

## **Class-origin wealth gaps in comparative perspective. Evidence from EU-SILC data.**

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### **Introduction**

Social stratification literature has traditionally investigated how family background affects the life chances of individuals and families. In this literature, little attention has been paid to the stratification of wealth by social origin (Killewald et al., 2017), mostly because of a traditional focus on income from labour and to unavailability of information about wealth.

In this paper, we look at the association between the occupational class position of the first generation and the wealth attainment of the second generation, under an equality-of-opportunity approach (Björklund and Jäntti, 2020).

### **Background**

The occupational class of origin differentiates education and labour market attainment through class-specific mechanisms, influencing productivity, profitable social capital, aspirations and practices of favouritism (Westhoff et al., 2022). These differences are at play also in magnifying inequality in wealth accumulation, as education and income clearly beget wealth. In addition, a direct path between social origin and wealth accumulation needs to be considered, as wealth can be directly transmitted through inheritances and transfers. Distances in attainment across social origins result in *class-origin wealth gaps* (Hällsten, 2013; Hansen and Toft, 2021). Institutional arrangements operate in shaping society's fluidity, or the degree to which social origin influences different channels of socioeconomic attainment (Breen and Jonsson, 2005).

### **Research Question**

Two descriptive objectives with reference to the European context are aimed. First, we aim at documenting the cross-country variation in the micro-level association between social origin and wealth accumulation. Second, we aim at documenting the macro-level association between societal fluidity in education, income and wealth on class-origin wealth gaps.

### **Data & Methods**

We rely on EU-SILC modules on intergenerational transmission of disadvantage (2005, 2011, 2019), drawing individual data for 26 European countries: Austria, Belgium, Bulgaria, Switzerland, Cyprus, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Norway, Portugal, Romania, Sweden, Slovenia, Slovakia, and United Kingdom. We restrict the sample to respondents aged 30-55 to partly account for life-cycle accumulation. We perform multiple imputation using chained equations, with non-missing and auxiliary variables.

We estimate *top gaps* and *bottom gaps* using the EsEC 3-class scheme (Rose & Harrison, 2007) taking the middle class as the reference category, to detect asymmetries in the opportunity structure (Esping-Andersen and Wagner, 2012). EsEC classification is based on retrospective information about parental occupation at age 14. Wealth is proxied by household-level property

income (Birkelund et al., 2022), as the sum of income derived from yearly rent from properties or land, yearly income from interests, dividends, profit from capital investment and private pensions, and imputed rent for the primary residence. Using the percentile rank we conveniently consider as our central outcome the position in the property income relative distribution in each country and each year.

We perform a two-step analysis, exploiting individual-level associations to obtain contextual aggregates to inform a cross-country comparison.

In the first step, we run OLS regressions for each country in each available year regressing the property income rank position on the dominant class of origin and controlling for age, sex, number of siblings, country of citizenship, and the non-dominant class of origin. Since we are interested in the total class differences, models do not condition on characteristics potentially determined by the class of origin (e.g., level of education). From these regressions, we obtain country-year estimates of class-origin top and bottom wealth gaps and measures of social fluidity computed as the *direct* association of class of origin with income, education and wealth attainment.

In the second step, we look at the macro correlations between the obtained gaps' and social fluidity measures.

### **Preliminary results**

Despite an over-time increase in the advantage of individuals with upper-class origins, in most European countries the actual scenario is of asymmetric disadvantage, as class-origin bottom gaps are larger than class-origin top gaps. Lastly, we find that the degree of social fluidity in educational attainment is linearly related to the stratification of wealth attainment, which is not the case when considering societal fluidity in income attainment. Interestingly, much of the cross-country distribution of class-origin wealth gaps is explained by direct mechanisms of wealth transmission, which would require further micro-level investigation.

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