

# **Information about Pensions and Public Opinion**

## **Evidence from Italy**

*Milan, 22 October 2004*

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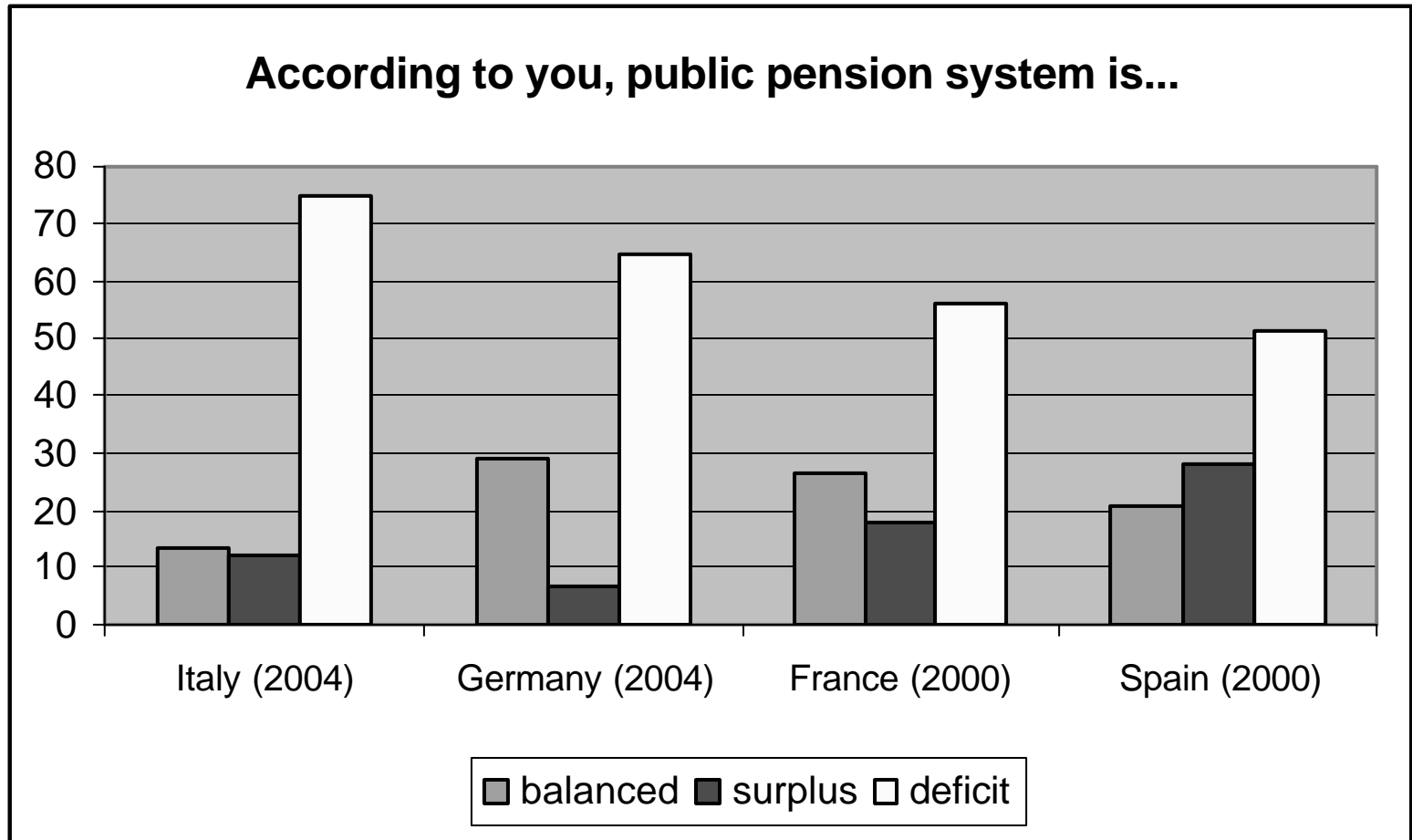
# Outline

- How informed are Italians about the costs of public pensions?
- Press-media coverage of pension reforms
- Information provided by the INPS to citizens
- Evidence on:
  - Informational content of the public debate
  - Effects of information on public opinions about reforms of the pension system

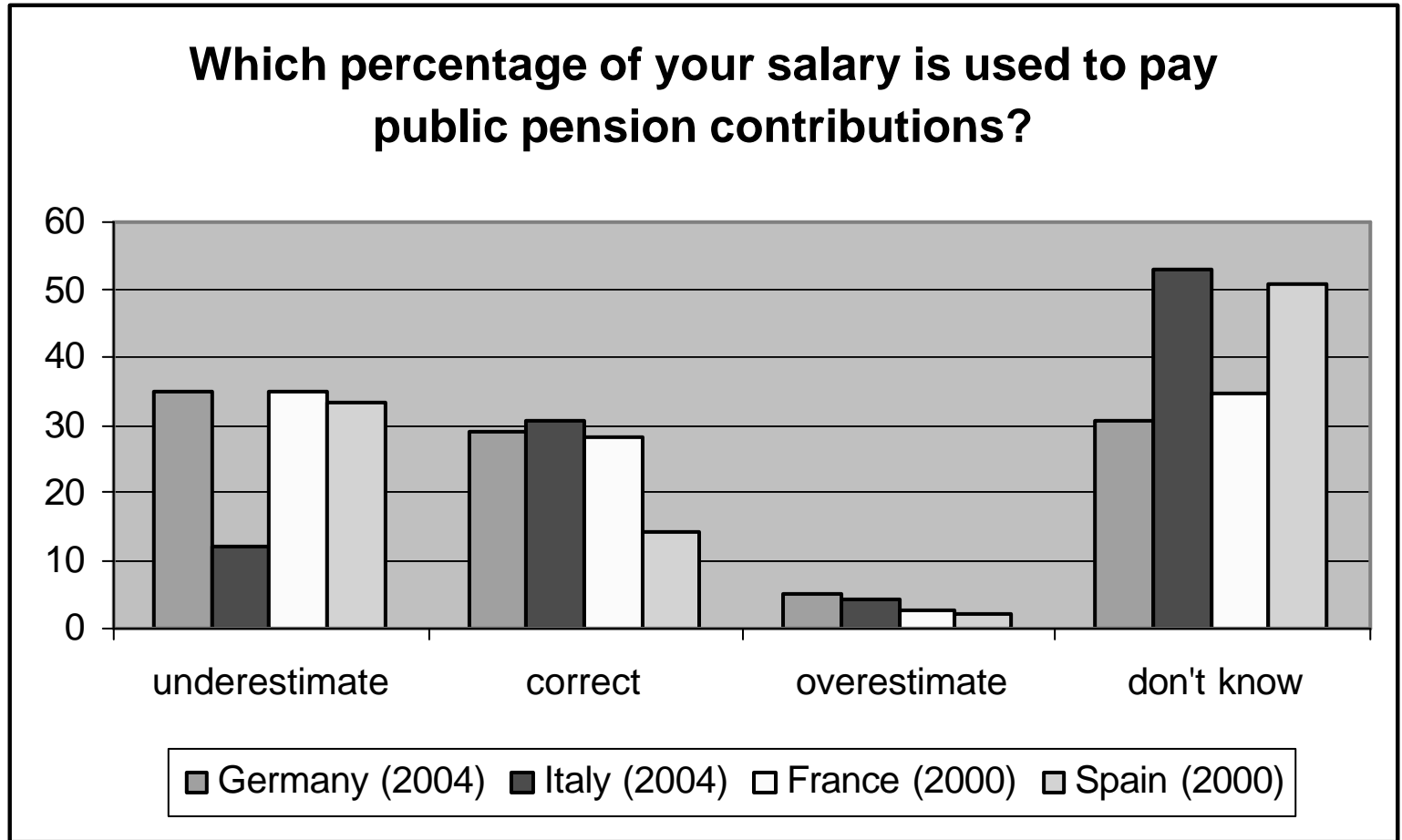
# How Informed?

- Public opinion survey in Italy, 2000, 2001 and 2004 (also France, Germany and Spain in 2000, cf BB1 and BB2).
- Individuals were asked about:
  - aggregate costs
  - individual costs
  - intergenerational redistribution operated by public pension systems

# Aware of the aggregate Budget Constraint? ...

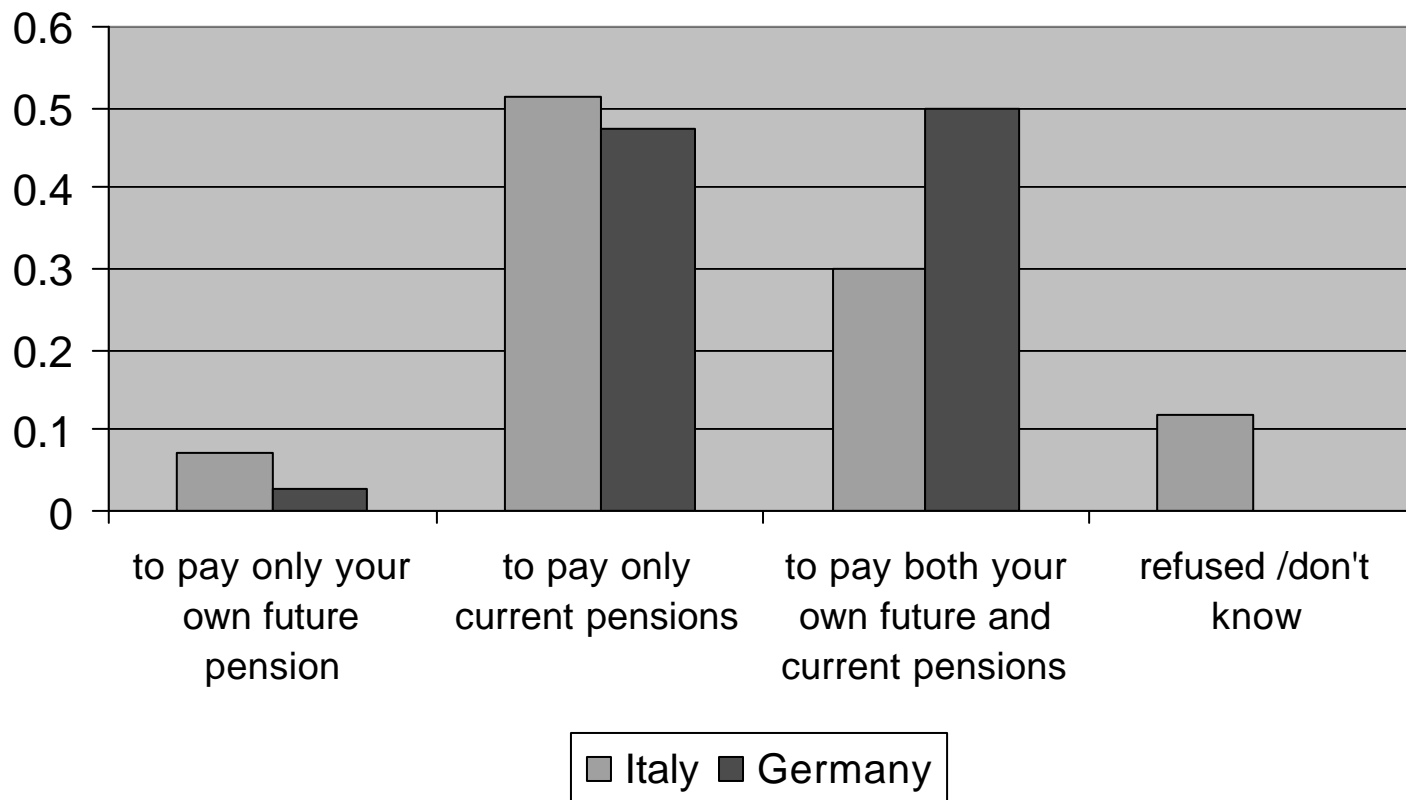


# Aware of *individual* costs?



# Aware of intergenerational redistribution (PAYG)?

According to you, for which purpose are the contributions used for? (2004)



# Press coverage

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## Number of Quotations of “Pension(s)” in «Il Sole 24 Ore»

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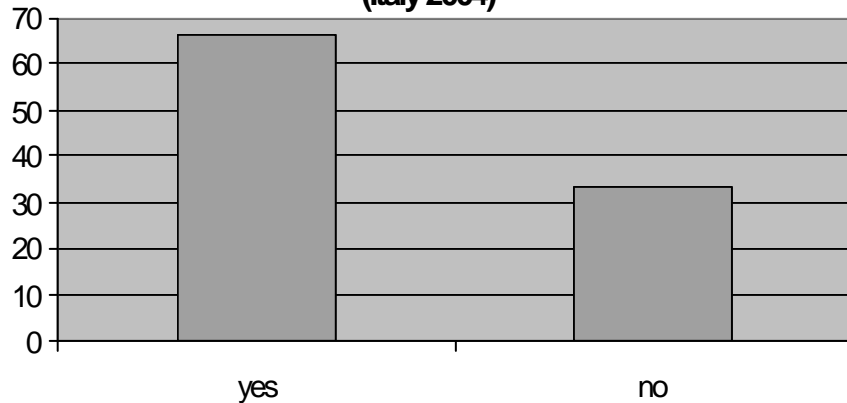
	<i>in titles</i>		<i>in articles</i>	
	<i>v.a.</i>	<i>%</i>	<i>v.a.</i>	<i>%</i>
2000, January	91	1.68	407	7.51
2001, January	87	1.61	392	7.24
2002, January	88	1.62	421	7.77
2003, January	110	2.03	414	7.64
2004, January	99	1.83	392	7.24

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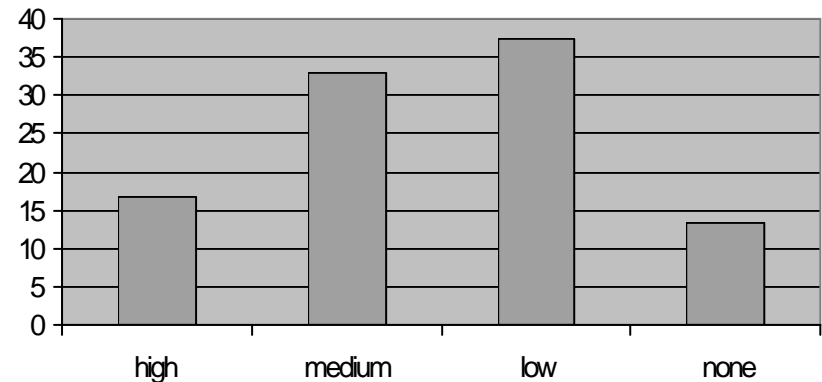
*Note:* Number of articles in which “pension or pensions or similar” are quoted in the title or in the full text as a percent of all articles published on January, from 2000 to 2004.

# Degree of involvement in the public debate

"During the last months, have you read newspaper articles/watched TV programs concerning pension reform debate?"  
(Italy 2004)



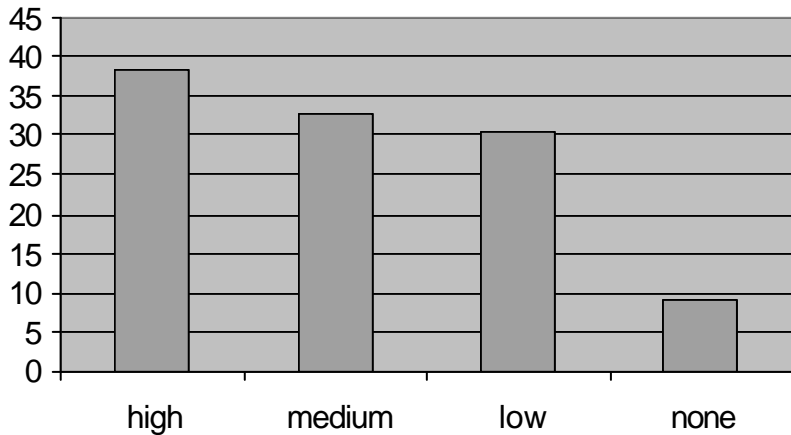
Which was your level of attention in following the pension reform debate in Italy? (2004)



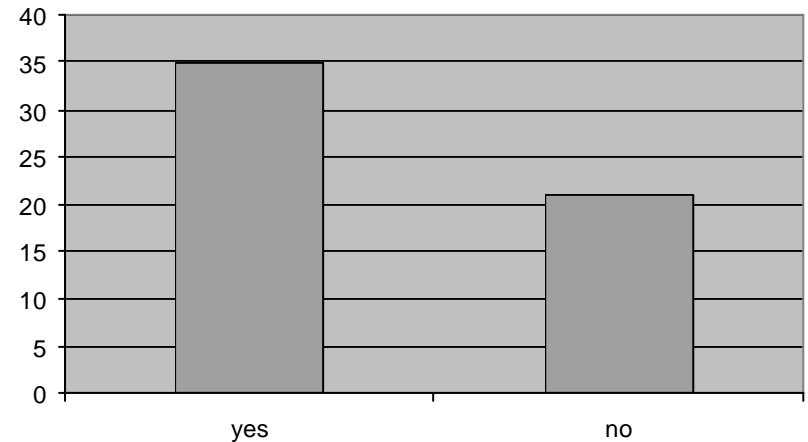


# Informational content of the public debate

**Correct estimate of contribution rate by level of attention in following pension reform debate**



**Correct estimate of contribution rate: have you read newspaper articles/ watched TV program concerning pension reform debate?**



# Who decides to be involved?

## (Italy, 2004)

Probit estimates

Number of obs = 1494

LR chi2(8) = 147.92

Prob > chi2 = 0.0000

Log likelihood = -955.58685

Pseudo R2 = 0.0718

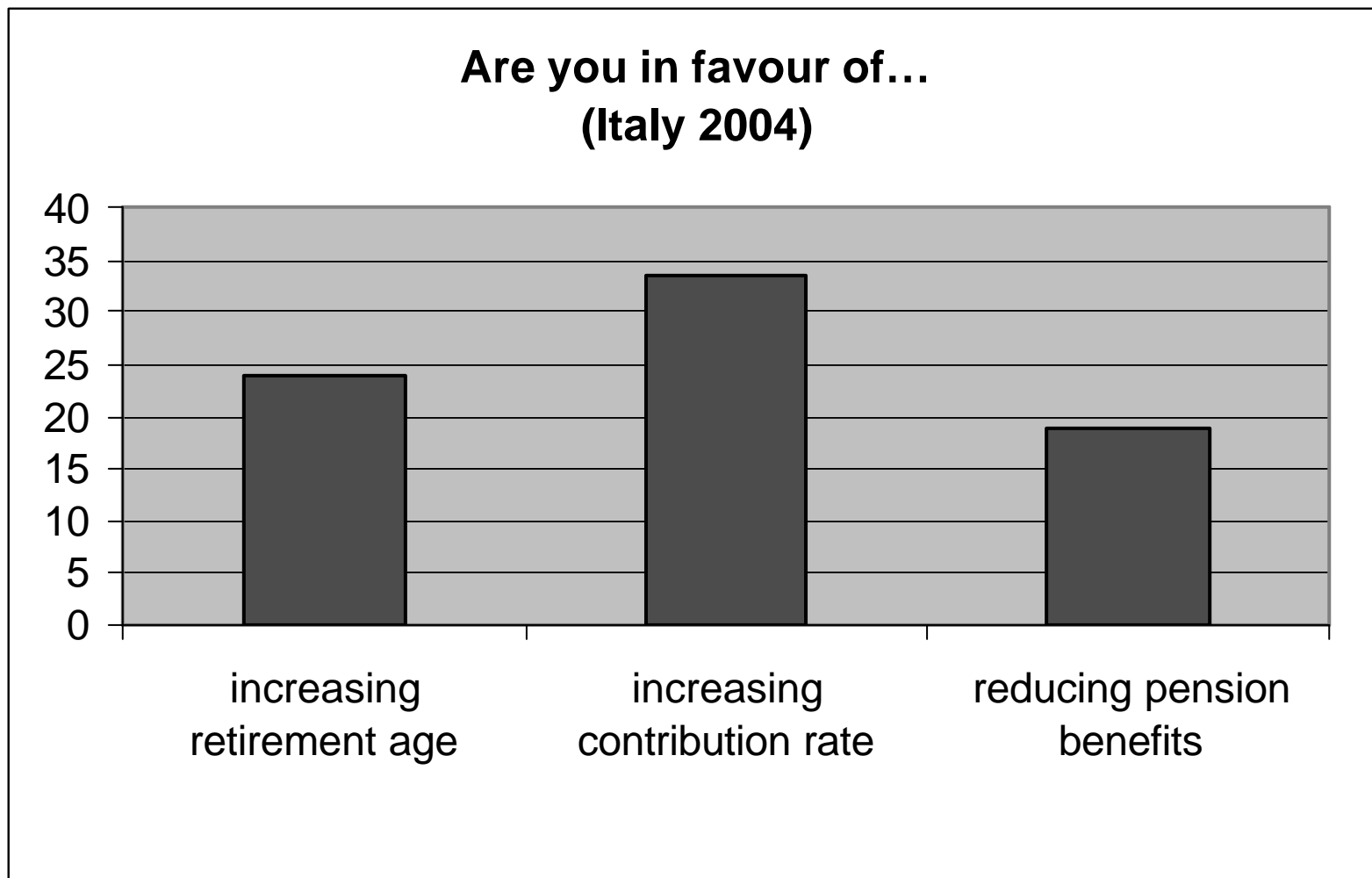
attentionl~1	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
male	.2086094	.0676863	3.08	0.002	.0759468	.3412721
age16_25	-.9919626	.1277953	-7.76	0.000	-1.242437	-.7414884
age26_35	-.6984737	.0975444	-7.16	0.000	-.8896571	-.5072903
age36_45	-.3621833	.0902511	-4.01	0.000	-.5390721	-.1852945
age66_80	-.2758762	.1127961	-2.45	0.014	-.4969525	-.0548
compulsory	-.2329584	.076926	-3.03	0.002	-.3837307	-.0821861
university	.3791137	.1018227	3.72	0.000	.1795448	.5786825
tradeunion	.2431504	.0772632	3.15	0.002	.0917173	.3945835
_cons	.3308777	.0812599	4.07	0.000	.1716113	.4901441

# Informational content of the public debate

Estimates from propensity score matching

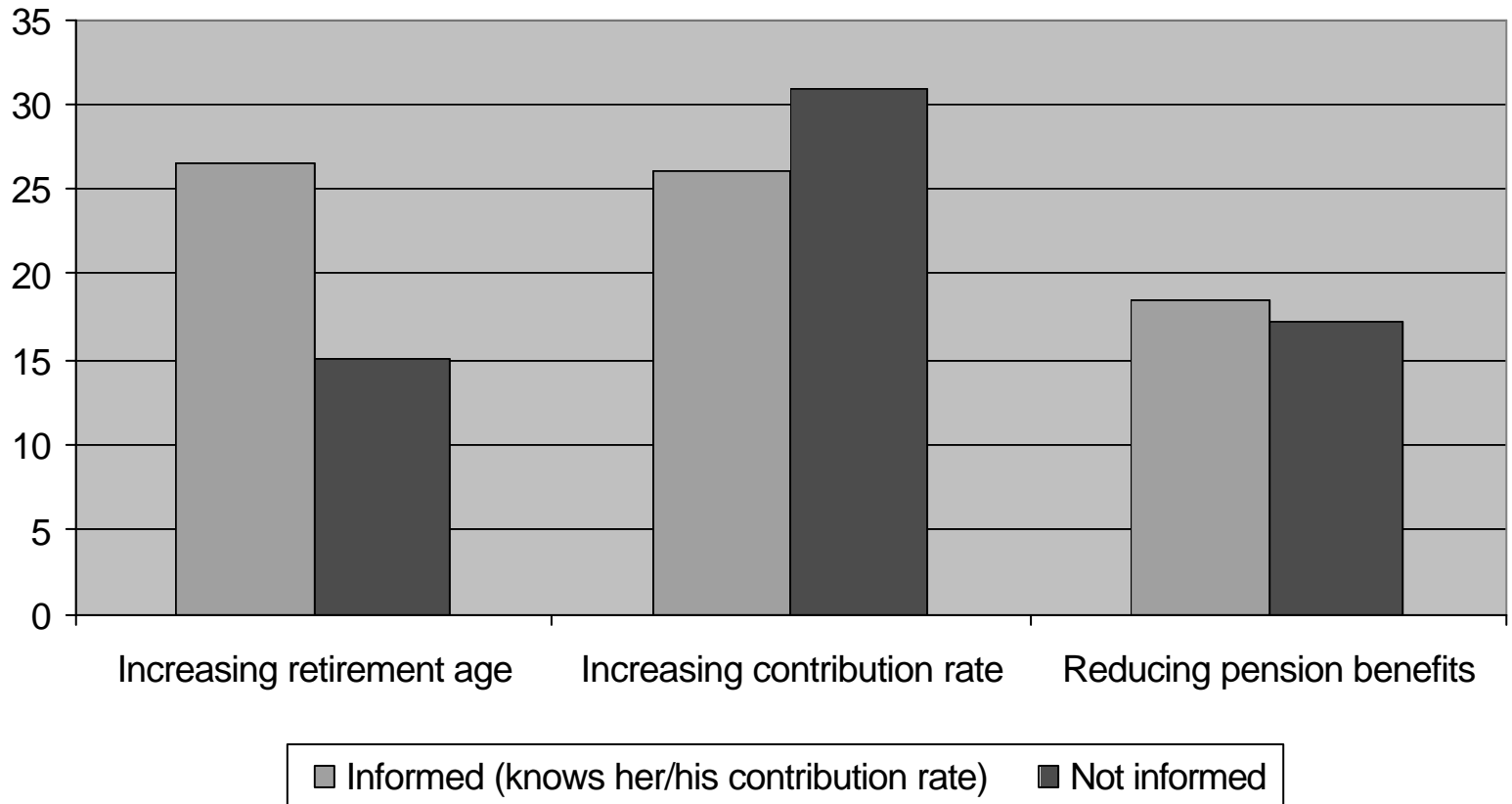
Treatment	Outcome	Propensity score matching
	Information about individual costs	YES
Attention	Information about PAYG system functioning	NO
	Information about deficit system	YES/NO

# Information and opposition to reforms: can change majorities?



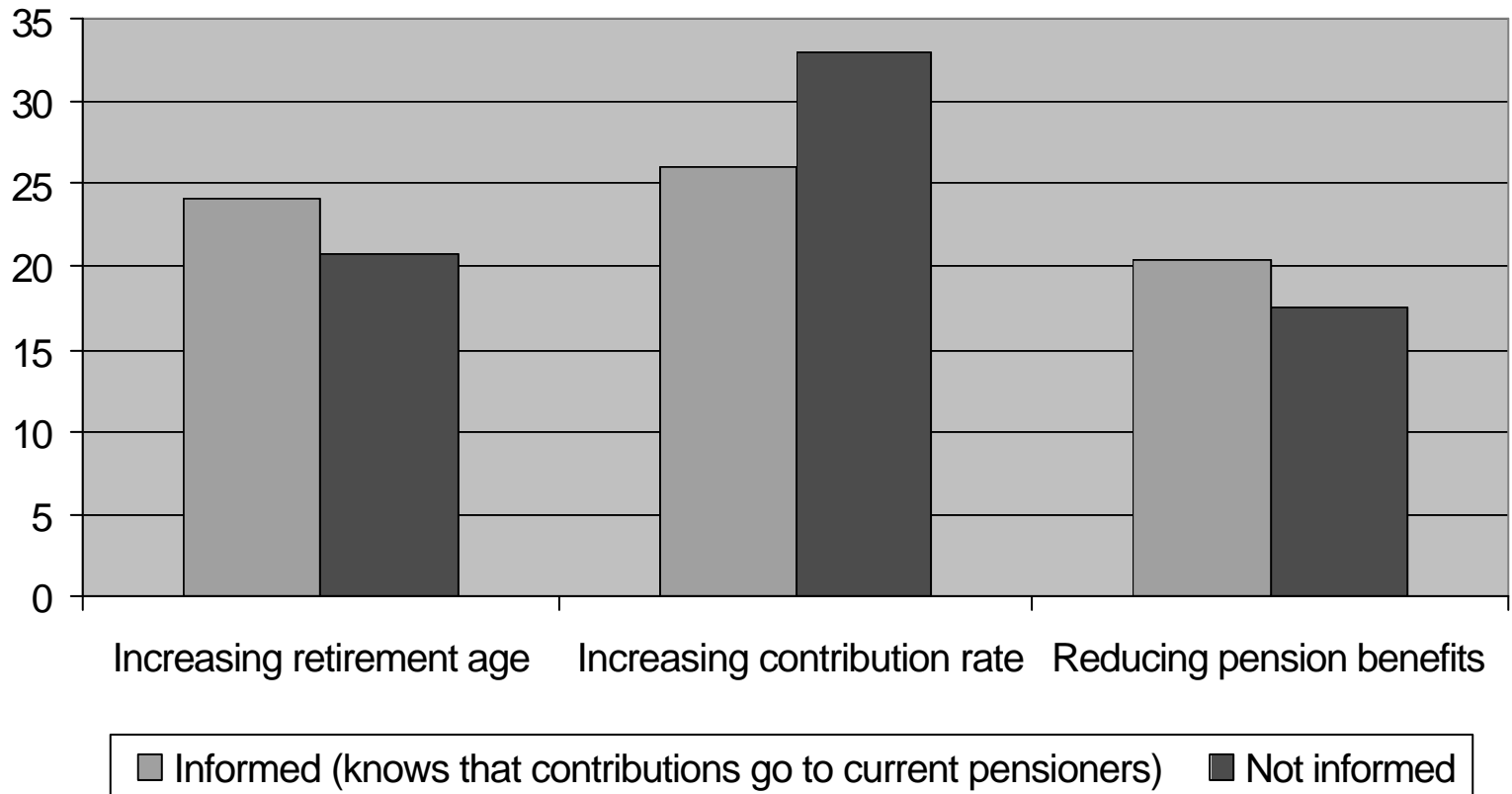
# Favourable to reforms by awareness of individual costs

(which percentage of your salary is used to pay public pension contributions?)



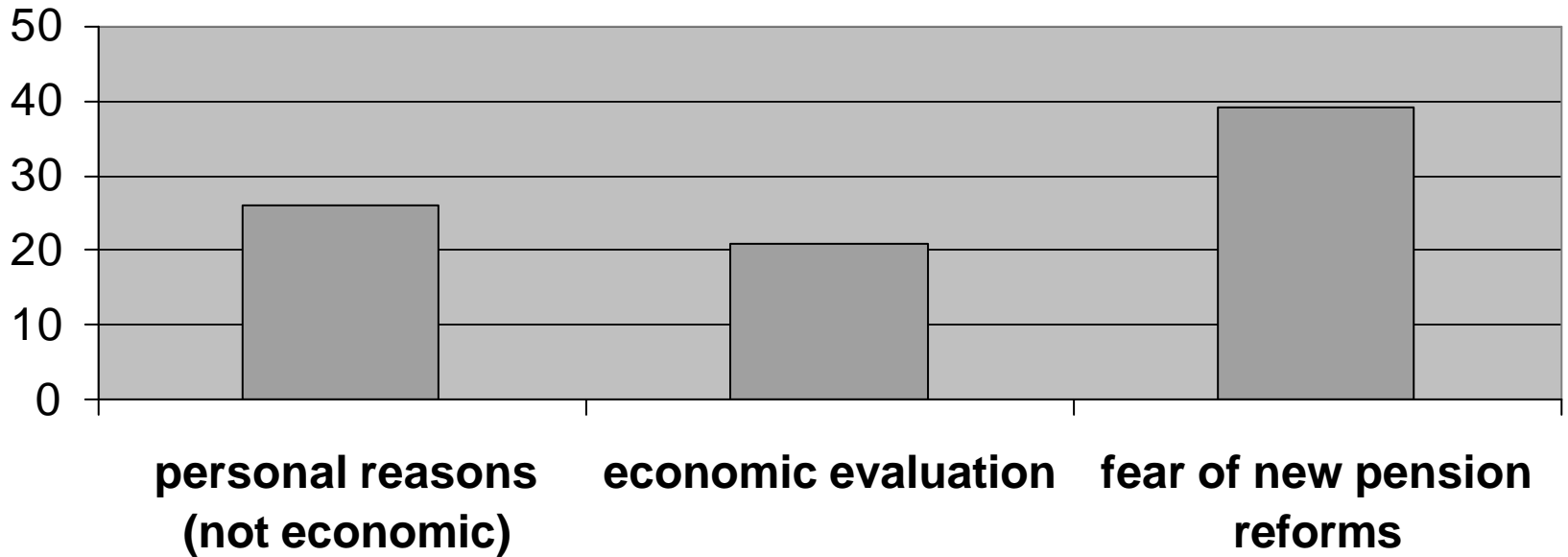
# Favourable to reforms by awareness of PAYG system functioning

(for which purpose are public pension contributions used for?)



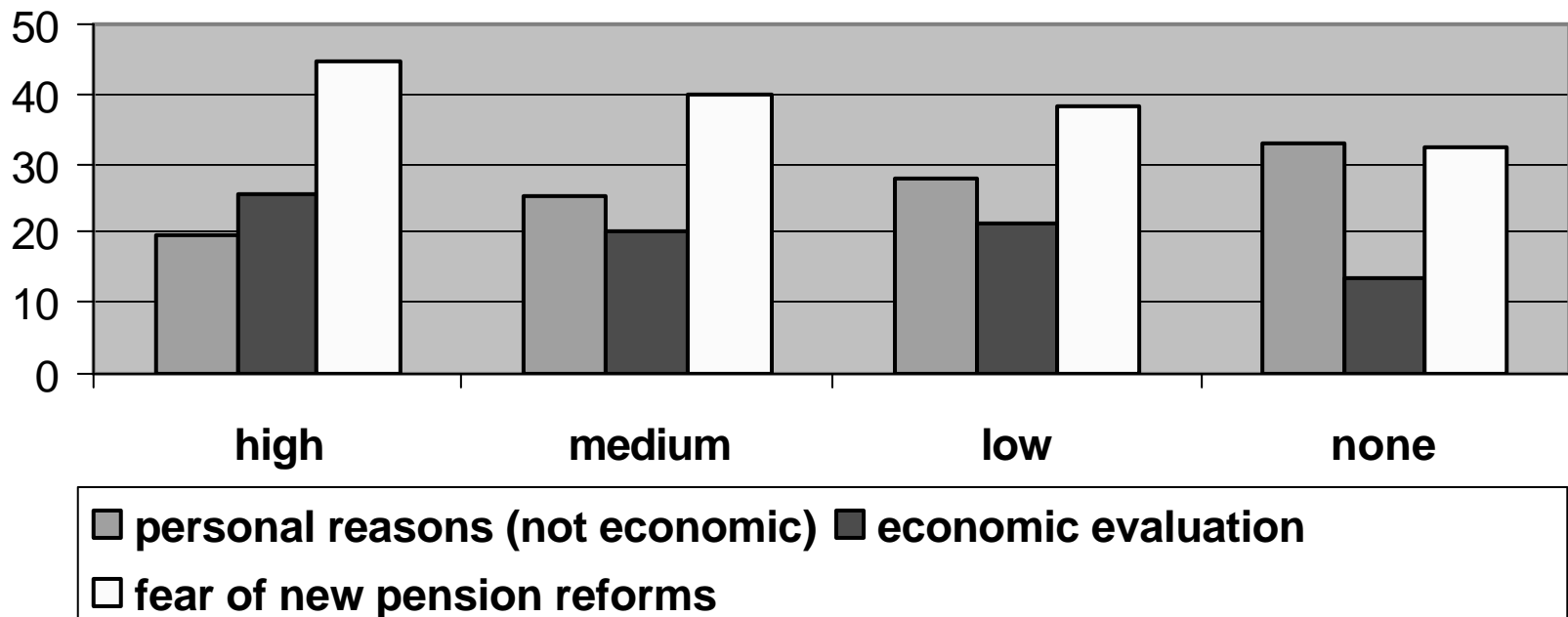
# There are also costs of information

**In determining your retirement decision, which element will be more important?  
(Italy, 2004)**



# Information does not reduce concerns

In determining your retirement decision, which element will be more important?  
(by level of attention in following pension reform debate)  
Italy, 2004



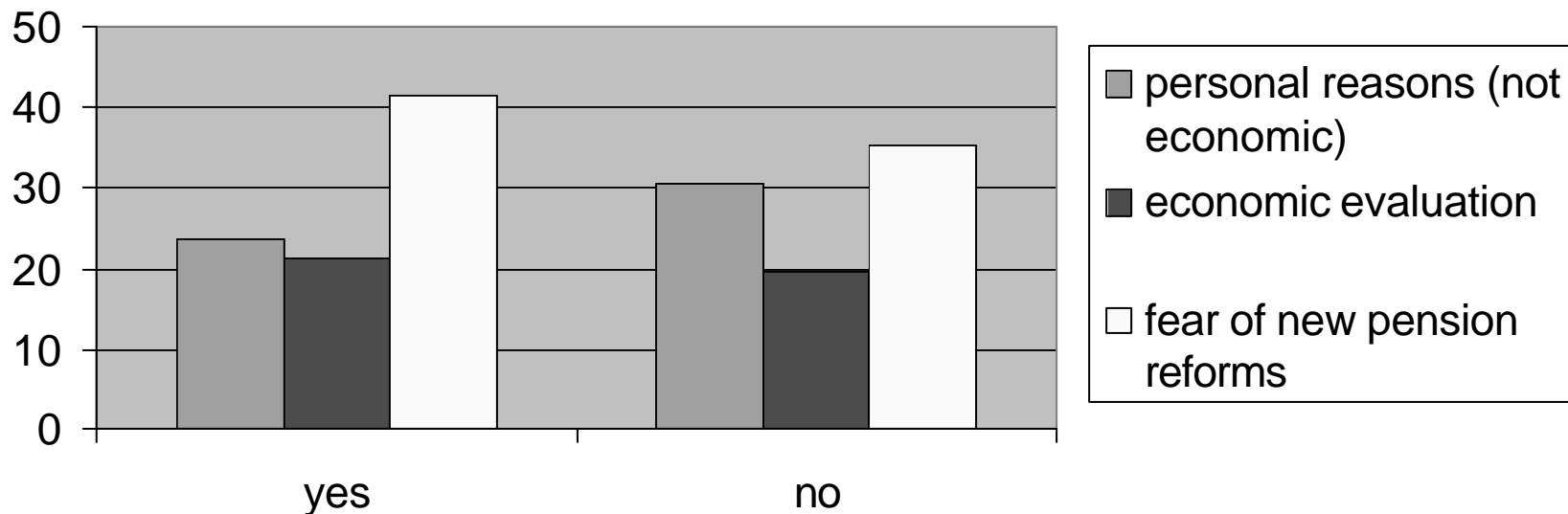


# Press-media coverage may scare people

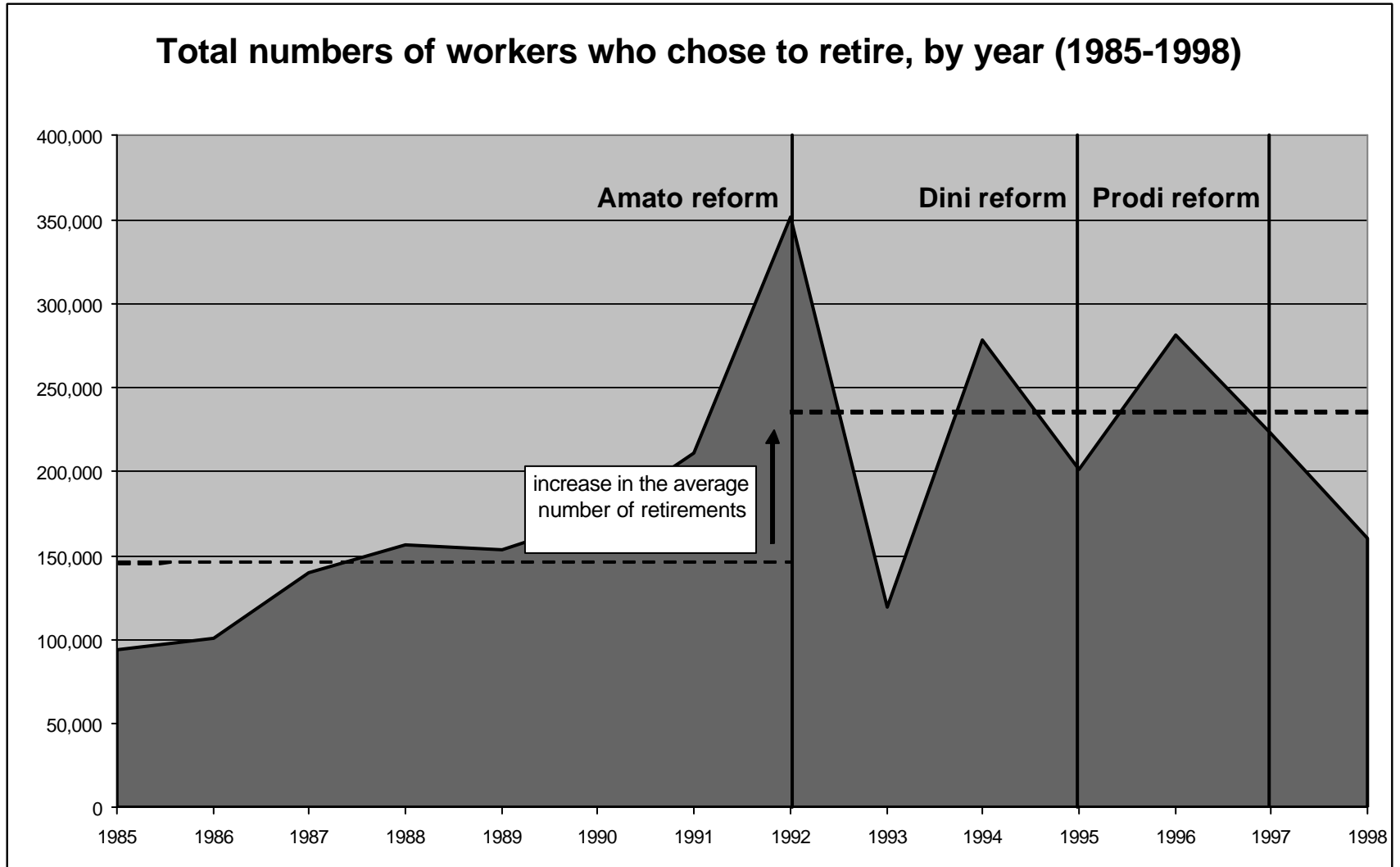
**In determining your retirement decision, which element will be more important?**

**(Have you read newspaper articles/ watched Tv program concerning pension reform debate?)**

**Italy, 2004**



# The “announcement effect”



# Summarising

- Those more informed about costs and unsustainability support more reforms increasing sustainability
- Informed about PAYG more favourable to shrink size
- But is it due to self-selection or genuine information effects?
- Costs related to “informing” citizens: announcement (expectational) effects