

Dynasties of wealth: Family networks and wealth preservation

Daria Tisch

22 November 2024

Max Planck Institute for the Study of Societies

Research question and motivation

How do families manage to maintain their position at the top of the wealth distribution over more than a century?

So what?

- Social mobility within the wealth elite:
“each class resembles a hotel [...] always full, but always of different people” (Schumpeter 1972)
- Normative: Performance and not birth should influence wealth position
- Social cohesion at risk (Toft and Hansen 2022)
- Social background of wealth elite matters for politics we get

(Reeves and Friedman 2024)



Previous research

- Family as a relevant economic unit (Farrell 1993a)
- Intergenerational wealth mobility low

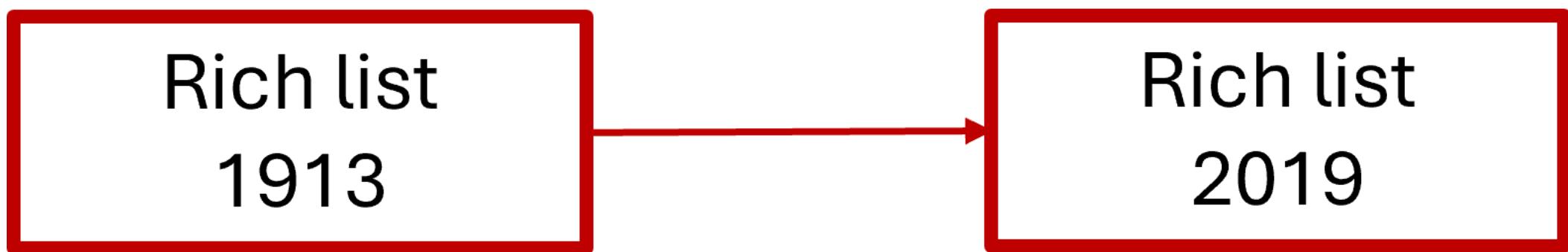
(Hansen 2014; Clark and Cummins 2015; Pfeffer and Killewald 2018; Hällsten and Kolk 2023; Toft and Hansen 2022)

- Despite institutional changes: Wealth mobility constant in GB (1858-2012)
(Clark and Cummins 2015)
- Persistence in wealth, income and elite occupations in Italy (Barone and Mocetti 2020)
- Germany: About 8% of today's 1000 largest fortunes can be traced back to fortunes from the 1913 wealth lists (Tisch and Ischinsky 2023)
- Zurich: About 20% of 1952' top 0.1% have ancestors within top 0.1% in 1890 -> yearly survival rate of 97.5% (Legentilhomme & Leimgruber, under review)

→ Research gap: Mechanisms of wealth preservation of families, e.g. family ties within the elite

Reproduction of the wealth elite

- Family as a central institution for the reproduction of social inequality
(Beckert 2022; Mare 2011; O'Brien 2023; Pfeffer and Killewald 2018)
- Reproduction of the wealth elite
 - Direct intergenerational transfers
 - “Opportunity hoarding” (Tilly 1998)
 - Social closure through marriage (Farrell 1993b)
 - Economic alliance building (Zeitlin 1974)



Hypotheses

Hypothesis 1: Members of the economic elite are more likely to have descendants on today's rich list than non-members

→ Socialisation in business families and economic alliances (Augustine 2003)

Hypothesis 2: The more interconnected a rich individual is with other rich individuals through familial ties, the greater the likelihood their descendants will appear on today's rich lists

→ Strategic family alliances to consolidate the social position

(Augustine 1994; Farrell 1993b; Zeitlin 1974)

Hypothesis 3: Members of the political elite are more likely to have descendants on today's rich list than non-members

→ Stealth politics (Page, Seawright, and Lacombe 2018)

Data basis

Die reichsten Millionäre im Königreich Preußen.		
	Millionen Mark Vermögen	Einkommen
Frau Bertha Krupp von Bohlen u. Halbach auf dem Hügel bei Essen (Ruhr)	283	18,19
Fürst Hendel von Donnersmark auf Schloß Nieden, Reg.-Bez. Oppeln	254	13,145
Freifrau Mathilde verw. von Rothshild, Schloß Grünberg in Frankfurt a. M.	163	3,860
Christian Kraft Fürst zu Hohenlohe-Dehringen, Herzog von Ujest, a. Schloß Slawenzitz, Reg.-Bez. Oppeln	154	6,5
Wilhelm II., Deutscher Kaiser, König von Preußen	140	22
Hans-Heinrich XV. Fürst von Pleß, auf Schloß Fürckenstein, Reg.-Bez. Breslau	99	2,245
Freiherr Max von Goldschmidt-Rothschild in Frankfurt a. M., Bödenheimer Landstraße 10	92	3,450
Kommerzienrat Eduard Beil von Speyer, Witth. des Bankgeschäfts Lazarus Speyer-Ellissen, Frankfurt a. M., Forsthausestr. 62	88	2,905
Franz-Hubert Graf Tiele-Windler, a. Schloß Moschen, Reg.-Bez. Oppeln	87	3,890
Zweite Gräfin Adelmann von Adelmannsfelden, einzige Kind der im Frühjahr 1913 gest. Frau Lucy Fleischer, verw.	66	3,8

- Jahrbuch des Vermögens und Einkommens der Millionäre (Martin 1912; Gajek 2014)
- Database of members of the Reichstag (1867 - 1938)¹
- *List of members of the Prussian House of Lords*²
- *List of members of the Prussian House of Representatives (Mann 1998)*
- Today's Manager Magazin lists (Bornefeld 2019)
- Wikidata

1. <https://www.reichstag-abgeordnetendatenbank.de/>

2. https://de.wikipedia.org/wiki/Liste_der_Mitglieder_des_Preu%C3%9Fischen_Herrenhauses

Data and methods

- Data
 - Rudolf Martin rich list, 1913
 - >2 Mio: N = 4574 richest individuals (top 0.007% of the population)
 - >3 Mio: N = 2520 richest individuals (top 0.003% of population)
 - Variables:
 - still rich today (Manager Magazin List 2019, top 0.01%)
 - Politician or related to politician (members of parliament)
 - Part of the economic elite (Windolf und Marx)
 - Closeness and eigen centrality (genealogical Wikidata)
- Methods
 - Network analyses
 - Regression analyses

Wikidata



Main page
Community portal

Project chat
Create a new item

Recent changes

Random item

Query Service

Nearby

Help

Donate

Lexicographical data

Create a new Lexeme

Recent changes

Random Lexeme

Tools

What links here

Related changes

Special pages

Permanent link

Page information

Concept URI

Cite this page

Item Discussion

Bertha Krupp (Q66505)

German business woman
Bertha Krupp von Bohlen und Halbach

▼ In more languages

Configure

Language	Label	Description
English	Bertha Krupp	German business woman
German	Bertha Krupp von Bohlen und Halbach	deutsche Besitzerin der F
French	Bertha Krupp	No description defined
Bavarian	No label defined	No description defined

All entered languages

Statements

instance of	human
	▼ 0 references



wikidata.org/wiki/Q66505

mother Margarethe Krupp ▾ 0 references

sibling Barbara Krupp ▾ 0 references

spouse Gustav Krupp von Bohlen und Halbach ▾ 0 references

child Alfried Krupp von Bohlen und Halbach ▾ 0 references

Wikiversity (0 entries) edit

Wikivoyage (0 entries) edit

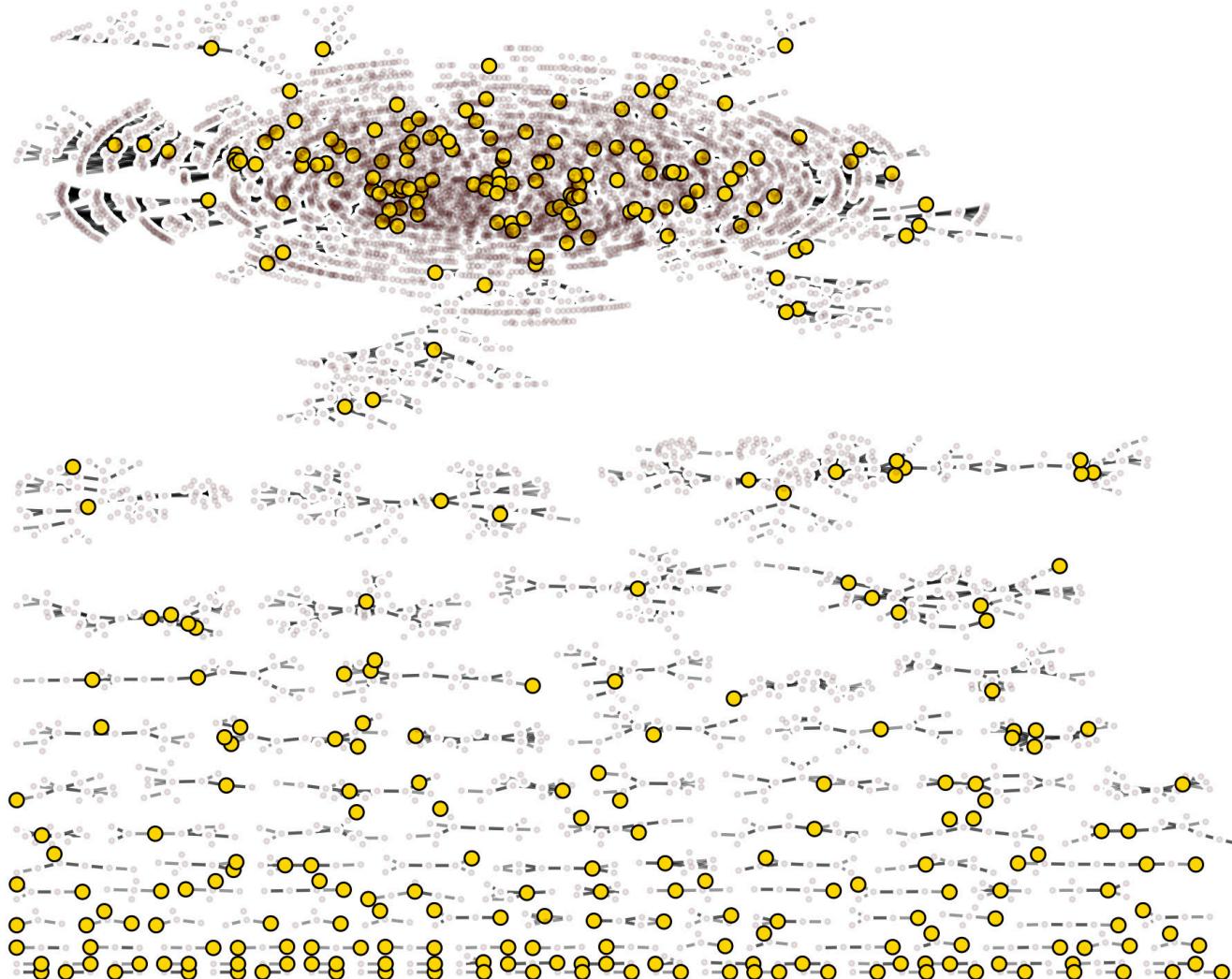
Social mobility within the wealthy elite

Individuals 1913	Proportion of rich descendants
Wealth >= 6 Mio (N = 884)	10%
Wealth >= 5.5 Mio (N = 1135)	9%
Wealth >= 3 Mio (N = 2520)	6%
Wealth >= 2 Mio (N = 4574)	5%

Family network analysis

- 975 individuals with Wikidata ID, from 2520 ($\text{wealth} \geq 3 \text{ Mio}$) (39%)
- 411 rich individuals with at least one relative in Wikidata
- Largest family web includes 145 rich individuals (24 times as many as a random sample of German wikidata humans born in the same cohorts)

Rich family networks

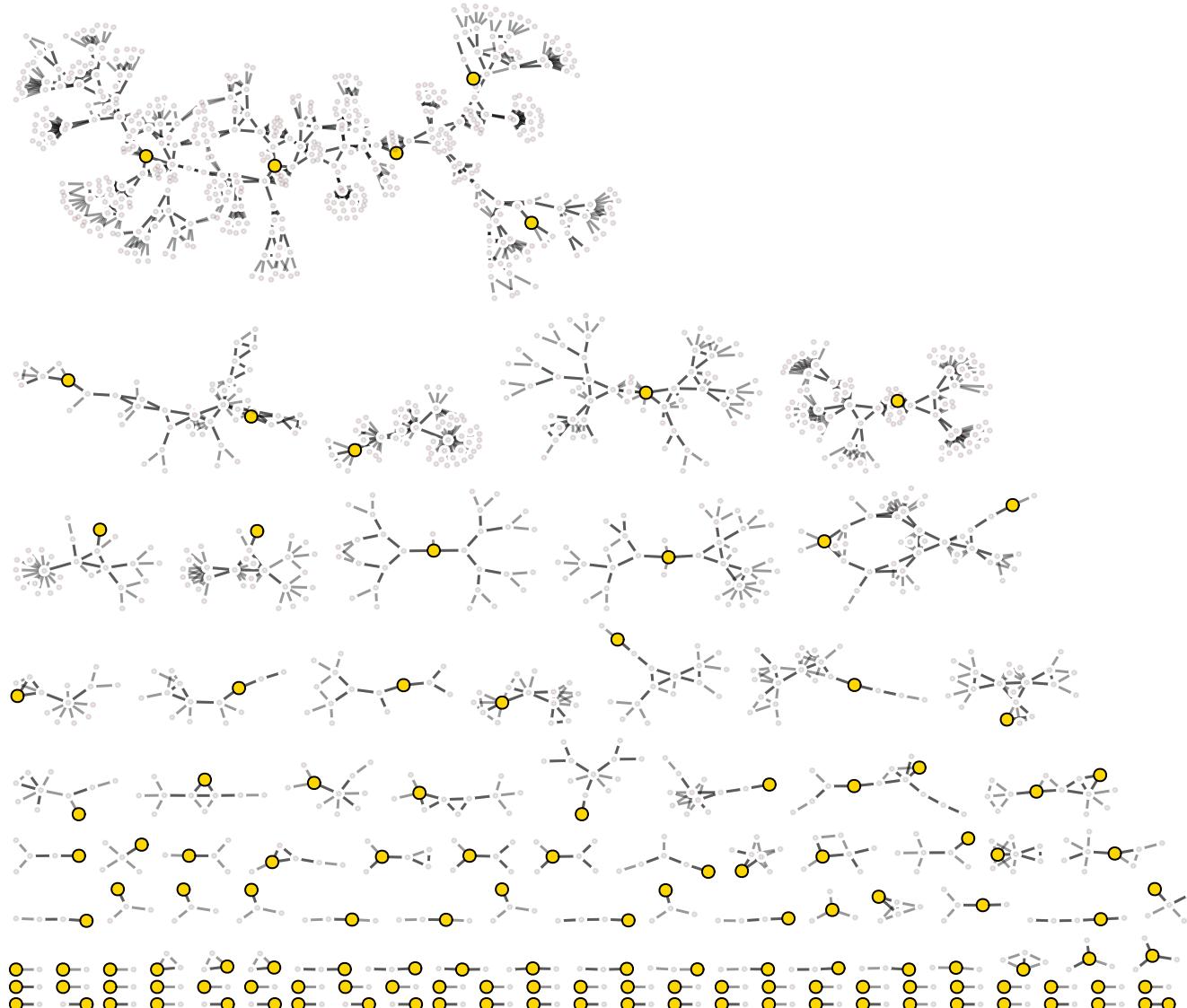


(975 Wikidata,
411 relative,
145 largest
network)

Nodes: Individuals

- family member
- rich 1912

Random family network

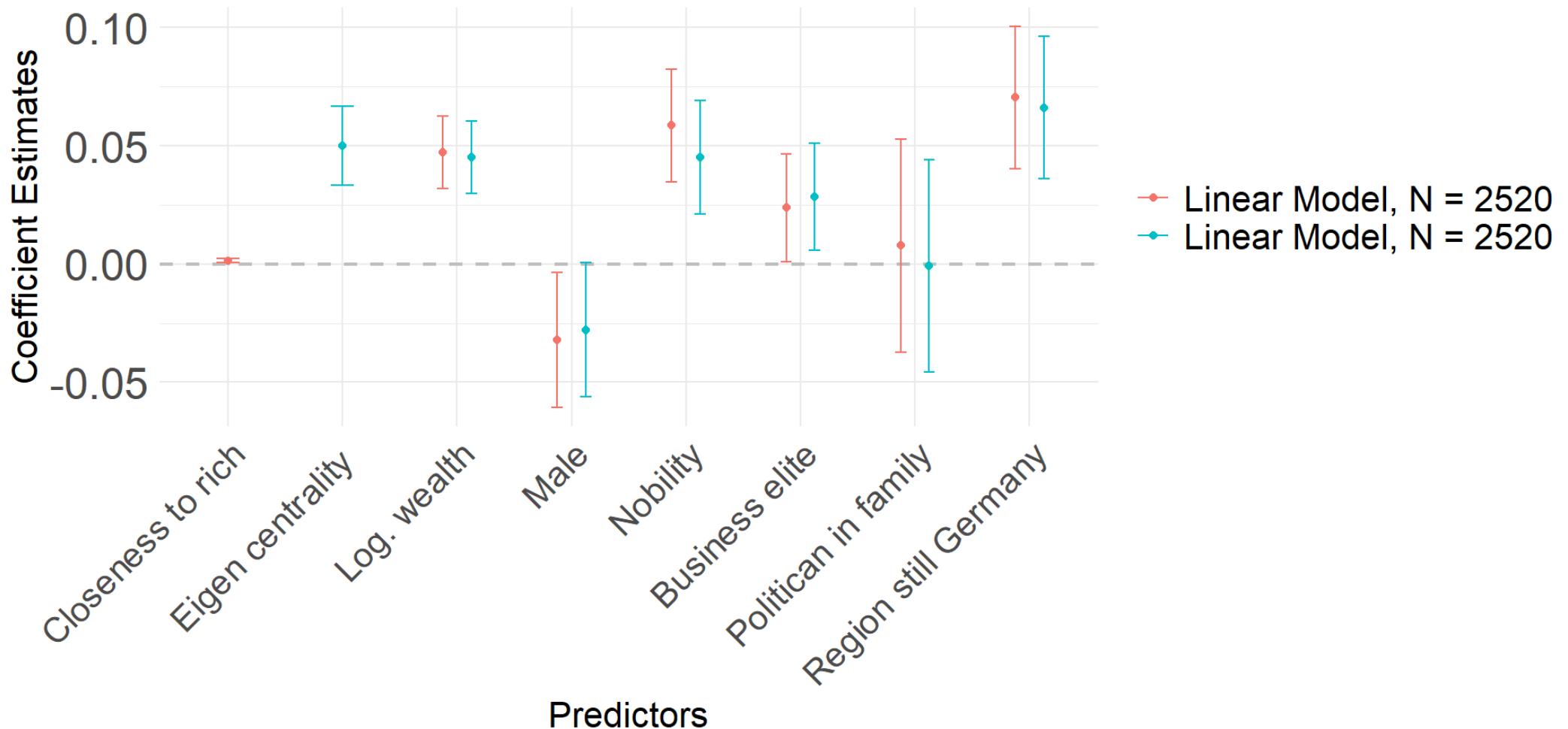


(N = 975
random
Germans,
same cohort,
5-8 in largest
network)

Nodes: Individuals

- family member
- randomly selected

Regression results

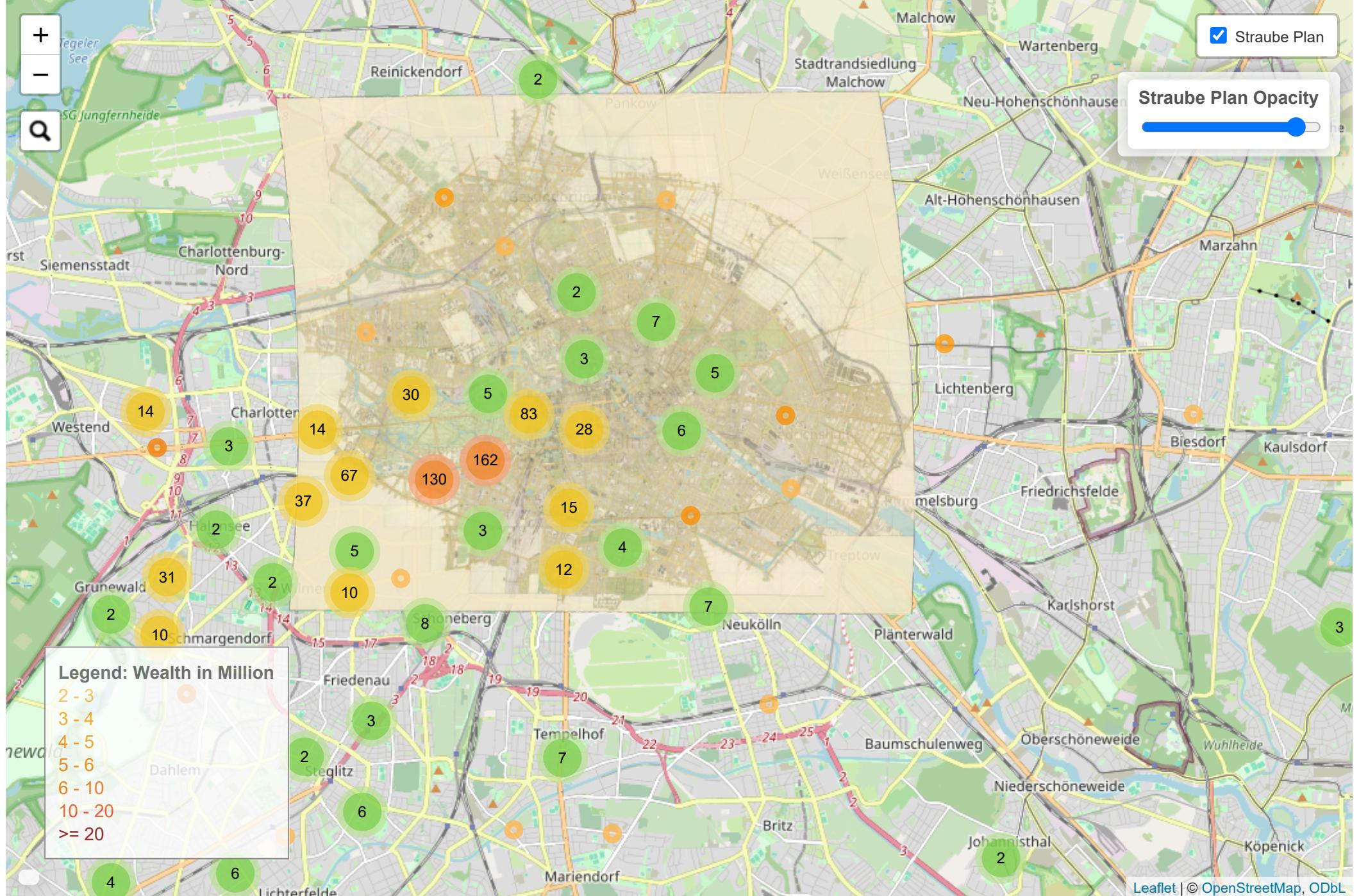


Summary

- Social mobility within the wealthy elite
 - 10 % of the 875 richest people in 1913 have descendants on the rich list 2019
 - „Hotel“ has some regular guests
- Mechanisms of maintaining top wealth in the 20th century
 - Connections to the business elite
 - Being Politician irrelevant?
 - Family networks of the super-rich
- Next steps
 - Regional political offices
 - Role of geographical connections: the good address

Contact: tisch@mpifg.de

Geographical analyses



Regression analyses

	M1	M2	M3	M4
Predictors	Odds Ratios	Odds Ratios	Estimates	Estimates
Closeness to rich	1.01 **		0.00 **	
Eigen centrality		1.30 **		0.05 ***
Business elite	1.53 *	1.65 *	0.02 *	0.03 *
Politican in family	1.17	1.03	0.01	-0.00
Log. wealth	1.73 ***	1.73 ***	0.05 ***	0.05 ***
Nobility	2.43 ***	2.13 ***	0.06 ***	0.05 ***
Male	0.62 *	0.65	-0.03 *	-0.03
Region still Germany	6.91 ***	6.55 ***	0.07 ***	0.07 ***
Observations	2520	2520	2520	2520

R ² Tjur	0.048	0.054	0.044 / 0.041	0.053 / 0.050
---------------------	-------	-------	---------------	---------------

* $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Descriptive statistics

Descriptive Statistics

<i>Variable</i>	<i>Mean</i>	<i>SD</i>	<i>N</i>
income	0.47	0.85	2520
largfam	0.06	0.24	2520
male	0.88	0.33	2520
noble	0.22	0.42	2520
nonNAwiki	0.43	0.50	2520
partbuselite	0.24	0.43	2520
politician	0.03	0.16	2520
richtoday	0.06	0.24	2520
stillGermany	0.89	0.32	2520
wealth	8.08	16.45	2520

References

- Augustine, Dolores L. 1994. *Patricians and Parvenus: Wealth and High Society in Wilhelmine Germany*. Oxford [England] ; Providence, USA: Berg Publishers.
- . 2003. “Patricians, Parvenus, and Professionals: The Recruitment and Reproduction of Economic Elites in Imperial Germany.” In, edited by Franz Bosbach, Keith Robbins, and Karina Urbach, 159–80. DE GRUYTER SAUR.
<https://doi.org/10.1515/9783110967968.159>.
- Barone, Guglielmo, and Sauro Mocetti. 2020. “Intergenerational Mobility in the Very Long Run: Florence 14272011.” *The Review of Economic Studies* 88 (4): 1863–91.
<https://doi.org/10.1093/restud/rdaa075>.
- Beckert, Jens. 2022. “Durable Wealth: Institutions, Mechanisms, and Practices of Wealth Perpetuation.” *Annual Review of Sociology* 48 (1): null.
<https://doi.org/10.1146/annurev-soc-030320-115024>.
- Clark, Gregory, and Neil Cummins. 2015. “Intergenerational Wealth Mobility in England, 18582012: Surnames and Social Mobility.” *The Economic Journal* 125 (582): 61–85.
<https://doi.org/10.1111/ecoj.12165>.
- Farrell, Betty. 1993b. *Elite Families: Class and Power in Nineteenth-Century Boston*. SUNY Press.
- . 1993a. *Elite Families: Class and Power in Nineteenth-Century Boston*. SUNY Press.

- Gajek, Eva Maria. 2014. "Sichtbarmachung von Reichtum. Das Jahrbuch Des Vermögens Und Einkommens Der Millionäre in Preußen." *Archiv Für Sozialgeschichte* 54.
- Hällsten, Martin, and Martin Kolk. 2023. "The Shadow of Peasant Past: Seven Generations of Inequality Persistence in Northern Sweden." *American Journal of Sociology* 128 (6): 1716–60. <https://doi.org/10.1086/724835>.
- Hansen, Marianne Nordli. 2014. "Self-Made Wealth or Family Wealth? Changes in Intergenerational Wealth Mobility." *Social Forces* 93 (2): 457–81.
https://watermark.silverchair.com/sou078.pdf?token=AQECAHi208BE49Ooan9kkhW_Ercy7Dm3ZL_9Cf3qfKAc485ysgAArUwggKxBgl6sA-qW7n7ovYYGt-P-T0tieuAc1NZlmrRiwHXDUlcCr3c4KpA4u8a30FykYLPUG62HUthpat8UVg10kwfKyXfhBeoj04nrqLRDcQhKO9FzP1E177rLdcOk8vlnS4KFlkK2ka1yhuE1mC6_Qhm6b2lQN7uxVksF4-M8MgncDsMAiH8TODt9GKlm-7nmIWpAmKPkhBWbOmOh5Y3kByFano2qAgbHljcKCVNm1qvznBTqBK3_M3jqkc3fuvt_y8ZAsUdEm_bbLxiTe09lcUk44kwsoCuwcQ-u4p0DjhKHWadphO9_FW8B3UsoBnu2TmSCI7Ou3Vjiw9RkdlHpNM1-oCvKh2LY2-BfJT8Iz0wBsRaJDr2Zlz2HVSUuVRVzh5jXOV54AjEBEuAvZ3OhfoAtKJ6UtMJZHwQoAvE3FlcSoypAbMQ2TRrfet9CZrOwgln9-rLj2-3H2rnjcvM
- Mann, Bernhard. 1998. "Abgeordnete Des Preußischen Abgeordnetenhauses 1867-1918." <https://doi.org/10.4232/1.8132>.

Mare, Robert D. 2011. “A Multigenerational View of Inequality.” *Demography* 48 (1): 1–23.
<https://doi.org/10.1007/s13524-011-0014-7>.

Martin, R. 1912. *Jahrbuch Des Vermögens Und Einkommens Der Millionäre in Preussen*.
Verlag W. Herlet G.m.b.H. <https://books.google.de/books?id=TRivmwEACAAJ>.

O’Brien, Shay. 2023. “The Family Web: Multigenerational Class Persistence in Elite
Populations.” *Socio-Economic Review*, June, mwad033.
<https://doi.org/10.1093/ser/mwad033>.

Page, Benjamin I, Jason Seawright, and Matthew J Lacombe. 2018. *Billionaires and
Stealth Politics*. University of Chicago Press.

Pfeffer, F. T., and A. Killewald. 2018. “Generations of Advantage. Multigenerational
Correlations in Family Wealth.” *Soc Forces* 96 (4): 1411–42.
<https://doi.org/10.1093/sf/sox086>.

Reeves, Aaron, and Sam Friedman. 2024. “Born to Rule: The Making and Remaking of the
British Elite.” In. Harvard University Press.

Schumpeter, Joseph A. 1972. *Imperialism and Social Classes: Two Essays*. Ludwig von
Mises Institute.

Tilly, Charles. 1998. *Durable Inequality*. Berkeley: University of California Press.

Tisch, Daria, and Emma Ischinsky. 2023. “Top Wealth and Its Historical Origins:
Identifying Entrenched Fortunes by Linking Rich Lists over 100 Years.” *Socius* 9
(January): 23780231231192774. <https://doi.org/10.1177/23780231231192774>.

Toft, Maren, and Marianne Nordli Hansen. 2022. “Dynastic Cores and the Borrowed Time
of Newcomers. Wealth Accumulation and the Norwegian One Percent.” *The British*