

Cross-Country Differences in Intergenerational Transmission of Poverty in Europe: Macro-Economic and Institutional Determinants

Maria A. Davia

Universidad de Castilla-La Mancha

Nuria Legazpe

Universidad de Castilla - La Mancha

Paper Abstract:

The intergenerational transmission of poverty (ITP) is a very relevant problem, since income in the extremes of the distribution tends to be particularly persistent across generations. This paper contributes to the literature on the determinants of differences in the intensity of ITP across countries by explicitly testing how macro/aggregate features shape it. To that aim a multilevel *logit* model is estimated on a sample of around 30 European countries taken from the EU-SILC 2011 module on *Intergenerational transmission of disadvantages*, enriched with a set of macro/aggregate indicators. Our results show that (a) the heterogeneity of ITP processes across countries is quite relevant; (b) ITP is more intensive in countries where there is a higher intra-generational income inequality or weak investments in the reduction of inequality; (c) public expenditure aimed at providing equality of opportunities in access to higher education is related with less intensive ITP; (d) public policies aiming at reducing the impact of job losses on households' income are also correlated with a reduction in the intensity of ITP.