Sujet: MIT-YALE
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Gilles Thomas
I should have done this sometime ago, but between the JEH and the endless flow of letters..At MIT and Yale there were several sets of questions that came up.
Things that we do not have to do much about. I have to do this again at USC in two weeks.

(1) Everyone is impressed with the data and the approach
(2) Its hard for Americans (and anyone living in the US) to understand the French Marriage-law-inheritance law system. The paper is very explicit but it takes a lot of time with the presentation
(3) Ditto people are very drawn to matching estate over two generations rather than simply using the information internal to the declaration. We could do a bit of rewriting there

Things that we should worry about

(1) The definition of Rentier. This started with Tony Atkinson but I have heard it before. What is it? Or who are they. How many people had inherited asset returns such that they did not work—these would be the pure rentiers, How many inherited large fortune, worked and consumed above their labor income? How many show up as rentiers only when they are old. Part of this question involves the implicit judgement in the term 'rentier" part of it is that even if one were a life cycle saver, anticipating a large bequest would lead one to save less and consume more. So one could have a lot of working rentiers. The issue in the end is that inheritors and accumulators are well defined concepts, rentiers are not.
In the same vein Atkinson wondered about how much of what we find is variation in consumption and how much is variation in investment returns. Of I have two guy who both inherit a million, one has a return of 8% and another a return of 4% we fix the aggregate return at 3% and they consume labor income + 2% of capital, the guy with a good return is an accumulator while the guy with the bad return is an inheritor. Not sure what we can do about this
(2) What are the appropriate rates of return. Here the critiques were varied but similar at MIT and Yale. Using a constant rate is making little use of the extremely disaggregated data we have. I think Guinnane made the point most clearly. We have all this individual, time varying data and then we stick in these constant aggregate rates and that is not a good idea
Minima something we discussed when we were tighter, time varying returns (for interval assigned to an individual).
Extreme, produce returns for each large asset class and then produce a return on 'propres en nature' that reflects the portfolio's return (so it's a weighted average of the asset class returns where the weights come from the portfolio's return). For the communaute we could do the same.
Is there a middle ground
(3) What are age specific shares of inheritors vs accumulators? To what extent are the inheritors simply long lived. It could be that everyone has the same pattern but that if you die at 63 you have not had the time to consume out of inherited wealth. I do not think that is the case but its an issue that we should think about and that we can deal with
(4) How representative is Paris, remember we start with Modigliani and Kotlikoff and Summers, these are US totals, Paris is not exactly the same economy, so our inherited shares could be high simply because its Paris rather than France.

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