Class Origin, Intergenerational Transfers, and the Gender Wealth Gap

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London, 25th February 2023
Motivation

- Gender differences in wealth are well-documented (e.g. Sierminska et al. 2010; Schneebaum et al. 2017; Lee 2022)

- Still, current literature has two shortcomings:
  
a. *Descriptions* tend to focus on the aggregate

b. *Explanations* primarily refer to differences in labour market characteristics, financial behaviour, income, and family dynamics (e.g. Sierminska et al. 2019; Waitkus and Minkus 2021)

- Little evidence on
  
  ▪ potential variation among *sub-groups* and *interactions* between different dimensions of inequality
  
  ▪ the role of *intergenerational transfers* in causing gender wealth inequality
Twofold objective

1. To describe how the gender wealth gap varies by class origin
2. To study the impact of parental gifts and inheritances on the gender wealth gap and how it varies by class origin

➤ Comparative perspective
   - Germany
   - Britain
Variation across class origin

- Individuals derive wealth from **two main sources**, i.e. income and transfers.
- Class origin affects both sources and the degree to which they are unequally distributed between men and women.

**Focus on transfers**
- Most direct channel through which class origin affects wealth and gender differences therein.
- Class-based **attitudes** translate into gendered allocation of transfers (vertical differentiation).
- Class-based **reproduction strategies** yield gendered outcomes (horizontal differentiation).
Economic vs. cultural capital

- Families with different types of capital pursue reproductions strategies that benefit daughters or sons differently (Albertini and Radl 2012; Hansen and Toft 2021)

Economic capital
- More likely to reproduce social standing via *financial or entrepreneurial success*
  - greater gender inequality

Cultural capital
- More likely to reproduce social standing via *socio-cultural achievements*
  - lower gender inequality
Analytical strategy

‘Gap-closing estimand’ approach (Lundberg 2022)

- Estimates a causal effect of a counterfactual treatment T on an observed disparity in Y

- Assumption: causal effect of treatment T on outcome Y correctly identified

- Here:
  - Gap-defining category = gender
  - T = intergenerational transfers
  - Y = wealth
In the framework of Lundberg et al. (2021), this section defines the theoretical estimand and presents some considerations for choosing a theoretical estimand which is empirically tractable.

To make the gap-closing estimand precise, it is helpful to follow the advice of Hernán and Robins (2016) and specify a target trial: the hypothetical experiment which we hope to approximate by analyzing observational data. The motivation for a target trial comes from experimental settings, where the protocol for assigning the treatment makes the research goal unambiguous. Randomization is not possible in observational settings, yet we can still gain clarity about the research goal by specifying the procedure we would like to apply if it were possible. Fig 1 presents a target trial for the gap-closing estimand. Suppose you draw a sample $S$ from a population $P$. Then, you intervene to assign each sampled unit $i$ to treatment value $T_i = t$ and observe the outcome $y_i(t)$ under that treatment. You then calculate a disparity $\bar{y}_{S,x_0}(t)$ in the mean outcome so for units in sample $S$ from the categories $X = x_0$ and $X = x$. That disparity is a random variable because it averages over a random sample $S$ from the population $P$. The gap-closing estimand is the expected disparity over hypothetical samples $S$.

**Gap-closing estimand:**

$$
\tau_{x', x}(t) \equiv E_S \left( \bar{y}_{S, x'}(t) - \bar{y}_{S, x}(t) \right)
$$

- Expectation over hypothetical samples $S$ from the population $P$
- Mean outcome in category $x'$ if treatment were set to the value $t$ for units in sample $S$
- Mean outcome in category $x$
Data and variables

Data

Sample
- Men and women age 18-75

Measures
- Net personal wealth (price-adjusted, 0.1% top- and bottom coded)
- Parental class at age 14 (Oesch, economic dominance)

Gap-closing treatments
- Whether received inheritance or gift in the past
- Equal average cumulated transfer value

Pre-treatment controls
- Age, migrant background, marital status, number of children, health, unemployment experience, region, survey year
How does the gender wealth gap vary by class origin?
## Germany

<table>
<thead>
<tr>
<th>By class origin</th>
<th>Men</th>
<th>Women</th>
<th>Woman – Men</th>
<th>Women/Men</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net wealth</td>
<td>111,806 €</td>
<td>75,709 €</td>
<td>-36,098 €</td>
<td>0.68</td>
<td>100</td>
</tr>
<tr>
<td>By class origin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Self-emp. profess. + large employers</td>
<td>194,260 €</td>
<td>165,890 €</td>
<td>-28,371 €</td>
<td>0.85</td>
<td>1.25</td>
</tr>
<tr>
<td>(2) Small business owners</td>
<td>239,200 €</td>
<td>130,074 €</td>
<td>-109,126 €</td>
<td>0.54</td>
<td>3.66</td>
</tr>
<tr>
<td>(3) Technical (semi-)professionals</td>
<td>108,568 €</td>
<td>84,677 €</td>
<td>-23,891 €</td>
<td>0.78</td>
<td>10.10</td>
</tr>
<tr>
<td>(4) (Associate) managers</td>
<td>143,060 €</td>
<td>95,559 €</td>
<td>-47,502 €</td>
<td>0.67</td>
<td>18.54</td>
</tr>
<tr>
<td>(5) Socio-cultural professionals</td>
<td>152,246 €</td>
<td>84,754 €</td>
<td>-67,492 €</td>
<td>0.56</td>
<td>4.18</td>
</tr>
<tr>
<td>(6) Socio-cultural semi-professionals</td>
<td>57,107 €</td>
<td>44,148 €</td>
<td>-12,959 €</td>
<td>0.77</td>
<td>4.26</td>
</tr>
<tr>
<td>(7) Workers</td>
<td>92,053 €</td>
<td>64,830 €</td>
<td>-27,223 €</td>
<td>0.70</td>
<td>58.01</td>
</tr>
<tr>
<td>N</td>
<td>28,858</td>
<td>33,075</td>
<td>61,933</td>
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</tbody>
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Notes: Net personal wealth for respondents age 18 to 75 in 2007 Euro. First wealth imputations used. Proportions indicate distribution of class origin for all respondents. Unweighted. SOEP v37eu.
# Britain

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N: 7,904, 9,067, 16,971

Notes: Net personal wealth for respondents age 18 to 75 in 2007 GBP. Proportions indicate distribution of class origin for all respondents. Unweighted. BHPS.
# Britain

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*Notes:* Net personal wealth for respondents age 18 to 75 in 2007 GBP. Proportions indicate distribution of class origin for all respondents. Unweighted. BHPS.
What is the impact of intergenerational transfers on the gender wealth gap?
(i) Received transfer in the past

![Graph showing net wealth (HHS) for SOEP and BHPS datasets with categories as observed, no transfer, and transfer, differentiated by gender (Men, Women).]
(i) Received transfer in the past

SOEP

Self-emp. profess. + large employers

Small business owners

Technical (semi-)professionals

(Associate) managers

Socio-cultural professionals

Socio-cultural semi-professionals

Workers

diamond •• Men  dot • Women
(ii) (Log) Transfer Value

SOEP

Self-emp. prof. + large employers

Small business owners

Technical (semi-)professionals

(Associate) managers

Socio-cultural professionals

Socio-cultural semi-professionals

Workers

Net wealth (HIS)

as observed  male average  female average

Men  Women
(i) Received transfer in the past

BHPS

- Self-emp. profess. + large employers
- Small business owners
- Technical (semi-)professionals
- (Associate) managers
- Socio-cultural professionals
- Socio-cultural semi-professionals
- Workers

Men: ◇
Women: ●
(ii) (Log) Transfer Value

BHPS

Self-emp. profess. + large employers

Small business owners

Technical (semi-)professionals

(Associate) managers

Socio-cultural professionals

Socio-cultural semi-professionals

Workers

◇ Men   ● Women
Summary

- Substantial variation of gender wealth inequality by class origin
  - Daughters of petite bourgeoisie most disadvantaged
  - Disadvantage less pronounced for daughters of socio-cultural (semi-) professionals
- However, patterns differ between Britain and Germany
  - Gender wealth gap to the benefit of daughters observed in Britain
- Intergenerational transfers have positive impact on personal net wealth
- Extent to which equalising transfers causes gender differences to close depends on class origin and context
Discussion

- **Intersectional** perspective useful to understand wealth inequality
- Causal study highlights **complex role** of intergenerational transfers across the gender-origin nexus
- Challenge: unbiased estimation of the effect of transfers on wealth
- Further research on how **returns to transfers** are structured by gender and class origin, and how it varies across countries, needed

Thank you!

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A gap-closing estimand is identified under a wide range of assumptions about the social category $X$ (e.g. race, class, gender).

A) $X$ can have causal effects

B) $X$ can have no causal effects

C) $X$ can be a consequence of $\bar{L}$

Above, there is no causal effect of $X$ (B), or it is not identified (A,C) due to the backdoor path $X \leftarrow U \rightarrow Y$ through unobserved $U$. The gap-closing estimand is nonetheless identified.

A gap-closing estimand is not identified when $T \rightarrow Y$ is not identified.
<table>
<thead>
<tr>
<th>Target Trial</th>
<th>Category $X = x'$</th>
<th>Category $X = x$</th>
<th>Concrete Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin with a population $\mathcal{P}$</td>
<td><img src="image1" alt="Diagram" /></td>
<td><img src="image2" alt="Diagram" /></td>
<td>Men and women</td>
</tr>
<tr>
<td>Imagine taking a sample $\mathcal{S}$</td>
<td><img src="image3" alt="Diagram" /></td>
<td><img src="image4" alt="Diagram" /></td>
<td>Assigned to receive a transfer</td>
</tr>
<tr>
<td>Imagine giving everyone a treatment $t$</td>
<td><img src="image5" alt="Diagram" /></td>
<td><img src="image6" alt="Diagram" /></td>
<td>Wealth gap if counterfactually given a transfer</td>
</tr>
<tr>
<td>Imagine observing the disparity</td>
<td>$\bar{y}_{\mathcal{S},x'}(t)$</td>
<td>$\bar{y}_{\mathcal{S},x}(t)$</td>
<td></td>
</tr>
</tbody>
</table>

The gap-closing estimand is the expected value of this disparity over hypothetical samples $\mathcal{S}$ from the population $\mathcal{P}$.