
Inheritance and Inequality: Theoretical Reasoning and Empirical Evidence

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Inheritances have immense consequences on social stratification. On the one hand, they contribute to the reproduction of social inequality. On the other hand, they are also a direct cause of the increase of social differences. Inheritances favour individuals with a higher level of education and discriminate against those individuals who, in any case, have a much slighter chance of achieving higher social positions. As inheritance largely stems from parents and grandparents, a comparison between East Germans and West Germans still reflects the consequences of the differing regimes under which they formerly lived. The possibility of accumulating private wealth, which could then later be bequeathed, was very restricted in 'socialist' societies like the German Democratic Republic, in contrast to Western societies like the 'old' Federal Republic of Germany. The analyses prove that East Germans acquire much less property through inheritance than West Germans. In comparison, the differences between women and men are much smaller. The empirical analyses are based on a theoretical model of intergenerational solidarity.

Introduction

Inheritance is an important research topic. This is more true today than ever before. An immense fortune has been accumulated over the last fifty years, which has not been wiped out by either acts of war or inflation. A generation of testators is thus facing a generation of heirs. The consequences are many fold. Three aspects are of particular importance here.

Firstly, (prospective) inheritances have an effect on the intergenerational relations in the family, be it during or after the lifetimes of the testators. Bequests create links between the deceased and living generations of the family. This particularly applies if objects are bequeathed, for example the (grand)parents' house, family businesses in trade or agriculture letters, old marriage certificates, the family Bible, diaries and photographs (Halbwachs, 1925). But even pure

money transfers affect emotions if, for example, the different sizes of inheritance received by the siblings are interpreted as an indication of the degree of parental affection. After all, inheritances are the final communication process between members of a family (Kosmann, 1998).

Secondly, bequests have far-reaching economic consequences. In particular, the passing on of small- and medium-sized firms and businesses is of special importance to society as a whole (e.g. because of tax revenues and jobs). Finding a suitable successor is just one of the problems arising therefrom. This is particularly the case if only low returns can be achieved despite putting in a great deal of work. A 'side effect' of this development is that owners going into retirement can lead to a corresponding concentration in trade and industry.

And thirdly – according to the hypothesis for the following empirical analyses – inheritance has, and will

continue to have, immense effects upon current and future social inequality. The greater the amount of privately heritable wealth in a country, the greater the extent to which social differences are based upon bequests. Inheritance is thus a sociological research topic which extends far beyond sociology of the family in a narrow sense. Bequests are becoming ever more important in research on social stratification.

Nevertheless, inheritance is a neglected subject of sociological research. This is not least due to the lack of available information. The relevant questions are very seldom asked in representative surveys. In any case, a query about inheritance encroaches into the private sphere in two respects. On the one hand, a bequest is usually preceded by the death of a close relative – with the corresponding emotional stresses and shorter or longer lasting periods of mourning. On the other hand, people are in general less ready to answer questions concerning wealth which leads to a higher item and unit non-response. In a recent review of the literature for the United States, Keister and Moller (2000: 75f.) conclude: ‘We know very little about how much wealth is actually inherited because data on inheritance is virtually non-existent. (...) Until such data are available, inheritance will likely remain a black box in most studies of wealth accumulation and distribution’ (see also Keister, 2000: 253). Indeed, there are only a few studies which provide some information on inheritance, and furthermore, they document quite mixed results (see e.g. Gale and Scholz, 1994; Joulfaian and Wilhelm, 1994; Spilerman, 2000; Avery and Rendall, 2002; Hurd and Smith, 2002; Wolff, 2002).

Looking at the German case, the 1988 wave of the German Socio-Economic Panel is one of the rare sources relating to inheritance in the Federal Republic of Germany (FRG), unfortunately it only covers the ‘old’ FRG between 1961 and 1988. This data has, until now, only been used in two studies (Schlomann, 1992; Lauterbach and Lüscher, 1996). According to which, 14 per cent of households in the ‘old’ FRG inherited something between 1961 and 1988 (Schlomann, 1992: 247). The results of these investigations should, however, be treated with caution. Schlomann (1992: 245f.) found that, ‘The verification rate of the inheritances is low. (...) [T]he proportion of households containing persons who have received an inheritance in the past must lie significantly over 50%, and thus be around four times as high as can actually be observed.’

Recently, one has been able to conduct empirical analyses of bequests on the basis of the German Ageing Survey, a representative sample of 40–85-year-olds in the FRG, which was carried out in 1996. This survey enquires

about both previous and future inheritance. The German Ageing Survey has also made analyses of bequests in East Germany possible for the first time.

This paper focuses on the question, to what extent social inequality is reproduced or even increased by inheritance. I will concentrate on three dimensions of social stratification, namely regime [long-range consequences of conditions in the German Democratic Republic (GDR) and the ‘old’ FRG], gender, and social class. However, I will not only investigate these three dimensions but will situate them within a general model of intergenerational solidarity. This model, which serves as a baseline for the empirical analyses, will be introduced in the next section of the paper. Section 3 provides a brief overview of the German Ageing Survey and the variables employed here. The empirical results are documented in the fourth section, which consists of two parts. Firstly, information about the distribution and size of inheritances is provided, this also enables the general significance of the research topic to be assessed. Finally, there is a detailed investigation into which groups of people are advantaged and which are disadvantaged in the matter of inheritance, referring both to probabilities and sizes regarding previous and future inheritance. The paper closes with a brief summary of the most important findings, and an attempt to sketch future perspectives.

A Theoretical Model of Intergenerational Solidarity

The basis for the empirical analyses is a theoretical model of intergenerational solidarity (Figure 1). Although I originally developed this model in order to investigate emotional bonds between family generations, it is also suitable for other forms of solidarity. Intergenerational solidarity comprises, on the one hand, specific behaviour and, on the other hand, a feeling of belonging and close connection between family generations. Intergenerational solidarity involves a series of facets that can be classified into three dimensions, namely the functional, affectual, and associational dimensions of solidarity. Functional solidarity comprises support and that is, simply said, the giving and taking of money, time and space. The associational dimension refers to common activities. The affectual dimension includes emotional attitudes such as the emotional closeness of the relation (see Bengtson and Roberts, 1991; Szydlik, 2000: 34ff).

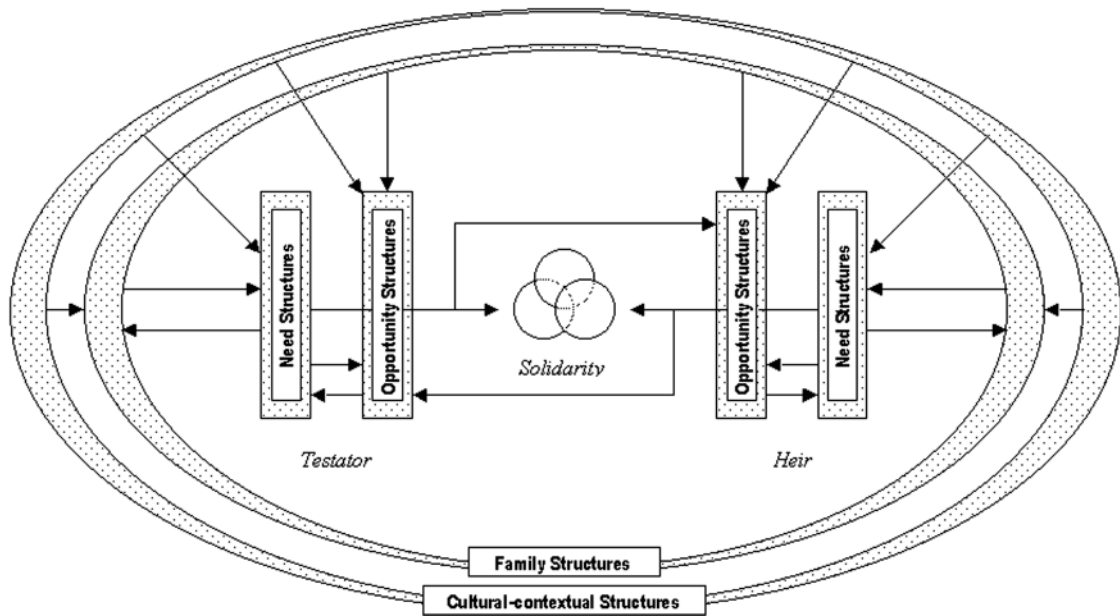


Figure 1 A theoretical model of intergenerational solidarity

The three circles in the centre of Figure 1 symbolise the three dimensions of solidarity. The diverse conditional factors for solidarity can be classified into four groups, namely opportunity, need, family and cultural–contextual structures. Hereby, three levels of analysis are distinguished: individual, family and society. Intergenerational relations are principally dyadic, i.e. two people are involved (in this case: testator and heir) each with specific opportunity and need structures. This relationship is embedded in a family, and beyond that, a societal context. Between the groups of factors there are influences and dependencies (represented by arrows; see Szydlik, 1996, 1999, 2000: 43ff).

Opportunity structures reflect opportunities or resources for solidarity. They enable, promote, hinder or prevent social interaction. Opportunity structures refer to both testators and heirs. First of all, testators have to own something that they can bequeath. From the point of view of prospective heirs, a wealthy parent obviously increases the chance to inherit something. Regarding previous inheritances one can hypothesize that the previous death of a parent went along with a higher probability of an inheritance.

Need structures indicate the need for solidarity. This applies to both testators and heirs. Testators may have the urge to bequeath their estate to one specific heir. Potential testators may also wish or be in need to spend their money or estate for themselves (e.g. for consumption

or health care). They may even require additional financial support, i.e. due to insufficient financial savings in old age. Also, need can stem from health problems (be it a short-term or long-term illness, or even requiring life-long help or care), or there can be emotional needs (i.e. for companionship, attention, understanding, recognition, advice, consolation). Thus, the arrows in Figure 1 around the inner circles indicate that the needs of one person may or may not be met by opportunities of the other person. For example, empirical analyses prove that a higher standard of living is accompanied by closer intergenerational relations (Szydlik, 2000). This finding supports the idea that, with sufficient resources, the intergenerational relationship is not burdened by financial dependence. Furthermore, transfers – or just the availability of them – can strengthen the relationship.

Of course, potential heirs may be in great need of receiving an inheritance, and not only because of the emotional need of being identified as a ‘keeper of the family memory’. Previous analyses show, for example, that adult children who are unemployed or completing their education are more likely to receive current monetary transfers from their parents: he who needs more, gets more. However, the most significant determinant is the resources of the parents. With income and wealth, the possibility of the parents giving their adult children transfers increases considerably: he who has more, gives more.

Thus, regarding the following empirical analyses one can hypothesize that, although lower social classes are in special need of receiving inheritances, these needs are not very likely to be fulfilled. In contrast, higher-class parents have far better opportunities of supporting their children in many ways throughout their entire life, and thus contribute to the reproduction of social inequality. One cannot expect that bequests will be the great exception in the matter of the intergenerational reproduction of social inequality. Parents with a higher standard of education usually succeed in ensuring that their children also belong to the better-educated classes (e.g. Müller, 1986; Mayer and Blossfeld, 1990; Blossfeld and Shavit, 1993; OECD, 2001). At the same time, earlier investigations covering the ‘old’ FRG indicate that children with higher educational qualifications have a greater chance of inheriting something (Engel, 1985; Schlomann, 1992). According to these studies, parents with a higher level of education enable their children to receive not only a better standard of educational and vocational training but also larger inheritances.¹ The main question for the following analyses is therefore not whether the higher classes are more likely to inherit something than the lower classes (it would be surprising if that were not the case), but the extent of these class-specific differences.

The relation between parent and child is embedded in *family structures*. These include, in principle, the whole history of socialization, including earlier family events, in part those in early childhood. Regarding bequests and inheritance, a number of potentially relevant factors can be identified. For example, the existence and number of siblings as competitors may play a crucial role in the likelihood and size of an inheritance. Also, specific family norms should not be neglected: Should the parents’ home or the hereditary farm stay in the family? Who is supposed to inherit more: surviving spouse or children? Is every child to be treated equally, or should, for example, children in greater need get more? Does a testator violate family norms, if s/he favours one child over the other/s due to affection? Should children who kept the family line going receive higher inheritances?²

Cultural-contextual structures represent societal conditions within which intergenerational relations develop. These include conditions of the social, economic and tax system (e.g. inheritance tax), the welfare state, and the labour and housing market, as well as the specific rules and norms of certain institutions and groups (the corresponding arrows in Figure 1 indicate a possible interplay with rules and norms on the family level).

For example, women have always inherited less than men. Family property [e.g. farms in areas with principal

heir law (law under which the property would be bequeathed to a single heir unless otherwise specified)] has mostly been passed on to a male heir (cf. Rosenbaum, 1982: 49ff., 60ff.). In the meantime however, some things have changed. Sons and daughters are, as a matter of principle, equal before the law, and it requires either the agreement of the heirs or a (legally flawless) will before a testator can favour some children and discriminate against others. This has been aided by a drop in the number of siblings. The more children there are as potential heirs, the more likely it is that discrimination between sons and daughters will play a role. The lower number of farms and small businesses also leads to a reduction in the demand for heirs (cf. Kosmann, 1998: 149). Nevertheless, the sex of the children may still be of significance, particularly in the transfer of farms and businesses.³ Thus, regarding the empirical analyses, gender-specific differences may turn out to be substantially smaller than East–West and class-specific differences. In respect of inheritances, who one’s parents were may be of more importance than whether one is a daughter or a son. Nevertheless, it may be expected that relatively low inequalities between women and men will persist, in that men will receive larger inheritances than women.

The chance to bequeath and inherit more or less may also be due to one’s age cohort or societal generation. For example, the German ‘economic miracle generation’ had particularly great chances to gain property. Thus, this generation has more to bequeath – and consequently, their children are more likely to inherit an estate, which is one of the reasons why inheritance is such an important current research topic.

One of the most important features of cultural-contextual structures are influences of political and economic regimes. Here, differences between market and planned societies are of special relevance. These differences have far reaching consequences, even decades after the collapse of so-called ‘socialist’ regimes, for example, in terms of chances of accumulating wealth. Inheritance may play a considerable greater role in regimes which ‘allow’ its individuals to build private property. Thus, a comparative analysis of East and West Germany reflects long-term consequences of different regimes. The obvious hypothesis is that East Germans inherit less frequently and substantially less than West Germans. The main reasons for this are the comparably lower level of assets and incidence of (home) ownership in East Germany as a consequence of the conditions in the GDR. The opportunity of building up private assets which could then later be bequeathed was very restricted in the GDR (cf. also Szydlik, 1994). After the war, home owners with

a Nazi-past were often expropriated. At the same time, wealthier people often emigrated to the West. Later it was quite difficult – even in comparison with other planned societies like Bulgaria and Hungary – to become a home-owner in the GDR. On the one hand, the regime was not interested in allowing private ownership. On the other, it was quite difficult for prospective house owners to get hold of building material and craftsmen. Also, people were not very interested in inheriting tenement houses due to the low rents and housing conditions in the GDR, and, of course, the considerably lower economic progress played an important role as well. Although, especially shortly after the fall of the wall, private property could be acquired at comparably low prices, it will still take some time until this property will be bequeathed. One can thus assume that comparative analyses of East and West Germans will reveal relatively large discrepancies in respect of the (re)production of social inequality through bequests. Furthermore, other factors of cultural-contextual structures are likely to play different roles in planned and market societies. Particularly cohort effects are likely to be greater in West Germany than in East Germany, since the generation of the economic miracle after World War II was largely restricted to West Germany.

Data

The German Ageing Survey was carried out in 1996 by the Research Group ‘Ageing and the Life Course’ (Berlin) and the Research Group ‘Psychogerontology’ (Nijmegen) in cooperation with infas-Social Research (Bonn) on behalf of the Federal Ministry for Families, Seniors, Women, and Youth (of course, the author takes responsibility for the findings documented here). The nationwide representative sample of almost 5000 people covers the 40–85-year-old Germans in private households (see Kohli and Künemund, 2000, Kohli et al., 2000a). A third of the respondents were drawn from East Germany, two-thirds from West Germany.

The survey was carried out in three stages. The interviewees were first presented with a semi-standardized psychological instrument, a sentence completion procedure which had already been used many times for surveying self and life concepts. They were then given a standardized interview of approximately 45 minutes duration, and finally the interviewees were given a written questionnaire to fill out themselves. The return rate for this written ‘drop off’ was 83.4 per cent (4034 people). Künemund (2000) states that the overall

data quality could be classified as good. The drop-off contained 56 questions, two of which concerned inheritance.

The first question was, ‘Now for something else: Have you or your spouse or partner already received an inheritance? Please do not forget to include smaller inheritances’. If this question was answered in the affirmative they were then asked, ‘From which person’s or persons’ estate(s) did this inheritance or these inheritances come from? Please enter a cross alongside each person from whom you have inherited something: ‘Own parents’; ‘Spouse’s/partner’s parents’; ‘Grandparents’; ‘Spouse’s/partner’s grandparents’; ‘Others (please state)’. What would be today’s value of all these inheritances added together? ‘Below DM5,000’; ‘DM5,000 to below DM25,000’; ‘DM25,000 to below DM100,000’; ‘DM100,000 to below DM500,000’; ‘DM500,000 to below DM1,000,000’; ‘DM1,000,000 and over’’. (These amounts are converted into euros in the following.)⁴ The second question referred to future inheritances, ‘Are you or your spouse/partner expecting to receive one or more inheritance(s) in the future? Please do not forget to include smaller inheritances’. If this question was answered in the affirmative, the following question was asked, using the above-mentioned value ranges, ‘Approximately how large could the total value of these inheritances be?’.⁵

I do refer to educational classes due to three reasons. (i) Differentiation between low (‘Hauptschule’), intermediate (‘Realschule’) and high (‘University’) educational classes is quite simple and straightforward and in everyday usage, quite similar to other stratification factors like gender and region (East and West Germany). (ii) Parents do especially influence, whether their children will enter the low, intermediate or high educational school system, a choice which in Germany is usually made at age 10 (in Germany, this influence is especially pronounced; Müller, 1986; OECD, 2001). Thus, investigating inheritance is an especially fruitful approach in order to find out whether parents from higher classes support their children throughout their whole life course. (iii) Alternative class concepts often pose the problem that one cannot assess whether class membership is actually due to an inheritance, (e.g. if one’s self-employment is based on the inheritance of the family business). Nevertheless, it is not surprising that empirical investigations employing an alternative class scheme basically produce the same results as presented here. In fact, focusing on vocational categories, class-specific differences in inheritance even increase (Kohli et al., 2000b). Thus the class scheme employed here is to be assessed as being rather conservative.

Empirical Analyses

In the above, it was assumed that inheritances were primarily given to relatives in the direct line of succession. Is this in fact the case? In respect of inheritance, does one have to investigate parent–child relations at all? Or is there still something to be said for the rich aunt in South America whose unmourned death provides her heirs with sudden and unexpected wealth and assets?

Figure 2 shows where the inheritances come from. Seventy-one per cent of the heirs state that they had profited from their parents' estates, and in 37 per cent of cases it had been the parents-in-law. Thus, it is not distant, possibly unknown people who are responsible for the great majority of bequests but the relatives in the direct line of succession, and primarily the mother and father. If one investigates inheritance, one is forced to deal with intergenerational relationships in the family.

The results also confirm that the financial gain through an inheritance is, in most cases, accompanied by great personal loss. An inheritance is thus an ambivalent event. This is not contradicted by the 14 per cent of beneficiaries of other testators, as this group not least includes inheritance resulting from the death of the spouse. Also, bequests bond generations of a family beyond death. On the one hand, one may assume that

prospective bequests affect the parent–child relationships during the lifetimes of the parents. On the other hand, inheritances generate memories of the testators, and thus strengthen the family memory and the bond between deceased and living generations.

Figure 3 shows how many 40–85-year-olds in the FRG have already inherited something, or are still expecting future inheritances. It thus documents the total percentages of inheritances. Bequests to the spouse/partner are also taken into consideration here, but not inheritances received by other members of the household. Both heirs and non-heirs are taken into consideration. In order to answer the question of the importance of bequests for social inequality, it is insufficient to refer to the heirs only. This would neglect all those whose forebears did not leave them anything (except debts and costs) and those whose inheritance consisted merely of a few keepsakes of no great material value. A well-grounded statement about the effects of bequests on social inequality cannot be made until the non-heirs have been included.

Fifty-five per cent of the respondents are heirs (47 per cent have already inherited something, 18 per cent are still expecting an inheritance in the future; this additional result is not presented in the Figure). This percentage is substantially greater than that of the Socio-Economic Panel (14 per cent) and proves the quality of the German

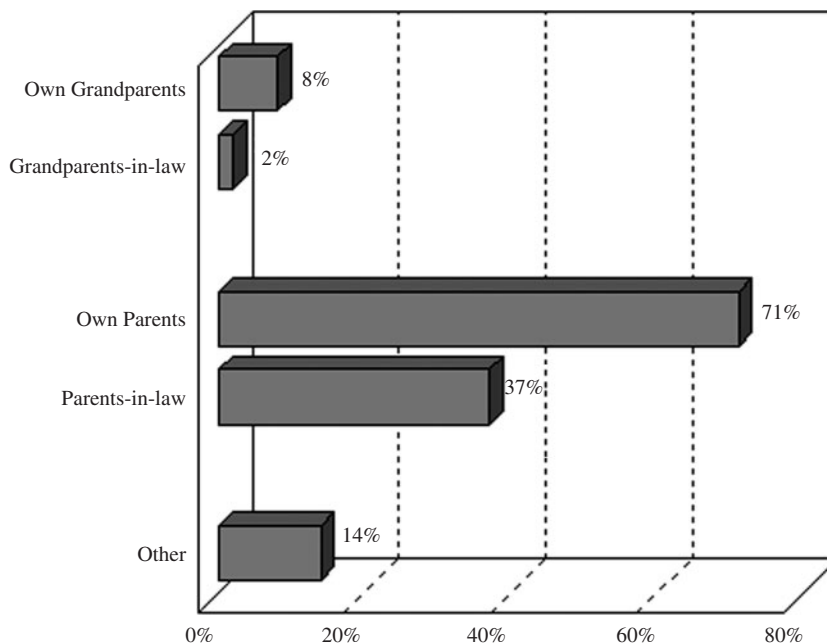


Figure 2 Testators. Data base: German Ageing Survey. Weighted results, own calculations

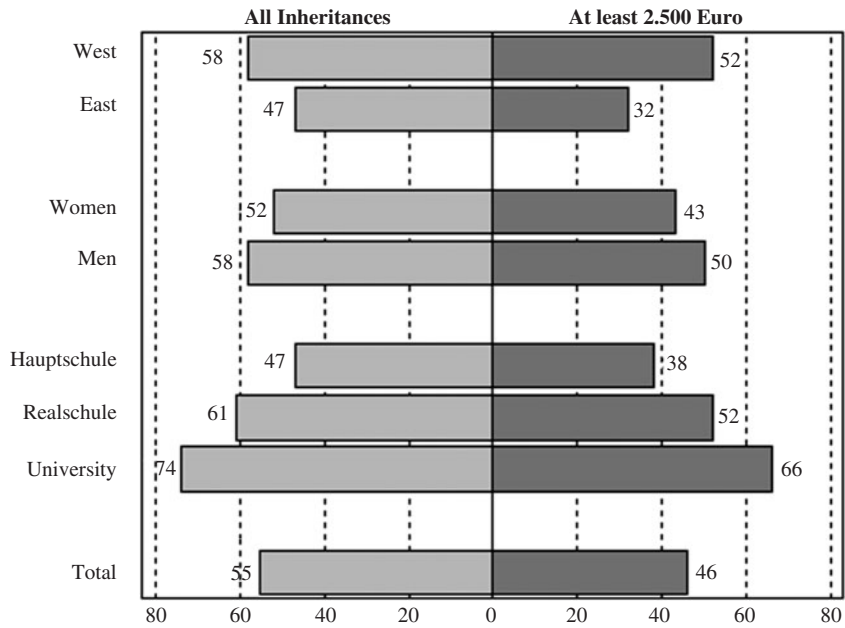


Figure 3a Inheritances (per cent). Data base: German Ageing Survey. Weighted results, own calculations

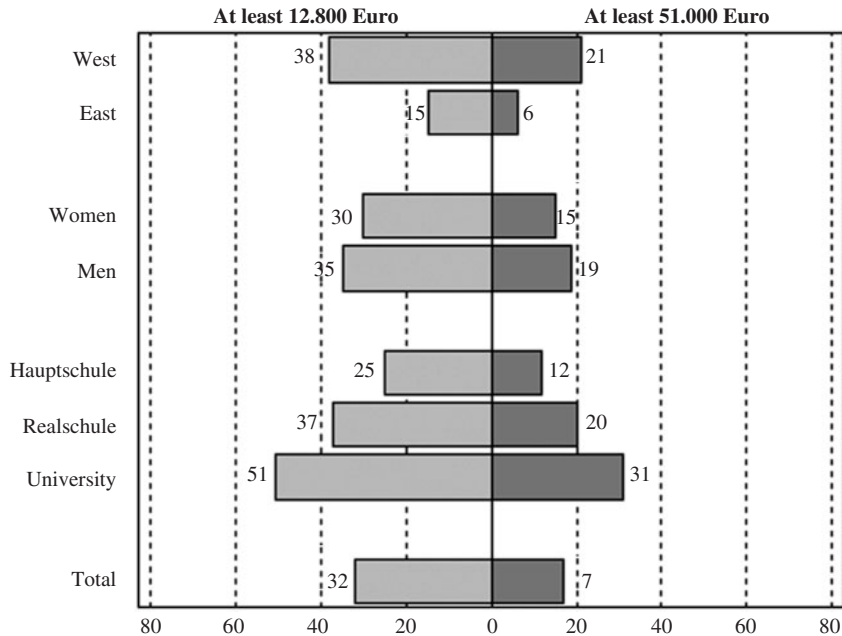


Figure 3b Inheritances (per cent). Data base: German Ageing Survey. Weighted results, own calculations

Ageing Survey (see the Introduction). The following empirical results thus tend to reflect the actual patterns of bequests, and are not just based upon a fraction of the inheritances.

Further findings based on the German Ageing Survey confirm that lifetime transfers of wealth play a considerably smaller role than bequests. Although children may be interested in receiving their parents' property as soon

as possible (in order to be able to use the estate as long as possible), only one tenth of the respondents had ever received large sums of money or valuable objects from their parents (Szydlik, 2000; see also McGarry, 2001). This result supports the implication that it is not in the interests of the parents to pass on their assets too early. One has not saved money for a lifetime to live in one's children's house. Additionally, one cannot be sure that children will still provide care and attention if they have already received everything. Also, parents may want to keep their estate as long as possible, since they may not fully trust their children to spend their inheritance appropriately.

In addition to the percentages of those who had inherited something, Figure 3 also shows the proportions of people who have received at least 2,500 euros. In this way, small inheritances, which have almost no effect on social inequality, are deliberately excluded. This reduces the percentages of people who have received an inheritance, but at the same time increases the differences between East and West Germans and between educational classes.

In the next step, the percentages of people with an inheritance of *at least* 12,800 euros and *at least* 51,000 euros are summarized. Some of the sums bequeathed are considerable. However, they are very unequally distributed. Just under one third of the 40–85-year-old Germans inherit at least 12,800 euros, one sixth receive at least 51,000 euros. Almost 40 per cent of West Germans inherit at least 12,800 euros – in comparison to just 15 per cent of East Germans. The differences between men and women are considerably smaller. Additionally, these small differences are mostly due to the inheritances expected in the future. This is simply an indication that women anticipate the death of a near relative or like to speak about future inheritances somewhat less frequently than men. In contrast to earlier times, it is obvious that nowadays parents hardly discriminate between daughters and sons in their legacies. Half the university graduates received more than 12,800 euros, whereas this only applies to one quarter of the people who only attended a lower secondary school ('Hauptschule').

These discrepancies become even more noticeable for larger sums of money. One fifth of West Germans, but only one twentieth of East Germans inherit a sum of at least 51,000 euros. Almost one third of university graduates receive this great amount of money, but only one eighth of those leaving the Hauptschule.

It is also important to bear in mind the relative sizes of these population groups when assessing these findings. Of the 40–85-year-olds, 15 per cent are

university graduates, 20 per cent are 'Realschule' leavers (intermediate school-leaving certificate), but over 60 per cent are former Hauptschule pupils [the other five per cent have an 'Abitur' (German university entrance qualification) but not a university degree, these people are taken into consideration in the multivariate analyses]. The largest population group therefore has exceptionally low chances of inheriting large sums. The smallest educational class inherits most frequently and also receives the most money by a substantial margin.

So far, the advantaged and disadvantaged have only been differentiated in respect of inheritances according to three criteria (regime, gender and level of education). However, there are a large number of further potential factors. The groups of people which are advantaged or disadvantaged in respect of previous and future inheritance are investigated in the following. Hereby, it is differentiated between inheritance probabilities and inheritance sizes. In the former, logistic regression models are being estimated (e.g. DeMaris, 1992, 1995). The coefficients shown in Table 1 represent odds ratios. These may be interpreted as relative probabilities. Coefficients which are less than '1' signify a lower probability of inheritances in comparison to the reference group. Parameters over '1' indicate higher probabilities. In the latter, due to the categorical nature of the data, I estimated ordered probit models (Maddala, 1983). Here, a positive (negative) sign indicates higher (smaller) inheritance in comparison to the reference group. In both cases, previous and future inheritances are being investigated. In regard to anticipated inheritance, several additional variables can be included in the analyses.⁶ In the tables both 'gross' and 'net' coefficients are presented. In the former case, the coefficients are based on separate models for the corresponding variables. In the latter case, all the other variables are included in the model, too. Thus, one can immediately recognize whether the introduction of the other variables plays an important role.

In this paper, opportunity structures are comprised of the variable whether the parents are still alive. Need structures indicate the extent to which individuals need inheritances – and whether potential testators are in need of help. Family structures contain attributes such as the presence of siblings (as competitors for an inheritance) and generational structures. Cultural-contextual structures here signify culturally based discriminations and chances of accumulating wealth due to political and economic reasons.

Table 1 Probability of previous and future inheritance (logistic regressions; odds ratios)

	Previous inheritance				Future inheritance			
	Gross	Net	West	East	Gross	Net	West	East
Opportunity structures								
Both parents dead	1.67***	2.73***	3.31***	2.08***	0.05***	0.11***	0.13***	0.09***
Mother alive	1.54***	1.92***	2.65***	1.16	0.66***	0.82	1.07	0.50***
Father alive	1.26	1.43*	1.63**	1.34	0.75	0.98	1.09	0.83
Need structures								
Realschule/10.Klasse	1.61***	1.85***	2.08***	1.67***	2.50***	1.67***	1.90***	1.37
Abitur	1.87***	2.07***	2.20***	1.90*	2.74***	1.62**	1.99***	0.91
University degree	2.01***	2.37***	2.58***	2.33***	4.77***	2.88***	3.47***	2.18***
Real estate					2.56***	1.64***	1.50**	1.70**
Previous inheritance					1.97***	1.83***	1.61***	2.39***
Help in household					2.03***	1.33**	1.40**	1.35
Care					2.60***	1.59***	1.44**	2.04**
Family structures								
One sibling	1.05	1.02	1.10	0.98	0.97	0.83	0.73*	1.22
Two siblings	0.87	0.84*	0.84	0.93	0.96	0.75*	0.60***	1.23
Three siblings	0.68***	0.70***	0.76**	0.64***	0.67***	0.68**	0.57***	1.26
Child	1.16	1.34***	1.35**	1.57**	1.30*	1.18	1.38	1.01
Cultural-contextual structures								
Woman	0.92	0.92	0.89	0.98	0.68***	0.73***	0.68***	0.89
Born 1911–1926	1.02	0.72***	0.56***	1.05	0.04***	0.27***	0.24***	0.34*
Born 1927–1941	1.23***	1.01	0.91	1.17	0.31***	0.68***	0.52***	1.03
East Germany	0.76***	0.67***			0.55***	0.57***		
<i>N</i>		3802	2400	1297		3594	2259	1238

*Data base: German Ageing-Survey 1996. No weighting factor, own calculations. Dependent variable: previous/future inheritance. Unit of analyses: all respondents with valid information. Reference groups: both parents (-in-law) alive; maximum Hauptschule/8.Klasse (GDR); respondent or her/his partner does not own real estate; respondent or her/his partner has not inherited at least 2,500 euros so far; respondent does not provide care or help in household; no siblings; no children; respondent is male; born between 1942 and 1956; West Germany. Coefficient significant to the ***<0.01-, **<0.05- and *<0.1-level.*

Opportunity Structures

The most important inheritance indicator is whether the parents are still alive or already deceased.⁷ If both parents have died, there is a high probability that one has already inherited something and is not expecting anything more in future. If the parents(-in-law) are still alive, one may more likely expect future inheritance. This also applies to inheritance size. If one considers only heirs, those received most where both parents were already deceased. Also, for those who expect future inheritance, its size strongly depends on the parents' death. Those, whose parents are already dead expect much less property. At the same time, fathers are somewhat more important for bequests than mothers. If the father is still living, the probability of previous inheritance

is even lower. This confirms the assumption that men's greater economic resources also have an effect on bequests.

Need Structures

People with greater economic needs are significantly less often remembered than the better off. Because of their poorer welfare position, people with the lowest educational background (maximal Hauptschule leavers) could make particularly good use of inheritance. However, exactly the opposite is the case. University graduates have twice the chance of already having inherited something and a more than three times greater probability of receiving something in the future. This does not

only apply to the probability of inheriting at all, but also to the size of the property. Economically advantaged social classes receive higher inheritances, both in the past and in the future. The findings documented in Figure 3 are confirmed by the multivariate analyses.

One may assume that property owners less frequently have to rely on future inheritance. But here again, the advantaged are those who themselves, or through their spouses/partners, are owners of a house, apartment or plot of land.

There is a similar pattern in respect of previous inheritance (in order to exclude smaller inheritances, only inheritances larger than 2,500 euros are taken into consideration). Those who had already inherited at least 2,500 euros by the time of the survey in 1996, had twice the probability of being remembered again in comparison to non-heirs. Also, they will inherit much larger sums.

Finally, help in the household and caring activities are included in the model for future inheritance. This will test the hypothesis that these people have ‘earned’ a claim to an inheritance, because they meet the needs of prospective testators, and because of the normative obligation to appropriately reward such services later. This hypothesis is confirmed. Whoever helps or cares for someone has a greater expectation of a future inheritance. This includes the fact that wealthy testators tend to be in a better position to receive help and caring services. In any case, it is expected that such help will be ‘paid for’ posthumously. However, this does not imply that the ‘helpers’ and ‘carers’ expect to receive larger inheritances.

Family Structures

The more siblings one has, the greater the probability of receiving nothing, and the less one expects to receive an inheritance in future. This particularly applies if one has at least three siblings. Also, respondents with at least three siblings inherited and expect to inherit considerably smaller sums.

Regarding the existence of children, contrasting hypotheses have been proposed in the theoretical section of this paper. The empirical analyses indicate that one tends to be among the inheritors if one has had children of one’s own, and has thus kept the family line going. However, if one controls for other factors the respondents do not assume that the presence of children has an influence on future inheritance. Regarding the size of inheritance, the results indicate no effect for previous inheritance, and even a reversed situation for future inheritance (although statistically not significant, which

might be due to the low number of cases). Future research is needed to further investigate whether the hypotheses outlined in the theory section apply here.

Cultural-Contextual Structures

Table 1 shows that there are no gender differences in respect of previous inheritances. The coefficients point in the expected direction, but they are very low and are not significant. However, Table 1 also shows that women have a considerably lower probability of expecting an inheritance in future. In my opinion, the most plausible explanation of this result is that women are less ready to talk about future inheritance because, in so doing, they are anticipating the death of a close relative. Men thus appear to be better informed about inheritances that they could expect to receive, and also have less difficulty in naming them. It does not appear plausible to me that greater gender-specific differences in bequests will suddenly occur in future. Table 2 indicates no gender-specific differences in the size of inheritance.

It is not surprising that older birth cohorts do not expect many future inheritances any more. However, this does not mean that older birth cohorts have already received more and greater inheritances in the past. On the contrary, the empirical results indicate that younger cohorts, in particular, are more likely to inherit. At least, if one controls for parents’ death, in contrast to the older birth cohort, respondents born between 1942 and 1956 have significantly more often received an inheritance. If one only considers inheritances from own parents over 2,500 euros, one also finds that the youngest birth cohort inherits significantly more frequently than those born between 1927 and 1941 (Szydlik, 1999). Certainly, one cannot exclude the possibility that more recent inheritances are more frequently remembered and thus also stated. However, the effect is probably largely due to the fact that parents of the younger respondents have been able to profit to a much greater extent from the economic boom after the Second World War, and have thus accumulated greater wealth. This is also supported by the fact that the age group effects can mainly be traced to West Germans. At the same time, the youngest West German heirs received substantially higher inheritances than the oldest age cohort. It is remarkable that those born between 1942 and 1956 include a large part of the ‘68’ generation. From an economic point of view this generation has been advantaged in comparison to the previous age groups in terms of bequests.⁸

East German descendants have significantly lower chances of inheriting. They had relatively small chances

Table 2 Size of previous and future inheritance (ordered probits)

	Previous inheritance				Future inheritance			
	Gross	Net	West	East	Gross	Net	West	East
Opportunity structures								
Both parents dead	0.03	0.26***	0.32***	0.01	-0.63***	-0.53**	-0.51*	-0.90*
Mother alive	0.07	0.16*	0.18*	0.11	-0.43***	-0.43***	-0.42***	-0.48*
Father alive	0.03	0.14	0.20	-0.03	-0.53***	-0.49***	-0.36	-0.88**
Need structures								
Realschule/10.Klasse	0.12*	0.11	0.17**	-0.03	0.18	0.17	0.22	0.17
Abitur	0.07	0.03	0.01	0.13	0.83***	0.70***	0.76***	0.32
University degree	0.10	0.16**	0.26***	-0.10	0.54***	0.54***	0.50***	0.69**
Real estate					0.36***	0.15	0.18	0.33
Previous inheritance					0.29***	0.30***	0.32***	0.27
Help in household					0.00	0.07	0.03	0.26
Care					-0.05	0.14	0.11	0.28
Family structures								
One sibling	-0.06	-0.05	-0.10	0.04	-0.18	-0.17	-0.17	-0.23
Two siblings	-0.06	-0.12	-0.07	-0.30**	-0.13	-0.12	-0.15	-0.34
Three siblings	-0.24***	-0.30***	-0.34***	-0.14	-0.40***	-0.39***	-0.45***	-0.07
Child	-0.06	0.09	0.12	0.09	-0.26*	-0.20	-0.19	-0.15
Cultural-contextual structures								
Woman	-0.06	-0.07	-0.03	-0.15	-0.11	-0.06	-0.02	-0.30
Born 1911–1926	-0.11*	-0.17*	-0.27***	0.10	-0.16	0.37	0.41	0.31
Born 1927–1941	-0.06	-0.08	-0.12	0.04	-0.37***	-0.06	-0.21	0.30
East Germany	-0.69***	-0.75***			-0.93***	-0.94***		
N		1710	1154	533		535	400	128

Data base: German Ageing-Survey 1996. No weighting factor, own calculations. Dependent variable: Size of previous/future inheritance. Unit of analyses: Respondents with previous/future inheritance. Reference groups: Both parents (-in-law) alive; maximum Hauptschule/8.Klasse (GDR); respondent or her/his partner does not own real estate; respondent or her/his partner has not inherited at least 2,500 euros so far; respondent does not provide care or help in household; no siblings; no children; respondent is male; born between 1942 and 1956; West Germany. Coefficient significant to the ***<0.01-, **<0.05- and *<0.1-level.

for previous inheritances, and they do expect significantly less frequent future inheritances. If they inherited or will inherit, it was and will be considerably smaller sums. Thus, the corresponding hypotheses are being confirmed. The lower wealth of East German testators due to the special conditions in the GDR is obviously of special importance. This does apply both to the chance of inheriting something at all as well as to the size of the inheritance. The results for future inheritance, in particular, prove that the conditions in the GDR have far-reaching consequences.

According to the separate models for East and West Germans, most of the coefficients indicate similar patterns. Nevertheless, one also finds striking differences. Class and age group differences are even more important in the case of West Germans.⁹ This is not surprising if one

considers, on the one hand, the greater differences in the assets of the social classes in West Germany. Although social inequality in the GDR is generally underestimated (see Szydlik, 1994), it is still less pronounced than in West Germany. On the other hand, the exceptional economic boom after the Second World War particularly took place in the 'old' FRG, so that greater discrepancies between the age groups (of the parents) exist there, from which the heirs could profit to a greater or lesser extent.

Conclusion

Inheritances are frequently accompanied by impressive increases in wealth; however, these are mainly among specific groups of the population. Bequests do not lead

to any compensation for disadvantages. Those who do not have anything generally do not receive anything more. On the contrary ‘Matthew’s principle’ applies, ‘To him that hath shall be given’. The wealthy receive even more wealth, the prosperous become rich, the rich even richer. One must also not forget that this increase in wealth is not, as a rule, the result of any individual effort corresponding to the value of the inheritance. Moreover, inheritance taxes – if there are any at all – are very moderate.

The findings thus indicate the ambivalent character of intergenerational solidarity within the family. The children of upper-class parents are more likely to go to better schools, more likely to attend university, to receive financial support from their parents, to get better jobs, to receive larger gifts from their parents, and finally to receive more frequently – and above all larger – inheritances. Wealthier parents can support their children in many ways, whereas poorer parents cannot. Social inequality in the parents’ generation thus leads to social inequality in the children’s generation. Family solidarity and social inequality are in a precarious relationship with one another. This is also the case when looking at differences between social and economic regimes. Even decades after the collapse of so-called ‘socialist’ regimes, its specific conditions in terms of wealth accumulation do still have far reaching consequences. The empirical analyses indicate that both inheritance probability and inheritance size are much smaller in former planned societies than in Western market societies.

One can assume that the inequality between East and West Germans arising from inheritance will continue to increase in the near future. Certainly, East Germans have had better chances of accumulating wealth since the reunification. Nevertheless, it will be a long time, because of inheritance among other factors, before these East–West differences will start to level off. East Germans have substantially less private wealth, considerably fewer of them are property owners or proprietors of businesses, they achieve lower incomes, and they are more frequently unemployed. Future bequests of East Germans will thus continue to be considerably smaller than those of West Germans.

There is some evidence that the sizes of women’s and men’s inheritances will continue to become more equal. One reason for this is the lower number of siblings. The daughters benefit when they have fewer brothers to compete against. At the same time, values and attitudes have been changing, particularly in the social classes which, on account of their great wealth, have a great deal to bequeath.

Future inheritances will continue to substantially increase the discrepancies between social classes. On the one hand, the empirical analyses have shown that it is just those people who are expecting inheritance in future who have already inherited something. On the other hand, social inequality will increase, in particular when the children of heirs, in their turn, themselves inherit. Then, not only will the wealth which the parents earned themselves be passed on but also that of the grandparents who died earlier. Class-specific inequality will, however, also increase (i) because the better educated have fewer children and thus do not have to split their wealth among a lot of children, (ii) because the partners of higher-class children are often higher-class children themselves, so that these households inherit twice, and (iii) because the higher social classes particularly profit from the increased employment of women, and in particular the increased employment of women in professions requiring higher qualifications. This means that the children of highly qualified double earners with few descendants will, in future, inherit even more than children of less privileged social classes. Apart from that, a comparison of the determinants for previous and future inheritance suggests that both the class and East–West differences will increase.

In future, wealth will, more frequently than before, not be bequeathed intergenerationally or inside the family. Reasons for this are the falling birth rate and the growing number of childless people. The bequeathed wealth will not only be given to friends but also to an increasing extent to charitable organizations, such as educational and cultural institutions, foundations and environment associations. There will, however, be an even stronger concentration of bequeathed wealth, as the childless will now remember their other relatives, particularly nieces and nephews, who will also inherit from their parents. As there will be ever more older people and ever fewer younger people, ever fewer heirs will receive ever larger amounts of money. Inheritance will become an ever more important factor in social inequality.

Notes

1. Based on the Socio-Economic Panel, Lauterbach and Lüscher (1996) found that the likelihood of inheriting increased with progressively higher income groups.
2. Here, contrasting hypotheses can be proposed. On the one hand, children who kept the family line

going may be rewarded accordingly. On the other, the grandchild may serve as an inheritance competitor, if some testators decide to skip their children (e.g. because of little affection or because they consider their children not to be in economic need). Additionally, because of their own parenthood, parents may have already received considerable inter-vivos transfers from their parents, which are compensated for by smaller inheritances. And, finally, childless persons are more likely to stem from higher social classes, who have more and larger estates to bequeath.

3. Kosmann (1998) found in her investigation of probate files of the Dortmund District Probate Court that there had been a greater degree of equal treatment between the children in 1985 than in 1960. She established that it was not the inheritance in itself which produced the difference between sons and daughters but the size of the inheritance. Sons tended to be the main inheritors of wealthy testators, daughters tended to get something from the poorer testators.
4. Some inheritances in the GDR may have been of considerable higher or lower value than after the fall of the wall (e.g. GDR-cars and real estate). Also, it cannot be excluded that respondents underestimate the cumulative effects of inflation. However, the categories are quite broad, and at least the current value of real estate is likely to be known by the respondents.
5. One might argue that one disadvantage of the German Ageing Survey in respect of inheritances is that it only surveyed people of forty or more years of age. However, Lauterbach (1995) shows that children born in 1930 or later experience the death of their parents in their fourth decade of life (averaging 40 at the death of the father, around 45–47 at the death of the mother; cf. Arrondel et al., 1997). Moreover, the German Ageing Survey asked about all previous inheritances, so that earlier inheritances were also included. Naturally, the previous percentages of inheritances of the 40–85-year-olds may well be higher than those of the total population, as younger, grown-up children less frequently have deceased parents.
6. Ownership of real estate cannot be used as a predictor for previous inheritance because it is not known whether the ownership of the property was acquired through a bequest. It is also not known whether help or care activities were performed before the previous inheritance.
7. One would have liked to include more information on testators, like education, income and wealth.

However, this information is not available in the data set. For some respondents, the German Ageing Survey does not contain information about whether their parents are still alive or are already deceased (particularly in the case of people who did not grow up with both parents). For these cases, an additional dummy variable was generated for the analyses documented in Tables 1 and 2, however its coefficients are not shown here. Since the inheritance question of the German Ageing Survey focuses on both respondent and partner, in the statistical models information on parents-in-law is included as well. For example, the variable ‘Both parents dead’ also refers to the parents of the partner.

8. As well as the age of the children, it would be helpful to include the parents’ life-span and their years of birth and death in the models. However, this would lead to either multicollinearity or number of case problems.
9. As the German Ageing Survey is classified, among other factors, into respondents in West and East Germany, this variable is used in the overall model. Whereas on the other hand, the individual models resort to West and East Germans, so that the sum of this number of cases is somewhat lower than that of the overall model (because of the exclusion of those respondents who have not primarily lived in either the GDR or in the ‘old’ FRG during the last 40 years).

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