
- 24% raise ret age
- 19% cut benefits
- 34% increase contrib
- 23?% don't know

FINLAND

- 51% raise ret age or cut benefits
- 43% raise by 2 y's
- 8% cut by 13%
- 18% raise by 100e/m
- 31% don't know

Knowledge on contributions

ITALY

- Info on rate (knows contribution rate approximately) = with 5 % range 10 %; with 15 % range 25 %
- 30% no clue (incorrect?)
- 60% don't know

FINLAND

- Info on rate (knows contribution rate approximately) = with 5 % range 5 %; with 15 % range 19 %
- 43% don't know
- Range 0-99.9%
- True value 23.87%?

Shrink on correct answer indicator

	shrink	Coef.	Std. Err.	t	P> t
correct20_30		.1415937	.0364274	3.89	0.000
_cons		.4878706	.0149103	32.72	0.000

... with controls

shrink	Coef.	Std. Err.	t	P> t
correct2030	.0770657	.0402519	1.91	0.056
male	.0899053	.0321821	2.79	0.005
married	-.0567753	.0363541	-1.56	0.119
age	-.0022714	.0015024	-1.51	0.131
children	.0632615	.0359164	1.76	0.079
left	-.0779557	.0460851	-1.69	0.091
right	.0937089	.0499939	1.87	0.061
retired	.1228908	.060641	2.03	0.043
unempl	-.0414858	.077609	-0.53	0.593
ret_early	-.1314665	.0322088	-4.08	0.000
healthy	.0802389	.0363441	2.21	0.028
midedu	.1243961	.0416656	2.99	0.003
highedu	.2378719	.0524119	4.54	0.000
wage	.0000198	.0000136	1.46	0.145
_cons	.390839	.1017571	3.84	0.000

Raise ret age on info indicator

	raise	Coef.	Std. Err.	t	P> t
correct2030		.0723832	.0362363	2.00	0.046
_cons		.4186882	.0148321	28.23	0.000

... with controls

raise	Coef.	Std. Err.	t	P> t
correct20_30	.0162868	.0407293	0.40	0.689
male	.0486164	.0325638	1.49	0.136
married	-.066773	.0367853	-1.82	0.070
age	-.0006155	.0015202	-0.40	0.686
children	.0647105	.0363424	1.78	0.075
left	-.0692415	.0466317	-1.48	0.138
right	.063776	.0505869	1.26	0.208
retired	.0839662	.0613603	1.37	0.172
unempl'd	.0025339	.0785295	0.03	0.974
ret early	-.2079344	.0325908	-6.38	0.000
healthy	.08915	.0367752	2.42	0.016
midedu	.0991268	.0421598	2.35	0.019
highedu	.178363	.0530336	3.36	0.001
wage	.0000148	.0000138	1.08	0.281
_cons	.3496172	.1029641	3.40	0.001

Cut benefits on info

	Cut ben	Coef.	Std. Err.	t	P> t
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correct2030		.0692105	.0198798	3.48	0.001
_cons		.0691824	.0081371	8.50	0.000

... with controls

Cut ben	Coef.	Std. Err.	t	P> t
correct2030	.060779	.0245547	2.48	0.013
male	.0412889	.0196319	2.10	0.036
married	.0099977	.0221769	0.45	0.652
age	-.0016559	.0009165	-1.81	0.071
children	-.0014491	.0219099	-0.07	0.947
left	-.0087142	.0281131	-0.31	0.757
right	.0299329	.0304975	0.98	0.327
retired	.0389246	.0369926	1.05	0.293
unempl	-.0440196	.0473435	-0.93	0.353
ret early	.0764679	.0196482	3.89	0.000
healthy	-.0089111	.0221708	-0.40	0.688
mid edu	.0252693	.0254171	0.99	0.320
high edu	.0595089	.0319726	1.86	0.063
wage	4.99e-06	8.30e-06	0.60	0.548
_cons	.0412218	.0620744	0.66	0.507