

The Wealth of Children.

Identification, assumptions, limits.

Mathis Sansu

Ined & Paris-Panthéon-Assas (Lemma)

WIDE workshop

Ined

14 March 2024

Who?

- ▶ **Minor children** within households (HHs) → severe endogeneity of moving / staying from the HH when children over 18
- ▶ From households to children: same usual limits as with (French) wealth survey = only ordinary households + sampling of super-rich HHs

Why?

- ▶ **Few data can offer this:** register data and surveys not always so fine-grained
- ▶ Almost no literature (Boserup, Kopczuk, and Kreiner (2018) ; Sansu[®] and Leturcq (n.d.) ; Leturcq (n.d.) + works on pocket money (Barnet-Verzat and Wolff (2001), etc.)
- ▶ From HHs to individuals: HHs aren't just couples, this adds a layer of understanding (this also raises the question of adult members of HHs that are not parents / couples)

For what?

- ▶ Intergenerational mobility and inequalities: Boserup, Kopczuk, and Kreiner ([2018](#))
- ▶ HH structures and inequalities: Sansu(Ⓡ) and Leturcq ([n.d.](#))
- ▶ Parental practices: Sansu(Ⓡ) and Leturcq ([n.d.](#)) ; Leturcq ([n.d.](#))
- ▶ Many others...

How?

- ▶ 5 waves, from 2004 to 2020
- ▶ HHs with minor children
- ▶ Table "Produit" → identification of financial and estate assets owned by children
- ▶ Rebuilding HHs structures (ranks, blended families, etc.)

Assumptions

- ▶ Minimization choice for real estate assets if others people in the HH
- ▶ No professional wealth + no associated debt
- ▶ Drop same-sex parents (around 10 HHs per wave)

Samples

Sample	<i>All families</i>	<i>Non-blended families</i>	<i>NBF, 2+ children</i>
Children			
N_{obs}	29743	21066	18556
% of boys	51.1	50.6	50.8
% from multiple birth	3.12	3.11	3.63
Age	8.66	8.16	8.74
Financial wealth	1262.07	1393.09	1421.47
% with zero financial wealth	45.4	42.6	41.4
Households (HH)			
N_{HH}	16648	11530	9020
Children in HH	1.94	1.99	2.33
Children outside HH	0.32	0.15	0.20
Children from preceding unions	0.67	0	0
HH net wealth	202796.69	240010.15	259528.24
Mother's share of HH net wealth	0.51	0.46	0.46
HH income	38360.17	43338.82	44016.65
Mother's share of HH income	0.45	0.38	0.37

Limits & questions

- ▶ Limits when used as dependent / independent variable → same as when working with usual wealth but even more severe (skewed, large share of 0s, measurement errors, etc.)
- ▶ Real estate assets highly selected: 1.30% of children, yielding a mean increase of 25% from 1262 to 1572 euros
- ▶ Endogeneity in a lot of social processes / mechanisms (+ composition effects of HH structures)
- ▶ Which weights?

Children's wealth distribution

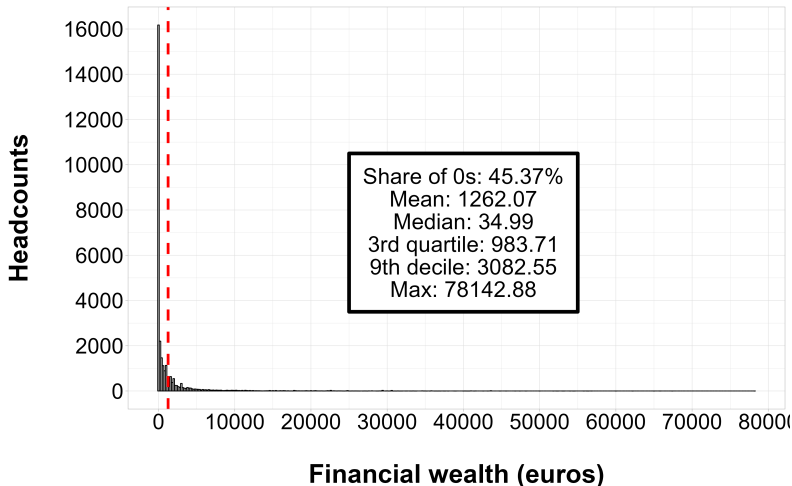


Figure 1: Distribution of financial wealth directly owned by minor children.

Children's wealth distribution (IHS-transformed)

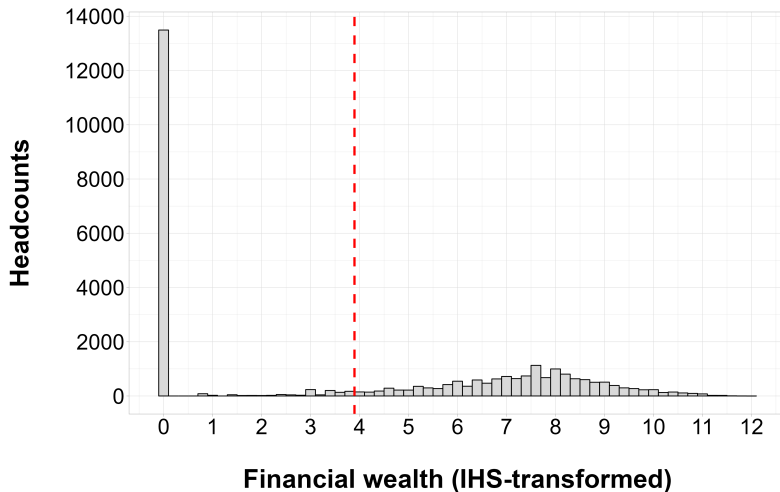


Figure 2: Distribution of IHS-transformed financial wealth directly owned by minor children.

Assets

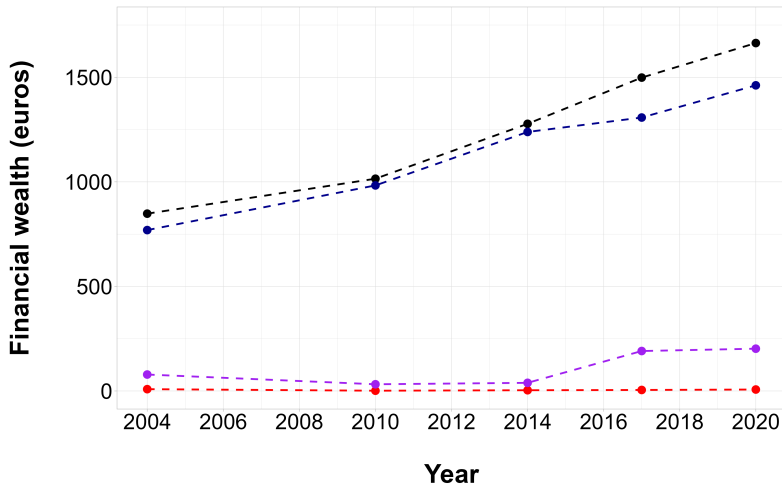
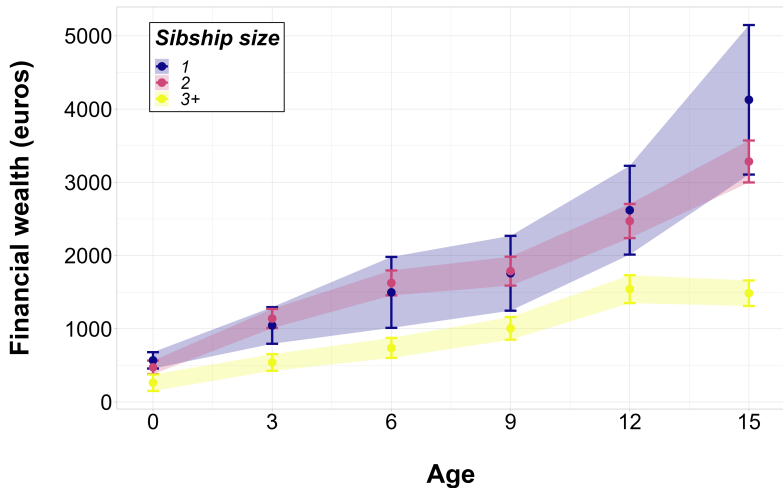


Figure 3: Time-series of mean financial wealth (black), broken down by current accounts (red), savings accounts (blue), non-savings assets (purple).

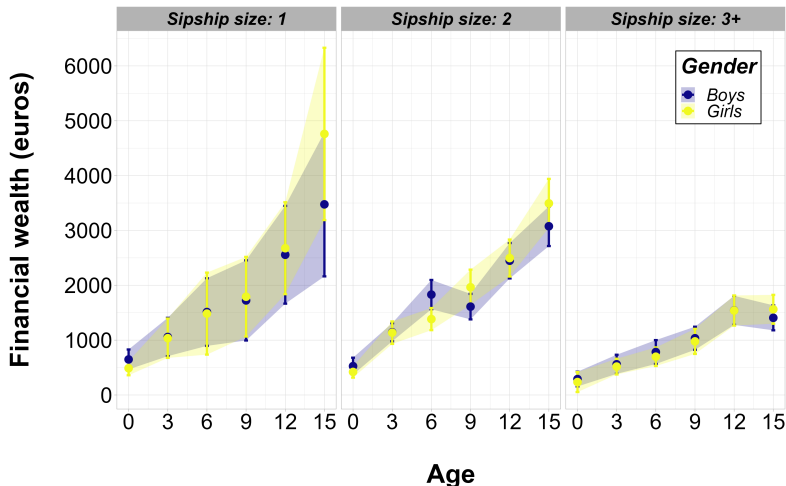
Fewer siblings, more wealth?



Colored areas represent 95% confidence intervals.

Figure 4: Mean financial wealth by age according to sibship size.
Observations here are restricted to the subsample of non-blended families.

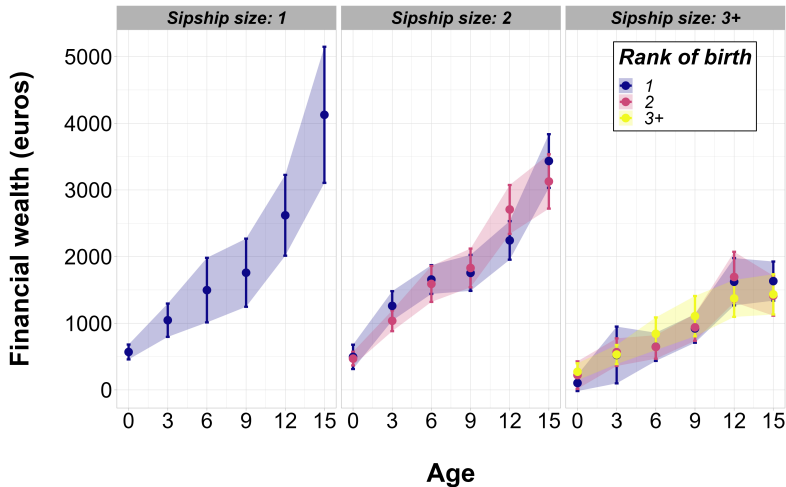
No visible gender differences



Colored areas represent 95% confidence intervals.

Figure 5: Mean financial wealth by age according to sibship size, broken down by gender. Observations here are restricted to the subsample of non-blended families.

No visible rank differences



Colored areas represent 95% confidence intervals.

Figure 6: Mean financial wealth by age according to sibship size, broken down by rank of birth. Observations here are restricted to the subsample of non-blended families.

Boserup, Kopczuk, and Kreiner (2018)

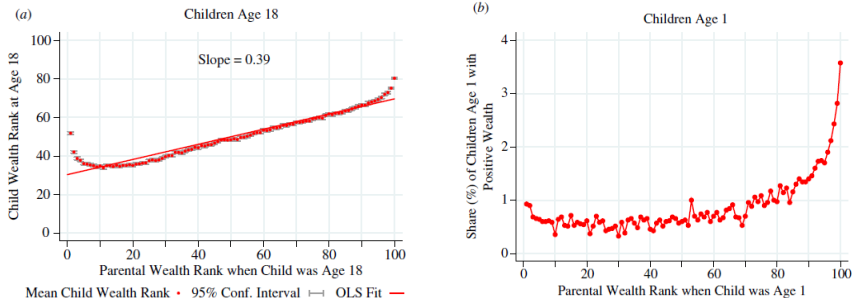


Figure 7: Relationship of Parental and Childhood Wealth.

References I



Barnet-Verzat, Christine and François-Charles Wolff (2001). “L’argent de poche versé aux jeunes : l’apprentissage de l’autonomie financière”. fr. In: *Economie et statistique* 343.1, pp. 51–72. ISSN: 0336-1454. DOI: 10.3406/estat.2001.7461. URL: http://www.persee.fr/web/revues/home/prescript/article/estat_0336-1454_2001_num_343_1_7461 (visited on 06/14/2023).



Boserup, Simon Halphen, Wojciech Kopczuk, and Claus Thustrup Kreiner (July 2018). “Born with a Silver Spoon? Danish Evidence on Wealth Inequality in Childhood”. en. In: *The Economic Journal* 128.612, F514–F544. ISSN: 0013-0133, 1468-0297. DOI: 10.1111/ecoj.12496. URL: <https://academic.oup.com/ej/article/128/612/F514-F544/5089455> (visited on 05/04/2023).

References II



Leturcq, Marion (n.d.). “An Inquiry into the Nature and Causes of the Wealth of Children.”. en. In: ().



Sansu(r), Mathis and Marion Leturcq (n.d.). “Wealth inequality from the cradle. The impact of sibship size on children’s assets.”. en. In: ().