

Parental wealth and children's life chances. First evidence for West Germany

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Stratification research is starting to direct its attention to one important but long over-looked dimension of social inequality: inequalities in wealth or net worth, defined as the total sum of a family's real and financial assets (Keister and Moller 2000). SOEP researchers have recently documented stark wealth inequalities for Germany (Grabka and Frick 2007). This paper addresses the question to what degree this inequality in families' wealth translates into differential educational and occupational success of their children. Sociological theory (Spilerman 2000) as well as preliminary evidence from the US (Conley 1999; 2001) suggests that parental wealth exerts strong effects on social status outcomes independent from other socioeconomic background characteristics. For Germany, no such evidence has been provided so far. Accordingly, this paper focuses on a detailed description of the extent and timing of the intergenerational effects of parental wealth.

This project takes full advantage of the panel design of the SOEP by drawing on the 1989 wave which gathered information on household wealth and by following the school-aged children of these households to record their educational and early occupational outcomes up until the latest wave in which they have reached the age of 25-39 (N=1,138). Since survey information on wealth holdings is especially prone to non-response, careful multiple imputation strategies are applied to the wealth data in the course of a research visit at the DIW in April 2008.

A first overall picture of the role of parental wealth is provided by means of structural equation models of status attainment (Blau and Duncan 1967). The assessment of the timing of wealth effects across childrens' educational careers draws on logistic transition models (Mare 1981). This paper will also begin to illustrate whether intergenerational wealth effects can be considered causal or whether they could be mediated by other contextual conditions (such as neighborhoods) or be due to unobserved parental characteristics.

References

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