

SEMINARIO DISA

Political Equilibrium Social Security with Migration

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We analyze the consequences on social security of immigration in a micro founded parliamentary democracy. The underlying economic model is an overlapping-generations economy, where individuals differ in preferences over a public good (as well as in age). Social security, as well as the public good is funded by labour- and capital taxes. We find that in an economy with positive population growth, immigration increases the social security payment (per old). On the contrary, an economy with (small) population decline will experience a decline in social security if immigration is large enough. The reason is that immigration in the latter case alters the political majority.

Referente

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