



Inequality across three and four generations in Egalitarian Sweden: 1st and 2nd cousin correlations in socio-economic outcomes[☆]

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Abstract

This paper estimates intergenerational associations in outcomes across more than two generations using cousin correlations. These correlations account for both observed and unobserved factors that cousins share, i.e., the joint influence of family and the community they are exposed to. The results show 1st cousin correlations in GPA, cognitive ability, and years of education above .15. For occupational prestige, the correlations were found to be close to .10. Accounting for detailed parental socio-economic characteristics reduces the correlations by merely one third to one half, which suggest that grandparents contribute over and above parents. For 2nd cousins, sample restriction allows only the study of correlations in 9th grade GPA. The 2nd cousin correlation is estimated to .07 unadjusted and .05 after adjusting for detailed parental characteristics. For 1st and 2nd cousins of grandparents with great economic wealth, the correlations *double* or *triple*, and remain very large even after parental characteristics are controlled for. In sum, this indicates strong persistence of inequality across at least four generations in contemporary Sweden.

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1. Introduction

Intergenerational inequality across more than two generations touches upon important issues of inequality: the rise and fall of families in modern industrialized society, the transfer of social advantage across generations, and the resources embedded in the extended

family. In earlier pre-industrial epochs, the persistence in social standing across generations has been perceived as large, while some scholars tend to believe that industrialization and the rise of capitalism would bring a more fluid society according to the so called *industrialization hypothesis* (see the introduction chapter in Erikson & Goldthorpe, 1992; and Piketty, 2000).

The early sociological literature on multigenerational mobility (e.g., Duncan, 1966; Glass, 1954; Hodge, 1966; Prais, 1955) advances the argument in the line with the industrialization thesis that social mobility should follow a Markov process, where resources are transferred sequentially across generations and where

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there is no association between grandparents and grandchildren's outcomes once parents resources are taken into account.¹ Another classical theoretical treatment on multigenerational associations is the [Becker and Tomes \(1986\)](#) model. They argue that that the social standing of families is highly volatile across generations. Due to high social fluidity and specific investment behaviors, Becker and Tomes predict that the association of grandparents' and grandchildren's economic outcomes conditional on parent's conditions should be *negative* (not zero). These theoretical perspectives thus give little room for any persistence of social status across multiple generations. However, [Mare \(2011\)](#) point to several lacunae in our understanding of inequality across generations and present several mechanisms to suggest that inequality has a substantial multigenerational component. [Mare \(2011\)](#) criticizes previous research for being ethnocentric and myopic: it deals too extensively with mid-twentieth century central U.S., a context and time which may well provide an historical exception rather than rule.

The present paper employs administrative register data to explore 1st and 2nd cousin correlations in contemporary Sweden. Cousin correlations correspond to the variance in outcomes explained by all factors that are common to both cousins in a given cousin-pair, observed as well as unobserved. Similar to sibling correlations ([Solon, 1999](#)), one can think of this as the total impact of family and community influences across three and four generations. The results show substantial 1st but also 2nd cousin correlations. Cousin correlations in GPA, cognitive ability, years of education is above .15. For occupational prestige, earnings, and non-cognitive traits, the correlations are close to .10. Accounting for detailed parental socio-economic characteristics reduces the correlations by merely one half and one third, which suggest that grandparents contribute over and above parents. For 2nd cousins, sample restriction allows only the study of correlations in 9th grade GPA. The 2nd cousin correlation is estimated to .07 unadjusted and .05 after adjusting for detailed parental characteristics. As these correlations correspond to proportion of explained variance (i.e., R^2), this indicates substantial persistence of inequality across three and four generations in contemporary Sweden. For cousins of economically wealthy

grandparents, the cousin correlations double or triple, which suggests that elite dynasties are rigid in Sweden.

2. Why inequality persists across generations

One can present a number of social reasons for why grandparents and greater families would matter for socio-economic outcomes (see longer discussions in [Mare, 2011](#); [Piketty, 2000](#)). Most importantly, in a multiple generation perspective, social, economic and demographic mechanisms all *interact* to generate inequality. First, according to a standard attainment perspective in which parents provide resources, role models, abilities and knowledge to their children, having grandparents rich in these characteristics would simply add to the effects of parents. A prerequisite is of course the presence of grandparents, which is contingent on grandparents age, as they both have to be alive and young enough to have meaningful interaction with their grandchildren, and their geographic residency. Hence demographic processes of timing of births and longevity and proximity to kin play central roles in generating inequality across generations. One mechanism of central importance is that grandparents may compensate children for any deficit in their parents' resources and abilities, but also cushion some adverse circumstances.

Second, the quality social relations within families, which may be crucial for social transfers ([Coleman, 1988](#)), may depend on a larger family environment. Some families may have stronger and more institutionalized norms of, for example, educational aspirations. A running tradition of certain occupations in the family may incur some types of preferences in younger generations. Extended families may act strategically to promote their children by pooling labor market resources, shielding job opportunity from outsiders and by providing useful contacts. Grandparents may act as role models through their achievements in life, which will benefit the child regardless of the grandparents being alive or not. Third, if grandparents have generated or maintained economic wealth, this too may benefit the children even if grandparents are dead.

It should be noted that the actual mechanisms behind cousin correlations can also be biological in content, and what we measure as cousin correlations may be determined by the complex correlation and interaction of social and biological factors.²

¹ Formally, a Markov process is memoryless: knowing the present state of a (statistical) system creates as good predictions about future events as knowing the system's full history. That is, any multigenerational association can be reduced to the product of intergenerational associations.

² One may for example be tempted to compare 1st and 2nd cousin correlations in order to make some statement of social vs. biological factors using the fact that on average, siblings share 50 percent of

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