Research Group on Aging and the Life Course (FALL)

Research Report 72

April 2003

Harald Künemund, Andreas Motel-Klingebiel & Martin Kohli

Do private intergenerational transfers increase social inequality in middle adulthood?

Evidence from the German Aging Survey.

FREIE UNIVERSITÄT BERLIN

Research Group on Aging and the Life Course (FALL)
Director: Prof. Dr. Martin Kohli

FREIE UNIVERSITÄT BERLIN
Institut für Soziologie
Garystr. 55, D-14195 Berlin
Tel. +49 30 838 576 51, Fax +49 30 838 576 52
e-mail: fall@fall-berlin.de
home-page: www.fall-berlin.de

Harald Künemund, Andreas Motel-Klingebiel & Martin Kohli (2003): Do private intergenerational transfers increase social inequality in middle adulthood? Evidence from the German Aging Survey. Research Group on Aging and the Life Course (FALL), Research Report 72. Berlin: Freie Universität Berlin.

Do private intergenerational transfers increase social inequality in middle adulthood? Evidence from the German Aging Survey.

Harald Künemund, Andreas Motel-Klingebiel & Martin Kohli [1]

1. Introduction

Private transfers between adult generations in the family are an important part of the intergenerational link in modern societies. The sociological attention for them, however, was for a long time distracted by the emphasis of classical modernization theory on the emergence of the nuclear or conjugal family. At the end of the 19th century, Durkheim (1892) in observing this process predicted that the intergenerational horizon of the family – and by this, the family itself – would lose its salience. Half a century later, Parsons (1942) reaffirmed this observation, and predicted an increasing structural isolation of the nuclear family accompanied by a structural isolation of the elderly after the exit of their adult children from their household. This restrictive view was first transcended by research on the emotional and support relations between adult family generations (e.g., Rossi & Rossi 1990). But it is only during the last decade that sociology has discovered again the full extent of the family as a kinship and especially a generational system beyond the nuclear household (cf. Bengtson 2001) which includes massive monetary relations and flows as well.

Today, sociologists and economists have become aware of the salience of intergenerational transfers not only for the family as such – how it distributes its resources among and assures the well-being of its members – but also for the broader issues of social policy, social inequality and social integration (e.g., Attias-Donfut 1995; Kohli 1997; Szydlik 2000). Of special interest is the articulation between the private transfers in the family and the public transfers in the welfare state. In the conventional story of modernization, the emergence of the nuclear family and of the public old-age security system were seen as parallel and mutually reinforcing processes. The basic assumption was that the development of the welfare state would crowd out the private support within families (Kohli 1999; Künemund & Rein 1999). Recent evidence, however, points to the opposite conclusion: Welfare state provisions, far from crowding out family support, enable the family in turn to provide new intergenerational support and transfers (Künemund 2002).

---

1 Institute of Sociology, Free University of Berlin; German Centre of Gerontology (DZA); Institute of Sociology, Free University of Berlin, respectively. An earlier German version of this paper was presented at the Joint Conference of the Sections on Family Sociology and on Social Inequality of the German Sociological Association, Rostock, November 15-17, 2001. Preparation of the paper was supported by the Ford Foundation (Grant No. 1000-1729-1).

For Germany we have presented comprehensive evidence that – despite a comparatively well-developed welfare system – intergenerational family bonds are characterized by close emotional relations, geographic proximity, frequent contact, and various types of mutual support (cf. Kohli et al. 1997, 2000a, b). In this respect, the German welfare state is very successful: There is rarely a need for adult children to financially support their aged parents. On the contrary, the elderly themselves are often able to give financial support to their children and grandchildren, and more so if they have more resources at their disposal. Thus, what has been described as "internal closeness through external distance" (*innere Nähe durch äußere Distanz*) (Tartler 1961) has more than ever the potential to develop.

Since most of the income of the elderly comes from their public pensions[2], the relation between the private and the public transfers forms a clear and surprising pattern: The welfare state enables elderly parents to financially support their children and grandchildren. In other words, part of the public transfers from the employed population to the elderly are handed back by them to their family descendants (Kohli 1999). What are the effects of such a pattern? Two major criticisms have been levelled against it. The first is that if viewed as part of a system of generational accounting, it creates an inefficient detour which might better be avoided. One might even be tempted to label it a case of institutional perversion. For some economists, observing that in the aggregate the elderly have more resources than they consume, i.e. resources to give away through *inter vivos* transfers or bequests, proves that they receive too much income, and that therefore their pensions could be reduced. Moreover, to the extent that these transfers go to younger generations in need of supplementary income, it would be more efficient for the public social security system to give it to them directly, instead of taking the detour via the elderly. The criticism is directed not only at the pension system but even more at recent provisions that have increased the possibility for such a detour, especially the compulsory public long-term care insurance in Germany. This scheme can be called an inheritance-saving device: It allows those who run up large expenses for care at the end of their life to keep the part of their wealth that would otherwise be consumed by these expenses. The inheritance-saving effect is obviously larger for smaller fortunes; until the enactment of this insurance, many small fortunes were completely wiped out towards the end of life by the rapidly accumulating costs of long-term care.

2 How much exactly depends on the specific institutional make-up of the pension system. In Germany, among the 60-85 year-olds the availability of public transfers is nearly universal, and they are by far the major income source: 92.7 percent of the households with a person aged 60-85 draw at least one public old-age pension; the income from these pensions amounts to 83 percent of total household income of all households (82 percent in West and 89 percent in East Germany). On the aggregate level, the net financial *inter vivos* transfers of the elderly above 60 to their descendants in 1996 amounted to 9 percent of the total public pension sum (Kohli 1999).

The second criticism addresses the differential capacities of the state and the family as welfare providers, especially with respect to their relational and distributional effects. The welfare state is (more or less) universalistic, with provisions according to legal rules that apply equally to all citizens, or at least to all those who meet the requirements specified by these rules. The family is particularistic, with provisions that go only to its kin according to rules of negotiated solidarity and good-will. It seems therefore plausible to assume that using the family as an agent of redistribution of intergenerational transfers increases the inequality among the receiving generations. On the other hand, the family may be better suited to gauge the needs of its members and to distribute transfers accordingly.

For both arguments, the outcome of these family transfers with respect to social inequality is thus critical. To date, however, this issue has barely been investigated. The only exception in terms of direct evidence is the French Three-Generation Study; it shows that, contrary to expectations, the transfers to the young generation result not in an increase but in a slight decrease of equivalence income inequality among them (Attias-Donfut & Wolff 2000).

In previous analyses we have found mixed indirect evidence (e.g., Motel & Szydlik 1999; Kohli & Künemund 2003). On the one hand, children in need, for example during phases of unemployment, show higher probabilities of receiving such transfers, which should result in less inequality in the children's generation. On the other hand, transfer giving highly depends on the resources available to the givers, which should increase inequality among the children if mostly those with well-off parents receive such transfers, or receive higher amounts. But our analyses have so far focussed on the elderly givers – what they give when and why to their adult children outside their households. These analyses have provided some indications as to the likely distributional outcomes, but data on the receiving end have been scarce. Furthermore, the effect on inequality in the children generation cannot be observed precisely in this way, since by analyzing parents or dyads of parent-child-relationships we only include children with living parents of age 40 t0 85, and thus are not representative at the children's level. Conclusions therefore had to be drawn carefully.

In this paper, we analyze the transfer receivers directly by focussing on middle aged adults and their relations to their aged parents. We present evidence on the extent and spread of intergenerational transfers of money and goods as well as on their distribution, especially with regard to their effects on social inequality among the receiving generation. The focus on middle adulthood implies that the recipients are generally settled in their lives. The special needs of early adulthood – finishing one's education, entering the labor market and creating a family – are long past. Parental transfers therefore are directed less towards getting started in adult life – a period where the effects of parental capital in the broadest sense are already well-documented, e.g., in the literature on intergenerational social mobility – than towards helping out in the normal course of events or in situations of special crisis such as unemployment or divorce. The issues of early adulthood may however come up in an indirect way, through the cascade model of transfers where middle aged parents may receive resources to help out their children. Based on our previous research we expect to find both levelling effects – e.g, family support for those in situations of need which evens out social inequalities that would appear otherwise – and reinforcement effects.

2. Data and methods

Our analyses are based on the first wave of the German Aging Survey, a large representative survey of the German population (restricted to those of German citizenship) born 1911 to 1956 and living in private households. Data were collected in the first half of 1996, so that for ease of interpretation we usually refer to the 40-85-year-old Germans (cf. Kohli & Künemund 2000). The sample (n=4838) is stratified according to age groups, gender, and East and West Germany. The survey was designed as the first wave of a panel study, and comprises economic and sociological indicators of the various dimensions of life situations and welfare – among them, intergenerational relations and transfers – as well as psychological measures of self and life concepts (SELE) (cf. Dittmann-Kohli et al. 1997).[3] Following the open-ended SELE sentence completion method and the personal paper-and-pencil interview which included the transfer and support sections the respondents received a self-administered questionnaire ("drop-off", response rate: 83 percent, n=4034) with – among others – questions on debts and assets.

We restrict our attention to respondents aged 40-54, the middle-aged adults (n=1719 for the personal interview and n=1446 for the drop-off). As noted above, an advantage of the small age range is that most of these individuals have already finished their education, entered the labor market, and founded a family – all highly relevant events with respect to receiving transfers.[4] The personal interview contains several detailed questions on transfers received. One set of questions addresses gifts and financial support within the last twelve

3 The German Aging Survey was designed and analyzed jointly by the *Research Group on Aging and the Life Course* at the Free University of Berlin and the *Research Group on Psychogerontology* at the University of Nijmegen (Netherlands) together with *infas Sozialforschung*, Bonn, and financed by the Federal Ministry for Families, Elderly, Women and Youth. The sole responsibility for the content of this paper lies with the authors. For the questionnaire and additional information see the website of the Research Group on Aging and the Life Course (FALL) at http://www.fall-berlin.de. The dataset of the first wave is available to researchers at the Central Archive for Empirical Social Research at the University of Cologne (Study No. 3264). The second wave – conducted by the German Center of Gerontology (DZA) – is currently in the field (Tesch-Römer et al. 2002).

4 For our results on transfer giving and receiving by the retired German population see Künemund & Motel (2000); for younger age groups in Germany see for example Vaskovics (1997).

months: “Many people make monetary gifts, or gifts in kind, or support others financially. These may be parents, children, grandchildren or other kin, but also friends or acquaintances. What about you? Have you received monetary gifts, larger gifts in kind, or regular financial support from someone within the last twelve months?” Up to seven persons could be mentioned as givers here; for the first four of them, detailed questions were asked about the relationship of the respondent to the giver, the nature of these transfers, the total amount, and whether it was more, less, or about the same as the year before. Unfortunately, an error occurred in the fieldwork that renders part of the responses on the amount of transfer received less useful: Half of the interviews were conducted with a wrong showcard originally designed for another question and giving only very broad categories of the amounts. We therefore focus our analyses mainly on the fact of receiving such transfers, and less on their amount.

A second set of questions aims at large transfers ever before the last twelve months: “Thinking of large amounts of money or material assets, as for example large amounts of money for special acquisitions, exceptional gifts, or long-term regular financial support during education, but excluding bequests: Have you ever received large amounts of money or material assets from parents, children, grandchildren, or other kin, friends, or acquaintances before 1995?” Up to five persons were identified as givers without further details.

Finally, the self-administered drop-off included the following question on bequests received: “Have you or your spouse or partner already inherited? Please think also of smaller bequests.” Subsequent questions asked for the concrete relation of the respondent to the bequeathing person, the estimated current value of all inheritances received so far, and the expectation of future inheritances.

In the following analyses, we will present descriptive data as well as binary logistic regression models (cf. Hosmer & Lemeshow 1989; DeMaris 1992). The latter allow for linear multivariate analyses for dichotomous dependent variables, e.g., having received or not received transfers. The odds ratios presented in the tables indicate the relative impact of the independent variables on the dependent variable. A value higher than ‘1’ points to a probability that rises with an increase of the value of the independent variable; coefficients lower than ‘1’ indicate a decreasing probability.

3. Results

A quarter (24.5 percent) of the 40-54 year old Germans living in private households have at least once in their lives received substantial transfers – either transfers within the last twelve months, or large gifts of money or in kind or regular financial support before. Most of them (21.6 percent, or 88.1 percent of the receivers) have received such transfers from their parents or parents-in-law. As we have shown earlier, material resources today typically flow from the older to the younger generations, from the elderly to their adult children and grandchildren, i.e., in the opposite direction of the public transfers provided by the pension system. This is exactly what we find for this age group as well. Other kin, neighbours, or friends play a minor role as transfer givers. Focussing on the current income position of the receivers, we can see that such material transfers flow less often to the bottom 20 percent of the equivalence income distribution (cf. table 1): While about 25 percent of the respondents aged 40-54 in the upper 40 percent have received such transfers from their parents or parents-in-law, this applies to only 15 percent in the lowest quintile ($p<.01$).

Table 1: Transfer receivers by equivalence income (percentages)

	Receivers	
	from all sources	from parents (-in-law)
1st (lowest) quintile	17.4	15.1
2nd quintile	22.5	19.7
3rd quintile	24.3	22.8
4th quintile	31.3	25.3
5th (highest) quintile	27.2	25.2
All respondents	24.5	21.6

Source: German Aging Survey 1996, n=1510.

At first glance these results seem to indicate that inequalities among the receivers would somewhat increase – those who have less resources are also less likely to receive transfers. However, there are several reasons why these descriptive results might be misleading. Firstly, other factors may alter the picture. For example, if these transfers flow more often to currently unemployed or separated persons, inequality might still be reduced. Secondly, the combined description of – often smaller – transfers within the last twelve months and larger ones before may cover contradictory effects. It is plausible to assume that smaller or regular transfers typically reduce social inequalities – for example in cases of unemployment or separation –, while larger ones may at the same time exacerbate already existing inequalities. Thirdly, higher proportions of those in the higher income groups may receive transfers, but possibly smaller amounts, or these transfers may be less relevant for them when seen in relation to their income. Finally, our cross-sectional results do not clearly distinguish between cause and effect. For example, a higher income position now may be the result of earlier transfers. This is plausible given that parental capital transfers during education and in the period of getting started are known to have a major impact on subsequent labor market achievement; it is less plausible for the very recent transfers to our middle-aged respondents. While we have to wait for the data of the second wave of the panel study to fully analyse this fourth point, we can to some degree clarify the first three points even with the cross-sectional data of the Aging Survey's first wave.

As a first step we provide the descriptive results for transfers received within the last twelve months, larger transfers received before, and bequests received, to disentangle larger and smaller transfers and compare the results with bequests. In the case of material transfers received within the last twelve months we can also take a closer look at their amounts and their relative contributions to the household income of the receivers.

As a second step we estimate multivariate regression models to control for other variables that have proven to be effective predictors of transfer flows. This also allows for a more detailed exploration of the socio-demographic characteristics of the receivers and of the relevance of their income position. We present the same analyses in separate models for material transfers received within the last twelve months, larger material transfers received before, and bequests, since we expect different outcomes on inequality among the middle aged.

Table 2: Receivers of transfers within the last twelve months

	From parents (-in-law)	Mean amount	Relation to HH-income
1st (lowest) quintile	8.3 %	5783 DM	1.8x
2nd quintile	11.7 %		
3rd quintile	12.4 %	6436 DM	1.5x
4th quintile	10.3 %	9824 DM	1.5x
5th (highest) quintile	9.7 %		
All respondents	10.5 %	7036 DM	1.6x

Source: German Aging Survey 1996, n=1507.

Table 2 provides the results for transfers received from parents or parents-in-law within the last twelve months only. These transfers occur less often in both the lower and the upper quintile of the equivalence distribution, and most often in the second and third quintile. However, the differences are not significant at the five percent level, suggesting that these transfers are not likely to increase inequality. Furthermore, even though the persons in the upper income groups receive – on average – higher amounts, these make up a smaller contribution to their household income. The highest contribution to the household income is in the lower forty percent of the income distribution (nearly twice a monthly household income).[5] These findings do not support the assumption of increasing ine-

5 Due to the low number of cases receiving transfers from their parents or parents-in-law that have valid information on both the amounts transferred and the household income we have to collapse the income groups for these calculations. Even so, these results must be inter-

qualities due to private intergenerational transfers of money and goods. They indicate on the contrary that such transfers given on a short term or regular basis reduce social inequality measured by the distribution of available resources.[6]

Table 3: Receivers of larger material transfers before 1995 (percentages)

	Receivers	
	from all sources	from parents (-in-law)
1st (lowest) quintile	10.2	8.8
2nd quintile	13.7	12.1
3rd quintile	17.6	16.8
4th quintile	21.4	19.2
5th (highest) quintile	22.2	20.5
All respondents	17.0	15.5

Source: German Aging Survey 1996, n=1476.

If we compare these results with those on previous transfers, it becomes obvious that it makes a significant difference which type of transfer is analysed. Table 3 shows a very strong relationship between current income position and the receipt of larger transfers before 1995 (p<.01). The receipt of such transfers in the upper 40 percent of the income distribution is more than twice as likely to have occurred than in the lowest quintile. Furthermore, in the highest quintile these transfers are also twice as likely to have occurred than those within the last twelve months, which is not the case in the lowest quintile (cf. table 2). It is therefore very likely that these transfers increase social inequality in the middle generation.

Most likely, many of these *inter vivos* transfers can be understood as early inheritances with distributive patterns similar to *mortis causa* transfers as described, for example, by McGarry (1997) and Szydlik (2000), and which have comparable consequences for social inequality. Table 4 shows a clear pattern in this respect: Nearly two thirds of the 40-54 year-olds in the lowest quintile

preted with caution (lower 40 percent n=29, upper 40 percent n=28, middle group n=20); both results are not significant at the five percent level. Amounts are given in DM (2 DM are the approximate equivalent of 1 €).

6 The shares of respondent receiving transfers are higher if we restrict the analysis to those with at least one living parent or parent-in-law – those who indeed have had the chance to receive such transfers: 12.1 percent of these 40-54-year-olds receive transfers from their parents or parents-in-law (with a mean amount of 7029 DM which again represents 1.6 times a monthly household income). The interpretation with respect to equivalence income position, however, is the same (for example, 9.7 percent of the 40-54-year-olds with at least one living parent or parent-in-law in the lowest, and 10.8 percent in the highest quintile received transfers from a parent or parent-in-law within the last twelve months).

have not received a bequest, while more than half in the upper two quintiles have done so (p<.01). Furthermore, while smaller bequests are distributed more or less equally, large bequests (i.e., amounts of more than 25000 DM), are much more likely to have occurred in the upper income groups (p<.01). Although some of these bequests may have been the cause of the income position observed today, these findings make it very plausible to assume that bequests exacerbate already existing social inequalities.

Table 4: Receivers of bequests by equivalence income (percentages)

	None	< 5000 DM	5000 thr. 25000 DM	25000 thr. 10000 DM	10000 thr. 50000 DM	> 500000 DM
1st (lowest) quintile	64.1	8.3	12.3	8.6	4.7	2.0
2nd quintile	59.9	9.2	10.2	12.1	7.3	1.3
3rd quintile	56.5	5.9	12.4	13.6	9.8	1.8
4th quintile	46.8	13.8	13.5	11.2	11.5	3.2
5th (highest) quintile	47.5	8.6	12.1	15.0	13.9	2.9
All respondents	54.8	9.1	12.1	12.2	9.5	2.2

Source: German Aging Survey 1996, n=1270.

Table 5 presents the results of binary logistic regressions on the receipt of transfers from parents or parents-in-law, either as *inter vivos* transfers within the last twelve months or before, or as bequests. In model I for transfers within the last twelve months we find that separated and divorced respondents have significantly higher probabilities of receiving transfers – a result that indicates that these transfers contribute to a reduction of social inequality.[7] Having brothers or sisters does not reduce, and having children does not significantly increase the likelihood of receiving transfers from parents or parents-in-law. Having debts slightly increases the probability of receiving such help, but the effect is again not significant. Contrary to findings reported for other age groups and generational perspectives, being unemployed does not increase the probability of obtaining such help. Since our own analyses with the German Aging Survey revealed a significant effect when studying the elderly as givers (e.g., Künemund & Motel 2000), we conclude that the consequences of unemployment are buffered by the family primarily in the younger age groups, i.e., at the beginning of the employment career, but not in middle age when people can more often rely on entitlements by the public unemployment insurance or on own savings so that the family does not need to jump into the breach.[8]

7 When the model is differentiated by gender this effect of marital status applies significantly only to separated and divorced women. Men, on the other hand, are much more likely to receive such transfers when they have never been married.

8 Since this is exactly what an unemployment insurance is supposed to do, we do not speak of “crowding out” in this context (cf. Künemund & Rein 1999 for a more detailed account of crowding out).

Table 5: Receiving transfers and bequests – logistic regressions (exponents of coefficients except for constant)

	Model I: Transfers last 12 months		Model II: Large transfers before		Model III: Bequests	
	Bivariate	Multivariate	Bivariate	Multivariate	Bivariate	Multivariate
Sex: Female	1.33	1.30	1.05	1.01	1.09	1.10
Region: East Germany	0.76	0.74	0.64**	0.80	0.76**	1.03
Marital status (ref.: married, living with spouse):						
Separated or divorced	1.83**	2.02***	1.38	1.80**	0.53***	0.73
Never married or widowed	1.06	1.60	0.89	1.08	0.94	1.26
Siblings: Yes	0.86	0.81	1.26	1.25	0.78*	0.78
Children: Yes	1.55	1.85	1.14	1.33	1.27	1.49*
Respondent or partner unemployed: Yes	0.68	0.77	0.69	1.25	0.56***	0.87
Equivalence income (ref.: lowest quintile):						
2nd quintile	1.38	1.35	1.67	1.62	1.18	1.01
3rd quintile	1.34	1.29	2.42***	2.35***	1.15	0.95
4th quintile	1.27	1.17	2.60***	2.40***	1.96***	1.54**
5th (highest) quintile	1.42	1.36	3.01***	2.74***	1.92***	1.53**
Wealth > 5.000 DM	1.10	1.15	1.64**	1.39	2.85***	2.38***
House ownership: Yes	1.10	1.02	1.94***	1.92***	2.41***	2.17***
Debts > 5.000 DM	1.35	1.41	0.99	0.98	0.92	0.87
Constant (B)	–	-2.96***	–	-3.52***	–	-1.66
Pseudo-R^2 (Nagelkerke)	–	0.03	–	0.06	–	0.12
N	1153		1135		1152	

Source: German Aging Survey 1996 (*: p<.1; **: p<.05, ***: p<.01).

Taken together, all these variables do not sufficiently explain why these people receive transfers. There are almost no significant effects, and the overall explanatory power of the model is weak. For a full explanation of transfer giving and receiving, we would have to switch to dyads of parent-child-relationships that would allow for the inclusion of variables indicating the resources of the givers – e.g., the parents or parents-in-law – and the quality of the relationship, as we have done in earlier analyses (Kohli et al. 2000b; Motel & Szydlik 1999). Here, however, we are interested solely in the effects on social inequality among the receivers, given the existing social inequality within the older generation. On this issue, model I does give conclusive results: It shows that these intergenerational transfers do not increase social inequality in middle adulthood. Some individual crises are obviously buffered by them – a process that evens out social inequalities to some degree. And there is no significant relation to the equivalence income position of the receiver. It seems that only need factors not already covered by the welfare state are important for the decision of the elderly to give material support to their adult children. Social inequality in the middle generation is therefore moderately reduced by these transfers.

For larger transfers before the last twelve months the picture is completely different (model II). In the bivariate perspective, inhabitants of East Germany – and therefore mostly of the former GDR – have lower probabilities of receiving such transfers. This finding points to the relevance of the resources available for giving: lower (and far less unequally distributed) incomes and assets in East Germany make such transfers less likely, although the middle generation is more often in situations of need.[9] In the multivariate model, controlling for income and wealth, this effect vanishes. As in model I, the receivers of these transfers are significantly more often separated or divorced, and there is again no relation to unemployment. Neither children nor siblings alter the picture. But the relation to income position is very strong even when controlling for the other variables. Those who are in a better income position are much more likely to have received larger transfers from parents or parents-in-law. These findings confirm that such larger transfers given previously are likely to have increased social inequality among the receivers. However, we also find some minor levelling effects with respect to marital status, so that some reduction of inequality should also take place.

For bequests received (model III), the conclusions are similar: Bequests clearly deepen social inequality, since those who are in a privileged income position have significantly higher probabilities of having received bequests. The income effect is significant even if though we control for wealth and house ownership, which may have been part of the bequest.[10]

9 See Kohli et al. (2000b) for a detailed analysis of differences in transfer behaviour between East and West Germany.

10 It was to be expected that being separated or divorced slightly reduces the probability of receiving bequests because of the question wording (“have you or your partner…”).

4. Discussion and conclusions

Existing social inequalities are likely to be decreased by current material transfers and regular financial support from parents or parents-in-law during middle adulthood, but increased by larger previous transfers and by inheritances. Except for marital status, most socio-demographic variables contribute little to the explanation of transfer receipt, so that we have to conclude that the resources of the elderly parents as the givers of such transfers, or the quality of the parent-child relationship must be more important. While the consequences of unemployment in younger age groups are often buffered by the family, the middle-aged adults do not receive parental transfers more frequently when unemployed, which may not be surprising given the availability of public unemployment benefits (which in Germany depend on having participated in the labor market for some time).

Our cross-sectional results do not unequivocally establish to what extent such previous transfers and bequests have contributed to a higher income and wealth position observed today, or when parental transfers and bequests are most effective for one’s future economic well-being. Support during one’s education may for example be more consequential than if it comes at later periods in life. The main point to be emphasized, however, is that we find two contrary outcomes of private intergenerational transfers from the aged to their adult children: There is an increase in social inequalities through larger transfers of money and goods and through bequests, but the inequalities that have accumulated by middle age are not further increased (and even moderately decreased) by the pattern of current parental transfers. These two effects suggest different social policy considerations.

On the one hand it should be pointed out that, in order to be able to give such transfers, the elderly need to have sufficient resources. Therefore our results should on no account be mistaken as an argument for reducing the general level of public pensions. Such a reduction would lead to even more inequality among the children’s generation, since most parents in the upper income groups would still be in a position to give while those in the lower income groups would have less resources to buffer their children’s needs. Instead, we propose to keep up a level of public pensions that empowers the elderly even of modest means to act as parental support for their descendants – a pattern of intergenerational redistribution that may have other desirable outcomes on both the family and the state (see our detailed discussion in Kohli 1999 and Künemund & Rein 1999).

On the other hand, it is obvious that larger transfers of money and goods as well as bequests exacerbate existing social inequalities within the younger cohorts. Such larger transfers and bequests could therefore be taxed at higher rates without the risk of negative effects on family relationships and social cohesion in general.

Literature

Attias-Donfut, Claudine (1995): Le double circuit des transmissions. In: Attias-Donfut, Claudine (éd.): Les solidarités entre générations. Vieillesse, familles, État. Paris: Nathan, 41-81.

Attias-Donfut, Claudine & François-Charles Wolff (2000): The redistributive effects of generational transfers. In: Arber, Sara & Claudine Attias-Donfut (eds.): The myth of generational conflict: The family and state in ageing societies. London: Routledge, 22-46.

Bengtson, Vern L. (2001). Beyond the nuclear family: The increasing importance of multigenerational bonds. In: Journal of Marriage and Family, 63, 1-16.

DeMaris, Alfred (1992): Logit modelling. Newbury Park: Sage.

Dittmann-Kohli, Freya, Martin Kohli, Harald Künemund, Andreas Motel, Christina Steinleitner & Gerben Westerhof in Zusammenarbeit mit infas Sozialforschung (1997): Lebenszusammenhänge, Selbst- und Lebenskonzeptionen – Erhebungsdesign und Instrumente des Alters-Survey. Forschungsgruppe Altern und Lebenslauf (FALL), Forschungsbericht 61. Berlin: Freie Universität.

Durkheim, Émile. (1975) [1892]: Cours de sociologie de la famille: La famille conjugale. In: Durkheim, Émile: Textes III. Paris: Minuit, 35-49.

Hosmer, David W. & Stanley Lemeshow (1989): Applied logistic regression. New York: Wiley.

Kohli, Martin (1997): Beziehungen und Transfers zwischen den Generationen: Vom Staat zurück zur Familie? In: Vaskovics, L. A. (ed.): Familienleitbilder und Familienrealitäten. Opladen: Leske + Budrich, 278-288.

Kohli, Martin (1999): Private and public transfers between generations: Linking the family and the state. In: European Societies, 1, 81-104.

Kohli, Martin & Harald Künemund (Hrsg.) (2000): Die zweite Lebenshälfte. Gesellschaftliche Lage und Partizipation im Spiegel des Alters-Survey. Opladen: Leske + Budrich.

Kohli, Martin & Harald Künemund (2003): Intergenerational transfers in the family: What motives for giving? Forthcoming in: Vern L. Bengtson & Ariela Lowenstein (eds.): Families, aging, and social support: International perspectives. Hawthorne, NY: Aldine de Gruyter.

Kohli, Martin, Harald Künemund, Andreas Motel & Marc Szydlik (1997): Generationenkonstellationen, Haushaltsstrukturen und Wohnentfernungen in der zweiten Lebenshälfte. In: Becker, Rolf (Hrsg.): Generationen und sozialer Wandel. Generationendynamik, Generationenbeziehungen und Differenzierung von Generationen. Opladen: Leske + Budrich, 157-175.

Kohli, Martin, Harald Künemund, Andreas Motel & Marc Szydlik (2000a): Families apart? Intergenerational transfers in East and West Germany. In: Arber, Sara & Claudine Attias-Donfut (eds.): The myth of generational conflict: The family and state in ageing societies. London: Routledge, 88-99.

Kohli, Martin, Harald Künemund, Andreas Motel & Marc Szydlik (2000b): Generationenbeziehungen. In: Kohli, Martin & Harald Künemund (Hrsg.): Die zweite Lebenshälfte. Gesellschaftliche Lage und Partizipation im Spiegel des Alters-Survey. Opladen: Leske + Budrich, 176-211.

Künemund, Harald (2002): Sozialstaatliche Leistungen und Familienbeziehungen im Alter – Verdrängung oder Ergänzung? In: Backes, Gertrud M. & Wolfgang Clemens (Hrsg.): Zukunft der Soziologie des Alter(n)s. Opladen: Leske + Budrich, 167-181.

Künemund, Harald & Andreas Motel (2000): Verbreitung, Motivation und Entwicklungsperspektiven privater intergenerationeller Hilfeleistungen und Transfers. In: Kohli, Martin & Marc Szydlik (Hrsg.): Generationen in Familie und Gesellschaft. Opladen: Leske + Budrich, 122-137.

Künemund, Harald & Martin Rein (1999): There is more to receiving than needing: Theoretical arguments and empirical explorations of crowding in and crowding out. In: Ageing and Society, 19, 93-121.

McGarry, Kathleen (1997): Inter vivos transfers and intended bequests. Cambridge, MA: National Bureau of Economic Research (NBER working paper 6345).

Motel, Andreas & Marc Szydlik (1999): Private Transfers zwischen den Generationen. In: Zeitschrift für Soziologie, 28, 3-22.

Parsons, Talcott (1942): Age and sex in the social structure of the United States. In: American Sociological Review, 7, 604-616.

Rossi, Alice S. & Peter H. Rossi (1990): Of human bonding: Parent-child relations across the life course. New York: Aldine de Gruyter.

Szydlik, Marc (2000): Lebenslange Solidarität. Generationenbeziehungen zwischen erwachsenen Kindern und Eltern. Opladen: Leske + Budrich.

Tartler, Rudolf (1961): Das Alter in der modernen Gesellschaft. Stuttgart: Enke.

Tesch-Römer, Clemens, Susanne Wurm, Andreas Hoff & Heribert Engstler (2002): Die zweite Welle des Alterssurveys: Erhebungsdesign und Instrumente. Berlin: Deutsches Zentrum für Altersfragen (Diskussionspapier Nr. 35).

Vaskovics, Laszlo A. (1997): Generationenbeziehungen: Junge Erwachsene und ihre Eltern. In: Liebau, Eckart (Hrsg.): Das Generationenverhältnis. Über das Zusammenleben in Familie und Gesellschaft. Weinheim: Juventa, 141-160.