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WHEN RESOURCES TRUMP NEED

REGULAR INTER-HOUSEHOLD CASH TRANSFERS TO YOUNG PEOPLE IN EUROPE

Marianna Filandri

Department of Culture, Politics and Society, University of Turin

marianna.filandri@unito.it

Tiziana Nazio

Department of Culture, Politics and Society, University of Turin *and*

Collegio Carlo Alberto

tiziana.nazio@unito.it

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1. Introduction

The article focuses on the pivotal role of the family or origin in aiding children in their transition to adulthood after they have left the parental household and have reached residential independence. For young people this stage is becoming increasingly uncertain, owing especially to the retrenchment of welfare states and increasing liberalisation of labour markets. These recent trends seem risking to bring European countries to converge towards the more familialistic Southern and Eastern models of welfare provisions (Viazzo, 2010). This prompted renewed attention to the relevance of inter-household transfers from family (and kin), to support and secure individuals' well-being, also once co-residence is no longer (or not yet again) a means of direct support. In the literature, intergenerational transfers from the parental to the children generation have inspected both monetary and non-monetary transfers. The former, in particular, have traditionally been studied as occasional gifts: especially economic support for house purchase (Druta & Ronald, 2016), or in occasion of a wedding, but also inheritance and intra-vivo transfers of properties and wealth. The latter, as for example childcare or personal assistance in case of illness or disability, have been studied instead not only for their occurrence or intensity, but also for their regularity.

Regular monetary transfers from the family of origin, i.e. the possibility to receive regular economic support rather than an occasional aid, have been much less studied instead, and are a distinctive contribution of this study. This lack of attention is mostly due to the paucity of comparable data, which could systematically reveal the regularity of these aids. Indeed, most often, economic support received from kin from another household, although frequent, might not be regular. If irregular, they would be studied as extraordinary forms of support. Our aim in this section is instead to focus on regular inter-household cash transfers. These cash transfers may not have the same periodicity but have to take place regularly, creating a sort of expectation on recipients to be able to "count" on them: e.g. monthly, every semester or yearly (considering several consecutive years). If support from the family of origin is documented to have a general relevance, regular transfers might become a crucial support especially in times of crisis, when long-term commitments to expenditures (e.g. rent or mortgage, investments or purchases, childbirths) are uneasy to respond to sudden income drops and the opportunities for securing a sufficient and stable income decrease.

We first study the relevance of regular cash transfers for young people: how many are being interested? Which differences across European countries? We secondly aim to inspect the role played by the resources available to the family of origin: does social class matter?

Finally, we inspect if aids are sensitive to the occupational circumstances of young adults: are non-employed, i.e. those with higher need, helped more or not? We try to answer to these questions using EU-SILC data for 2011 on a subsample of young people living independently from their parents, in the age range 25-34 in 25 European countries. The article is structured as follows: in the next paragraph we will refer to some useful theoretical framing, with special reference to regular help. In the following paragraph we will illustrate the data and methods used, followed by the main results. The article will close with some conclusions and policy recommendations.

2. Theoretical background and hypotheses: intergenerational economic support

Ample sociological literature reveals the crucial role of inter-household support, in its variety of different forms. There can be direct, economic aid, or indirect, non-economic aid. To this latter group pertain all care activities provided free of charge, like childcare or assistance to ill or disabled persons, support with practical tasks and activities (e.g. sorting of beaurocratical affairs, shopping or paying bills, organising and planning logistics) or emotional support (e.g. company). To the first group belong instead different sorts of both monetary and non-monetary economic support. Object of the transfer could be both varying amounts of money and material goods such as cars, equipment or housing properties. All of these forms of support could be categorised on the basis of either their value or regularity. There are minor aids, such a small monetary gift, or a babysitting for two hours a month, and more conspicuous gifts (a home, or the long-term full-time care for an ill kin). Still, there are forms of help that take place extraordinarily, in or around special occasions and events, like a wedding or a surgical operation, and regular ones, like a weekly childcare, or a monthly fixed payment.

Every type of support can be salient in itself, but it can play differing roles depending on the life stage of the recipient person. In particular, those aids received from the family of origin during the transition phase to adulthood can be crucial in contributing to define constraints and opportunities for young people. A clear example is housing: many financial transfers take place indeed around the transition towards the achievement of residential independence (Filandri, 2015; Filandri & Bertolini, 2016; Poggio, 2008). Young people can be sustained either indirectly through a longer stay in the parental household, or directly through home gift or purchase. Beside the support aimed at achieving residential independence, some aid can be addressed also to maintain housing autonomy. Inter-vivos transfers can pursue this aim by transferring money from the parental to the children generation. Monetary transfers are clearly tied to households' of origin capacity to afford offering help, but also to the degree of need for it in the subsequent generation, which is reflected in the occupational condition of young people. The transition to residential independence is indeed strictly linked to young people's position in the labour market (Shanahan, 2000). To gain and maintain autonomy, young people need to rely on a certain degree of economic security, such as provided by a regular income from work. However, the initial positioning of young people in the labour market is characterised by low wages and, often, intermittent employment attachment, with alternating employment and non-employment periods (Filandri *et al.*, 2015; Filandri *et al.*, 2013), especially in times of economic crisis and soaring youth unemployment. When individuals fall on hard times, often they can rely on their family for financial support. This support, given the framework, can be provided with a regular timing, to make up or top-up young people's income. This type of regular support has been under researched, beside few studies on the pocket money received by adolescents residing with their parents (see the previous section for a study on intra-household money transfer). Research on inter-household transfers has focused mainly on transfers between older parents and non-coresident children (Schoeni, 1997; Soldo & Hill, 1993), as we do here, but not yet on regular cash transfers. It shows the relevance of resource availability: the extent to which parents can afford providing money to their children is likely to depend on their availability of economic resources and the social class of origin. A lack of economic resources reduces the ability of individuals to make financial transfer to other family members (Agree *et al.*, 2002). Studies of parents and adult children in the United States find a positive relationship between parental income and the likelihood of a transfer to a child (Schoeni, 1997; Soldo & Hill, 1993). Beside economic resources, social class of origin might affect the likelihood to transfer regularly: if the literature suggests of stronger intergenerational ties among the working class (Chang, 2008), aids could also be non-economic, or even take place in the opposite direction, from the children to the parents. Parents from any social class may want to help their children, with transfers aimed to promote children's socio-economic success not only in terms of educational attainment, but also continued investment in their professional careers and even in their 'conspicuous consumption' (Albertini & Radl, 2012). Parents from a working-class background can avoid downward intergenerational mobility at an earlier point in their children's life. For service-class parents, in turn, greater and more prolonged investments are necessary to ensure that their children at least achieve the same status (Albertini & Radl, 2012). This status aspirations mechanism can be connected to the level of resources of both the parents and the children (Bernardi & Ballarino, 2016). The transmissions from parents to children can also be targeted to different purposes depending on the circumstances of the recipients. The transfers can be used to enhance permanent income (e.g., investments in schooling; assistance with opening a business), support living standards (e.g., aid with the purchase of a home or a car), insulate offspring from the financial consequences of job loss or illness, or the transfers can be used to build up the net worth of children (Spilerman & Wolff, 2012). Moreover there are specific phases in the life course where people cannot rely solely on their current income in order to satisfy particular needs, and it is when the chance to receive economic aid can prove pivotal (Spilerman, 2000; 2004). Some studies have examined how characteristics of the children affect parent-child transfers (Kohli & Kunemund, 2003; McGarry & Schoeni, 1997; Saraceno, 2008), since are not only the characteristics of senders, but also of recipients, that affect the likelihood of the exchange. Regular monetary transfers are aimed at supplying for the income or consumption needs required by young people, thus linked to their occupational status. Higher needs are experienced by people on low-income occupations or not in employment (Kohli & Künemund, 2003; McGarry & Schoeni, 1997). But the institutional context in which people live can deeply shape young people access to resources other than the familial ones: countries with more generous welfare provisions rely less on intergenerational transfers (Albertini & Kohli, 2013; Saraceno & Keck, 2010). In this study we control simultaneously for the characteristics of donors and recipients in their contexts, i.e. parental social class, children occupational status and country of residence.

Who are the young people with higher likelihood to receive regular cash transfer? Is it those in higher need (non-employed) or stemming from higher social class? We have hypothesised 4 different scenarios by considering jointly the effects of class of origin and occupational status. The first scenario (that we termed ‘resource condition’) considers being in place only an effect of class of origin: young people can receive regular monetary transfers insofar as their family is able to provide them. In this framework, since we model the probability to be a recipient regardless of the amount, there might be a case where it is not the frequency/regularity of help that changes, but the amount: less resourceful parents may support their children equally regularly but with smaller amounts. In the second scenario, if regular economic aids would not depend on the social origin, they could depend on children’s degree of need, a ‘need condition’. Families would intervene when children have no income, like in the case of non-employment. The third scenario is a ‘mixed condition’, where both social class of origin and occupational status might matter jointly. In this case we would observe an interaction effect: young people from the higher class might be more likely supported regularly regardless of their occupational status, while those from the lower class might more likely be so when are non-employed. Alternatively, it could be that the most helped are non-employed from higher class. The last scenario is that of 'absence of condition', where neither the parental nor the children characteristics would affect the likelihood of transfers.

Table 3 Scenarios to analyse the relationship between regular inter-household cash transfers and social status

	High social origin	**Non-employment status**	**Scenario**
Influence	Positive	*None*	Resource condition
	None	Positive	Need condition
	Positive	Positive	Mixed conditions
	None	*None*	Absence of conditions

3. Data and methods

The analyses are based on EU-SILC data from 2011. The thematic module on the intergenerational transmission of poverty provides the most recent wave with information on young people's social class of origin. The analytical sample comprises young adults (aged 25-34 years), either employed or not, with the exclusion of students. We selected the 25 European countries with valid information on the dependent variable (recipiency of regular cash transfers) and on the independent (social class of origin). The dependent variable was built from the regular inter-household cash transfers received, i.e. the regular monetary amounts received, during the income reference period, from other households or persons. They refer to regular payments received, monthly, once a semester or even if once a year (if received over several consecutive years), available to finance (regular) consumption expenditure. We excluded compulsory and voluntary alimony received on a regular basis. Given the selection of young adults and the exclusion of alimonies, we assumed that transfers came from the parental household. The social class of origin was build on the basis of the highest educational level achieved by either parents according to the dominance criterion (Erikson & Goldthorpe, 1992).

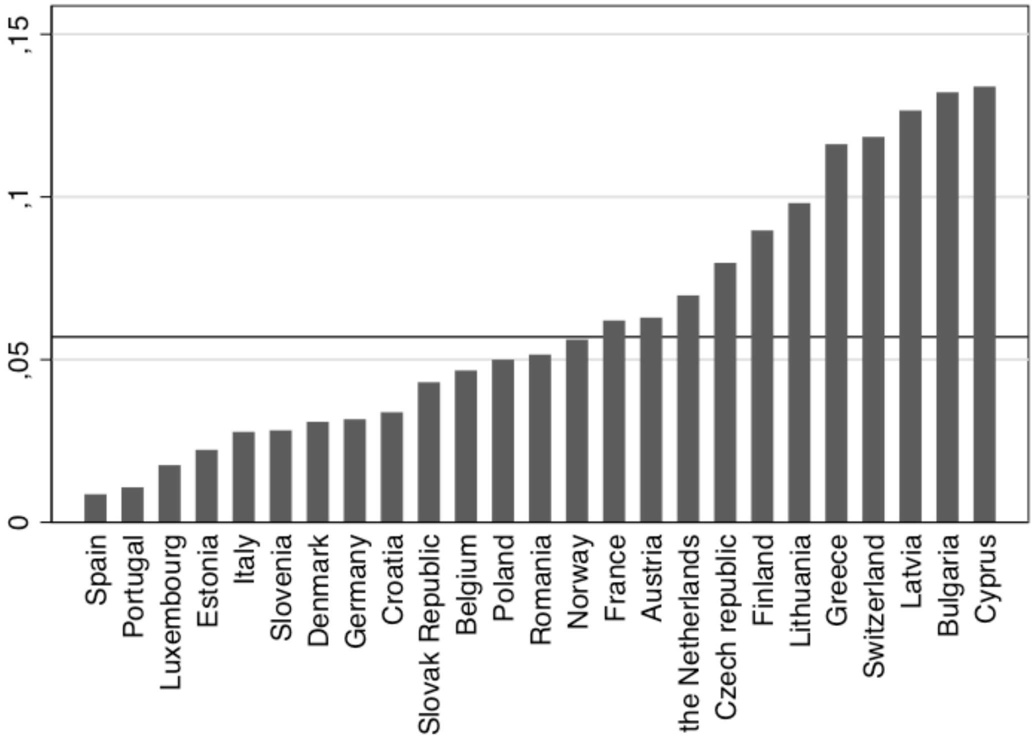
We defined as high class of origin those with at least one parent with completed tertiary education. Those with at least one parent with completed upper secondary education belong to the middle class, while young people in low class are those with both parents having a primary level of education. Occupational status distinguishes between employed and non-employed in order to depict income availability. Non-employed comprises unemployed and inactive young people. In order to explore the characteristics of those who offer and receive cash support, we have focused on the probability of receiving regular economic support through a dummy variable (yes/no) rather than on the amount of cash provided. We employ probit regressions models to test our hypotheses on the factors affecting young adults' recipiency of regular cash transfers, since the frequency of these types of support in the population is rather small. We estimate pooled models with country dummies, controlling for both parental and children characteristics. Results are presented as average marginal effects to be more easily interpreted as probabilities.

4. Country differences, social class and occupational status

The average proportion of young people receiving regular cash support is 5.7% in Europe (Figure 3). In other words, around one in twenty young people living independently from their parents and having left the education system received regular cash transfers from their family of origin. This rather small rate should not distract from the saliency of the phenomena, being a form of support that sums up to other aids provided by the family of origin (free lodging, extraordinary aids, care activities, etc.), and constitutes an indicator of young people's capacity to face periods of economic hardship through informal strategies. The rate of young people receiving regular cash transfers varies greatly across countries, with a minimum in Spain and Portugal (around 1%) to a maximum in Bulgaria and Cyprus (around 13%).

A special reference can be made here on Southern European countries, known to provide a greater bulk of support to younger generations, especially through longer co-residence in the parental household (Bernardi, 2007; Viazzo, 2010). It is thus not surprising that in Spain, Portugal and Italy, regular monetary transfers are in contrast more constrained compared to the European average. Notwithstanding in Greece, which is now undergoing a deep economic crisis, we observe a higher than average rate of regular cash provision to adult children living independently.

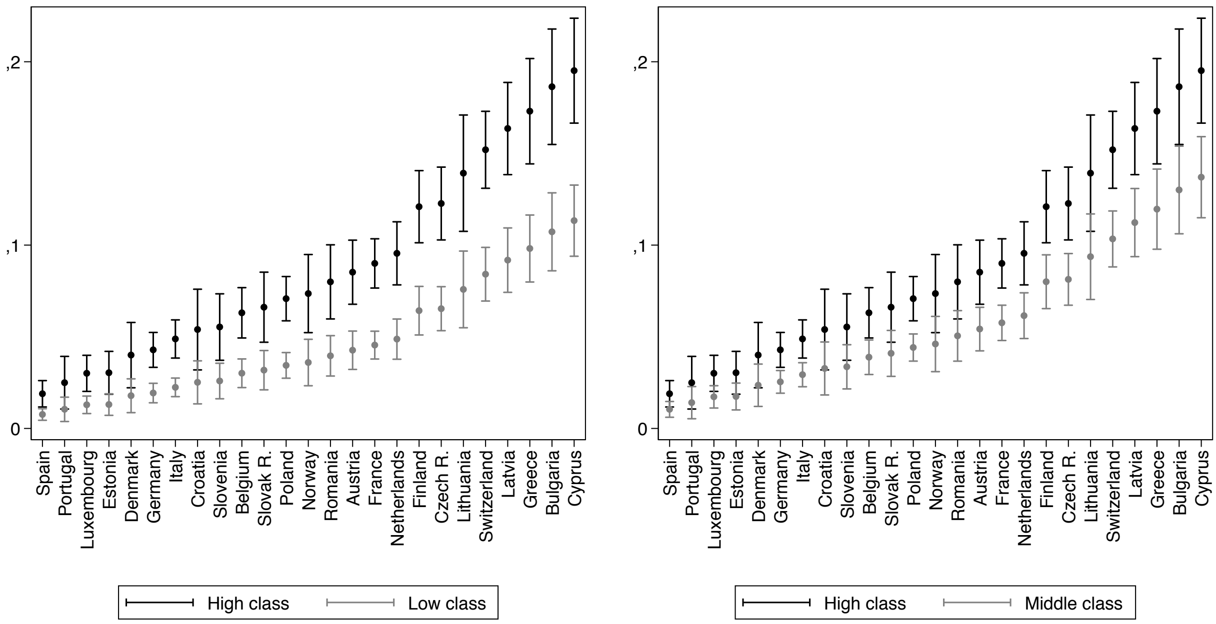
Figure 3. Probability of receiving regular inter-household cash transfer, 2011 (young adults aged 25-34)



Source: own elaboration based on EU-SILC 2011.

We turn now to the role of the family of origin in receiving regular monetary support. Our hypothesis was that larger resource availability favours this type of aid, in line with the available research that shows a positive effect of social class on extraordinary economic transfers. Our analyses provide clear support for the resource hypothesis: belonging to high social class – having at least one parent tertiary educated – increases the probability to receive regular cash transfers. It is a relevant advantage both with respect to young people for lower class (primary educated parents) and to the middle class (at least one parent with upper secondary education). The effect of social class is found across all countries, net of their different frequencies in this type of help. In those countries with a larger diffusion of regular cash transfers, however, the difference in the probability to receive these transfers by social class of origin is larger (see Figure 4).

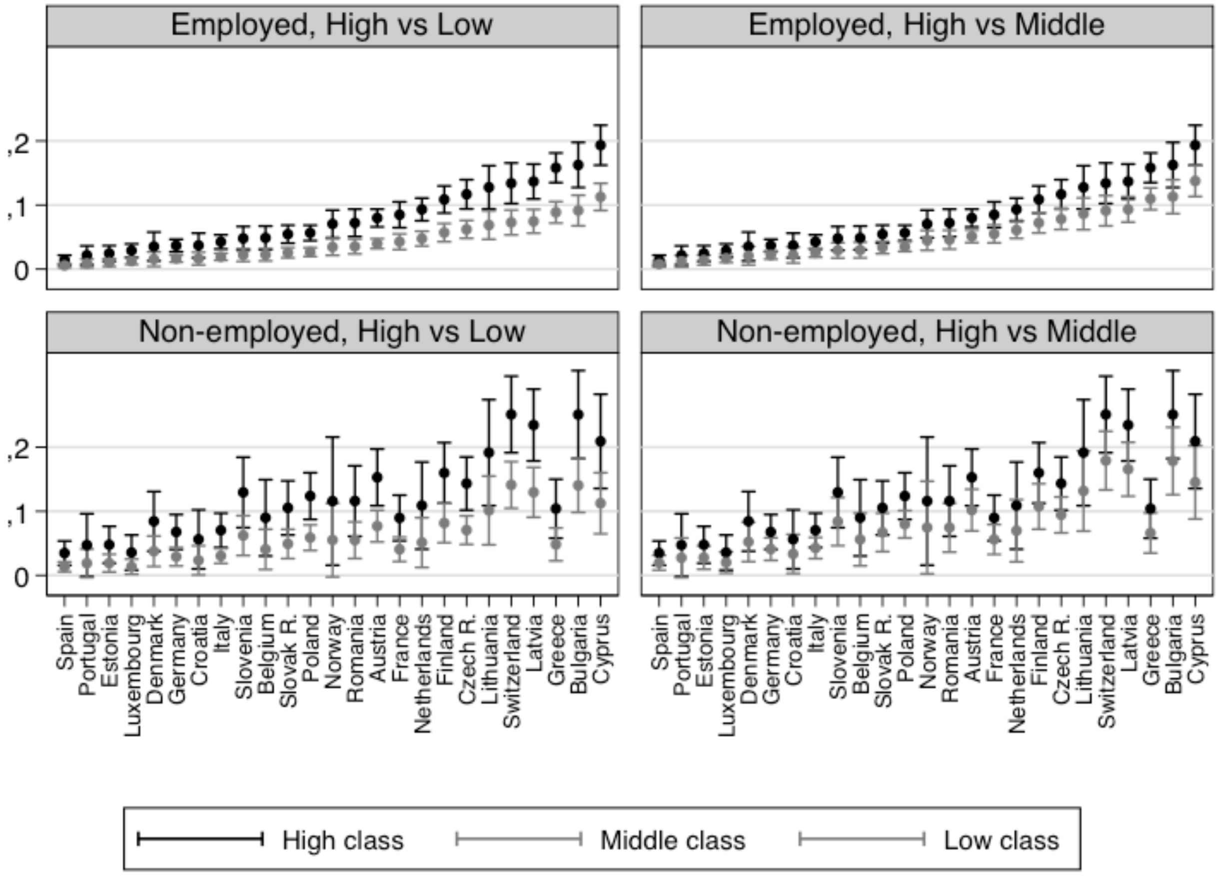
Figure 4 Estimated probability (and relative 90% confidence intervals) of receiving regular inter-household cash transfer by social class of origin, 2011 (young adults aged 25-34)



Source: own elaboration based on EU-SILC 2011.

Our findings support the first scenario of ‘resource condition’, but they do not support the second scenario, in which no class effect should have been found in favour of that of occupational circumstances (need condition), and the fourth scenario, with neither effects (absence of conditions). We cannot exclude yet the hypothesis of a ‘mixed condition’, whereby the effect of social class of origin combines with young people occupational condition. In other words, we expect that either young non-employed people from the high class receive most frequently regular transfers, or that higher-class pupils are more generally helped regardless of their circumstances, while youngsters from the more disadvantaged classes receive support only in case of need. Our analyses provide support for this latter hypothesis, i.e. the interaction effect between class of origin and occupational circumstances proved to be both assocuetd to positive and statistically significant effects. All families are more inclined to help their adult children living independently when non-employed, but those from higher class have higher likelihood in any case than those from the lower class (see Figures 5 and 6).

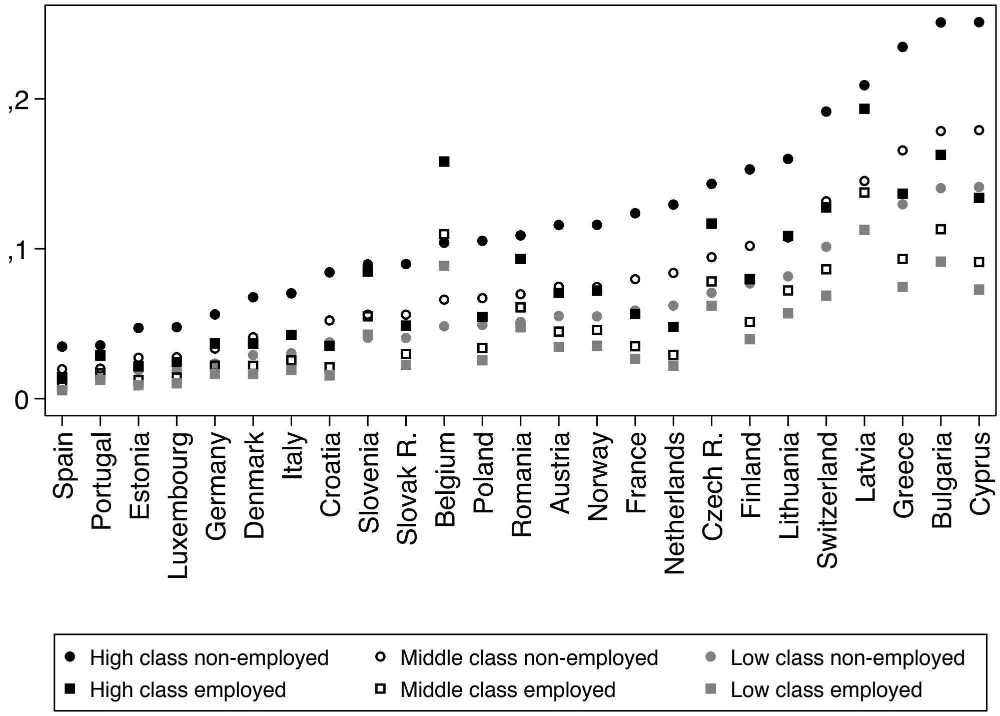
Figure 5. Estimated probability (and relative 90% confidence intervals) of receiving regular inter-household cash transfer by social class of origin and occupational condition, 2011 (young adults aged 25-34)



Source: own elaboration based on EU-SILC 2011.

This result is more clearly visible by inspecting Figure 6, where estimated average probability of receiving regular cash transfers are jointly presented for social class of origin and occupational status, across the 25 countries analysed. With the only exception of Belgium, the highest probability to be a recipient is always for the non-employed children of tertiary educated parents, and it is lowest for the employed children from the lower class (see black circle vs. grey square in Figure 6). As a general rule, in many countries also the children from the lower class are more likely being helped when non-employed rather than employed. However, it is worth noticing that the average probability to receive a regular support by non-employed lower class young adults are always less or equal to that of their employed peers from the higher class (see grey circle vs. black square in Figure 6). Young recipients are more often non-employed than employed also in the middle class. We can also observe how the middle class youth are in an intermediate position between the high and low class young people, confirming again the crucial role played by social class of origin.

Figure 6 Estimated average probability of receiving regular inter-household cash transfer by social class of origin and occupational condition, 2011 (young adults aged 25-34)



Source: own elaboration based on EU-SILC 2011.

5. Conclusions

Regular monetary help is a rather neglected component of family support towards young adults living independently. We saw how this pertains around one in twenty young people, with important differences across countries. In some countries regular monetary transfers are virtually absent or negligible, like in Spain or Portugal, whereas in other countries are reaching as far as 13% of young adults (like in Cyprus and Bulgaria). We have than explored the role of the family of origin and of young people's occupational status in the probability of being a recipient of this form of support. We have questioned if it was a phenomena linked to the amount of resources available in the family of origin, or rather in the degree of need in the younger generation, or both instances. We have shown that those more likely to benefit from this kind of support from their families of origin are coming from more advantaged backgrounds or not-employed. Also young people from lower social class are more likely of being helped if they are non-employed with respect to being employed. Notwithstanding, non-employed young people from lower classes have an average probability of being helped through regular monetary transfers, smaller or equal to that or employed young people from the higher class. This relative advantage of younger people from the higher classes sums up to that already signalled by the previous literature on extraordinary money transfers. These two elements together, regular and occasional intergenerational money transfers, stress the weakness of non-employed individuals coming from the lower classes. It is especially for those that welfare state provisions and unemployment protections are crucial to compensate for a lower support from their families of origin, in face of a higher (average) need as illustrated in earlier reports (Berloffa *et al.*, 2015). In this framework of cumulative disadvantage for the weakest, income support measures in the form of housing allowances or unemployment benefits would greatly help those struggling the most and those more greatly exposed to the risk of a sudden income loss when non-employed.

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