WORKING PAPER
Executive Summary
JANUARY 2006, WP # 2006-1

center for retirement research at boston college

PRIVATE TRANSFERS IN A CROSS SECTION OF DEVELOPING COUNTRIES

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Despite being well recognized by economists as an important social and economic force, private transfers are still little understood, and considerable debate surrounds basic questions, such as whether or how private and public transfers might interact. Nearly all empirical work to date has proceeded in piecemeal fashion, with evidence accruing from isolated, individual country case studies, from which generalizations are often dicey at best. We depart from this approach by focusing on a set of 11 diverse developing countries, from which private transfer information was elicited using comparable survey instruments (the World Bank's Living Standards Measurement Surveys). We find many commonalities in private transfer patterns across countries, suggesting that part of private-behavior might emanate from basic behavioral forces shared by these diverse countries. Nowhere, for example, do private transfers seem to flow from the very poor to the very rich. We uncover intercountry differences as well. For example, in some countries, such as Kyrgyzstan, private transfers from older to younger households predominate, but in others, such as Vietnam, they mostly flow from young to old. Further, we find evidence that public and private transfers interact; private old age support tends to be smaller for countries with relatively generous public pension systems. This result has important policy implications, for it implies that the benefits of pension systems could spill over to persons whose burden of care is eased by social insurance.

 The research reported herein was performed, in part, pursuant to a grant from the U.S. Social Security Administration (SSA) funded as part of the Retirement Research Consortium. The findings and conclusions expressed are solely those of the authors and do not represent the views of SSA, any agency of the Federal Government, or Boston College.

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