

Winter School on Inequality and Social Welfare Theory – IT19

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Demographic Change and Intergenerational Wealth Transmission

Frank Cowell

London School of Economics

Email: f.cowell@lse.ac.uk

Summary

In the last two centuries many countries underwent substantial demographic changes that appear to have had substantial consequences for each country's economy including the wealth distribution. Both mortality and fertility declined. The lecture shows the impact of these changes in theory, using an overlapping-generations model, and in application to a highly important case, China. The lecture shows the importance of demographic change by studying the effects of increased life expectancy (ILE) and the One Child Policy (OCP), introduced in 1980 and abolished in 2016. Simulations of the China case show that the effect of ILE on wealth inequality is modest, but that OCP has dramatic consequences.

Readings

* Cowell, F. A. and D. Van de gaer (2025). Condorcet was wrong, Pareto was right: Families, inheritance and inequality. *Journal of Public Economic Theory* 27, <https://tinyurl.com/tx7xm2t5>.

Piketty, T. and G. Zucman (2015). Wealth and inheritance in the long run. In A. B. Atkinson and F. Bourguignon (Eds.), *Handbook of Income Distribution*. Elsevier B.V.