

Title: Peer relations and intergenerational income mobility

Author: Klara Gurzo, PhD Student, Department of Public Health Sciences, Stockholm University

Abstract

Study Background

Several studies find strong persistence of income across generations, but little is known about the underlying mechanisms. Efforts to detect factors shaping intergenerational income mobility point to the importance of social contacts across and within generations. The parents themselves affect their children's choices through the socialization process and by transmitting resources. However, recent research in Sweden revealed that factors beyond the family, such as the neighborhoods where children grow up, play a crucial role in mobility. Inside the neighborhoods, the socioeconomic status (SES) of friends and their parents are important sources of influences. While previous studies find that even broader relations as school class socioeconomic composition can affect school achievement, the role of friends' SES in intergenerational mobility has received limited attention.

Objectives/Research Questions

This study extends the literature by exploring the extent to which the social class of friends' parents moderates the association between parental and offspring income. Further, it explores effect heterogeneity of friends' social status in terms of where in the parental income distribution friends matter most.

Data and Methods

The data are from the Stockholm Birth Cohort Multigenerational Study and contains all cohort members (G1) born in 1953, living in the greater Stockholm area in 1963 (n=15,117) and their parents (G0) (n=28,571). Register based information on demographic characteristics and earned income between 1963 and 2015 were linked to survey data on friendship ties at age thirteen. OLS regressions will be applied to estimate rank-rank correlations between parental and offspring income along with the interaction between parental income and peer SES. Effect heterogeneity will be tested by using multinomial logistic models.

Expected Results & Conclusion

We expect to find that offspring whose parents' earnings were at lower end of the income distribution, but who had higher SES friends, have higher chances of upward economic mobility.