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# The intergenerational transmission of financial disadvantage across Europe

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## Abstract

Growing income and wealth inequality have rekindled interest in questions of social mobility versus intergenerational persistence. Specifically at the low-end of the inequality distribution, rising poverty risks amongst working-age households have raised concerns regarding later-life consequences of childhood poverty. This paper investigates cross-country and -cohort variations in the intergenerational transmission of financial disadvantage, by pooling cross-sections from *EU-SILC* (2005-2011-2019) for 31 European countries. Similar to previous research, adolescent financial disadvantage contributes significantly to income poverty risks in adulthood. In only about half of European countries, such impacts are explained by close relationships between parental family structure and adolescent financial disadvantage, or mediated by labour market-related status attainment from parents to children. Next, compared with older cohorts, for younger respondents coming of age in the era of enhanced globalization and dualization since the 1990s, and during the post-financial crisis and austerity years, a trend towards enhanced stratification of current poverty with regard to adolescent financial disadvantage emerges. Multilevel analyses based on these younger cohorts indicate that more generous active (outsider spending) and passive (social

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exclusion spending) welfare benefits aimed at compensating poorer households for the consequences of labour market and welfare state dualization significantly mitigate current income poverty of those who experienced financial disadvantage in adolescence. Welfare reforms implying reductions in social spending disproportionately affecting 'outsider'-households (intended or unintended) may therefore be costly in the long run, as the intergenerational transmission of financial disadvantage might intensify.

#### KEYWORDS

European Union, generational equality, generational issues, poverty

## 1 | INTRODUCTION

Structured inequality springs from many different sources. Across western (post-)industrial welfare democracies, the question to what extent such inequalities originate from the intergenerational transmission of family-related (dis)advantage, has inspired both sociologists and economists. Such transmission takes place via many fine-grained and intertwined micro-, meso-, and macro-level processes. As the key mechanism connecting individuals to occupational structures, education has been put forward as the vehicle of both intergenerational mobility and reproduction. Education systems have indeed been shown to influence inequalities regarding educational choices and outcomes (e.g., Van de Werfhorst & Mijs, 2010). With regard to overall social mobility, however, 'education systems seem to matter much less than had been thought' (Nolan et al., 2011, p. 333). Though ever more students from different social backgrounds gained access to post-secondary education, new inequalities arose within higher education. Education, furthermore, is only one pillar of social policy: household earnings derived from globalized (post-)industrial labour markets are redistributed in ways that differ systematically across welfare states (Esping-Andersen, 1990).

Resource inequality is conceptualized as multi-dimensional. The most investigated dimension pertains to Socio-Economic Status (SES): education, occupation (class), and income. Others have focused on occupational prestige (e.g., Ganzeboom & Treiman, 2003), or on a distinct concept of social status (e.g., Chan & Goldthorpe, 2007). Recently, attention for wealth has increased (e.g., Spilerman, 2000). This matters, as intergenerational persistence tends to be stronger at the extremes of the inequality distribution (Fox et al., 2016). Accounting for parents' education, occupation, and income, Hällsten and Thaning (2022) noted a unique impact of parental wealth on children's wealth, particularly for the wealthiest: wealth is accumulated and transmitted via channels other than labour market success. In a similar vein, the experience of childhood poverty in and of itself, for example in terms of depth and duration, has repeatedly been shown to adversely impact on later-life outcomes (e.g., Duncan & Brooks-Gunn, 1997; Jencks & Mayer, 1990).

Research on specific social mobility forms has spawned stylized sets of findings. The overarching picture is more messy: different social mobility forms necessitate different theorization about intergenerational transmission processes. Methodological approaches also vary, depending on the nature of the variables involved and available data (e.g., Causa & Johansson, 2010; DiPrete, 2020; Fox et al., 2016). Sociologists model associations between parents' and children's occupational class by means of log-linear analysis (allowing them to separate relative intergenerational mobility from structural trends in education and employment opportunities), or focus on relationships between family structure (e.g., single-parenthood), childhood poverty, and later-life outcomes. Economists study linear

associations (elasticity) between earnings/incomes of different generations, preferably at specific ages (i.e., age 40). For many countries, such prospective income data are not available. Varying approaches lead to different conclusions, especially when different time periods or countries are involved. The debate in the United Kingdom (UK) is exemplary: for comparable birth cohorts, intergenerational income mobility declined (Blanden & Machin, 2008), class mobility was stable (Erikson & Goldthorpe, 2010), and educational inequalities narrowed (Breen et al., 2009). Seemingly contradictory findings are explained by the fact that different inequality dimensions change independently. For example, labour market flexibilization and related income dynamics have taken place *within* rather than *between* occupational classes. Stratification processes, and relationships between them, are furthermore dynamic. For instance, when changes in education returns for different skills or social groups incite differential parental investments and educational choices (DiPrete, 2020). The emerging picture, nevertheless, is that across dimensions, studies, countries, and time, intergenerational transmission contributes significantly to structured inequality, and that there are some indications that for younger cohorts *rough stability* might have given way to increased persistence, within a context of growing income and wealth inequality that might itself, in ways that are not well-understood, contribute to further intergenerational persistence (e.g., Bavaro et al., 2023; Durlauf et al., 2022).

This paper contributes by focusing on the lower-end of the inequality distribution. Given high and concentrated poverty combining with racial disadvantage and segregation, studies on the intergenerational transmission of poverty have mainly focused on the United States (US) (e.g., Duncan & Brooks-Gunn, 1997; Jencks & Mayer, 1990; Wilson, 1987). In Europe, where life-course risks were traditionally more generously insured, where the mass-expansion of tertiary education functioned as the main route to remedying disadvantage, and where residential segregation remained limited, intergenerational transmission of poverty figured less prominently. Four decades of labour market flexibilization and welfare reform, leading to so-called dualization (Busemeyer & Kemmerling, 2020; Rueda, 2014), however, have produced *disappointing poverty trends*, particularly for working age-households (Cantillon et al., 2018; Vandenbroucke & Vleminckx, 2011). Child relative income poverty rates hover around 20% since the middle of the 1990's, and were nearing 30% in Spain and Romania in 2021.<sup>1</sup> This has resulted in increased attention for the (long-term) consequences of growing up poor. Particularly Social Investments pertaining to childcare and early childhood are put forward as policies that could theoretically prevent cycles of intergenerational disadvantage (Causa & Johansson, 2010; Kvist, 2017; Nolan et al., 2011).

In this paper, I investigate *whether dualization dynamics across European labor markets and welfare states have intensified the intergenerational transmission of financial disadvantage, particularly for younger cohorts*. I also assess *whether, for these younger cohorts, such a process is mitigated by various social policies*. Quantitative analyses are based on representative data from 31 countries using the *EU-Statistics on Income and Living Conditions (EU-SILC)* for 2005, 2011, and 2019, when a module on *intergenerational transmission of disadvantages* was added to the core questionnaire. Moving from a more descriptive cross-cohort within-country approach to a more explanatory between-country approach, I first discuss relevant theories and expectations pertaining to the formative elements of this overall research question. I then discuss data, variables, and methods. The presentation of empirical results for subsequent sub-research questions is followed by an overall conclusion and discussion.

## 2 | THEORY AND HYPOTHESES

### 2.1 | The intergenerational transmission of financial disadvantage

Research into stratification and mobility versus poverty has taken place in parallel universes. Sociological research is mostly inspired by the status attainment model (Blau & Duncan, 1967), investigating pathways from parents' (fathers') education and occupation to children's (sons') SES-outcomes. The place of the poor in this model is unclear: they are partly located *outside* occupational class schemes. Poverty research is more interdisciplinary, but its' main concern lies with issues of definition and operationalization, or with describing which individuals experience higher

poverty risks. Researchers interested in the intergenerational transmission of poverty, have, at times, been accused of *blaming the victim* (e.g., Small et al., 2010; Wilson, 2009, 2011). Following Wilson (1987, 1991), in the United States (characterized by high and concentrated poverty), a more nuanced relational framework has been put forward. Macro-level socio-economic and spatial developments give rise to contexts where the poor have limited opportunities for social mobility through a host of structural limitations and cultural constraints, in a context of uneven, exploitative power relationships between the poor and other groups in society (e.g., Desmond, 2012; Gans, 1972). A host of conflated mechanisms, ranging from survival strategies and adaptive agency (choices, behaviour) to institutional, meso-, and micro-level injustices inflicted on the poor, contribute to intergenerational transmission.

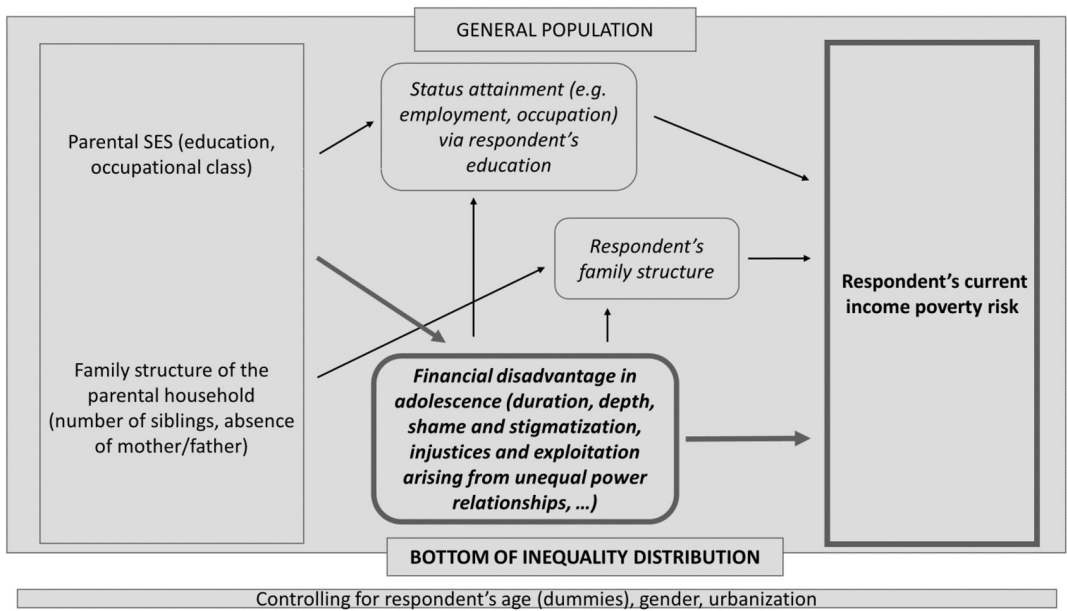
Research focusing more specifically on the consequences of childhood poverty broadly distinguishes between two strands of mechanisms (McLoyd et al., 2016; Van Lancker & Vinck, 2020). The first strand focuses on parental investments building up children's stocks of human, physical, psychological, social, cultural, and symbolic capital. A second set of mechanisms focusses on poverty as a stressor that influences—via parental stress, quality of family relationships, parenting style—psychological and physiological aspects of child development (e.g., Lupien et al., 2001). Parental investments and family stress are linked, particularly for certain family structures. The family stress-perspective has been enhanced to include environmental factors (e.g., Bradley & Corwyn, 2002). Recent research delves into gene–environment interactions that may be causally influenced by toxic stress caused by persistent poverty (e.g., McEwen & McEwen, 2017).

Economists focusing on intergenerational income (earnings, poverty) persistence tend to analyse bivariate associations, given that prior measured and unmeasured causes, as well as mediators, all form part of the generative process that links early-life financial disadvantage to later-life financial disadvantage. Sociologists have tended to unpack this generative process. Family sociology has focused on the adverse impacts of family structure, specifically lone parenthood or recombined families, on later-life outcomes (e.g., McLanahan et al., 2013). Childhood poverty is less often analysed as a predictor in itself, but as one of several mediating processes (e.g., lack of supervision, early home-leaving) linking parents' and children's family instability. Family instability (transmitted between generations and intertwined with poverty) is hence argued to result in higher income poverty risks for both parents' and their adult children. Though causality is difficult to establish, consensus (e.g., Bellani & Bia, 2018; Boschman et al., 2019; Jenkins & Siedler, 2007) is nevertheless that the impact of growing up poor is at least partly independent of the spurious association between parents' and children's financial disadvantage arising from family structure and other (un) measured shared characteristics (e.g., traits, ability, health, local context) that drive both generations' poverty outcomes. Childhood poverty is also perceived of as (partly) additive to mediating processes of educational, occupational, and income trajectories associated with differential family structure- and SES-origins. One could argue that, when controlling for observed transmissions from parents to children in terms of family structure as well as status attainment, unobserved characteristics influencing both parents' and children's poverty are likely captured, so that additive impacts of adolescent financial disadvantage in and of itself, are approximated (see Figure 1 for the conceptual model arising from the above review). Different literatures hence lead to the following general expectations: *adolescent financial disadvantage is positively associated with a higher risk of income poverty in adulthood (Hypothesis 1a); and the long-term consequences of financial disadvantage in adolescence are partly additive to prior causes (e.g., family structure) and mediating processes of status attainment (Hypothesis 1b).*

## 2.2 | Does intergenerational persistence increase across cohorts?

This section develops my expectation that *changes across European labor markets and welfare states have intensified social risks, enhancing the intergenerational transmission of financial disadvantage for younger cohorts (Hypothesis 2a).*

Macro-level drivers of growing inequality and poverty since the mid-1970s are well-understood (see e.g., Dewilde, 2020). Whereas the weakly regulated (Anglo-Saxon) Liberal Market Economies generally responded to



**FIGURE 1** Conceptual model.

globalization, skill-biased technological change, and post-industrialization by lowering wages and welfare benefits, the Coordinated Market Economies of continental Europe mostly resorted to the flexibilization of employment relationships, initially for women, low-skilled workers, and labour market entrants (e.g., Barbieri, 2009; Kalleberg, 2018). Over time, however, non-standard work increased to such an extent that social insurance of labour market risks became compromised (e.g., Palier, 2012). Combining with socio-demographic transformations (population ageing, immigration), these changes gradually undermined universalistic features of reciprocity-based redistribution typical of continental-European welfare states. Governments, more recently also in social-democratic countries, started to restrict contributory social insurance by increasing selectivity and decreasing generosity and duration (e.g., Clasen & Clegg, 2012; Greve, 2017).

Inequality-enhancing dynamics between labour market flexibilization and welfare reform for households of working age have been referred to as *dualization* (Busemeyer & Kemmerling, 2020; Palier, 2012; Rueda, 2014). Dualization not only refers to a growing divide between labour market insiders (i.e., standard workers) and outsiders, but also to the erosion of social insurance available to non-standard workers. To compensate for growing economic insecurity, the latter became the target of a *secondary world of welfare* (Palier & Thelen, 2010, p. 133). Whilst in-work poverty is addressed by new, means-tested, tax-financed arrangements (e.g., tax credits), those out of work increasingly came to rely on selective anti-poverty arrangements.

Notwithstanding Social Investments (particularly childcare and active labour market policies) aimed at compensating outsider-households by supporting/incentivizing them to enter paid work, poverty trends remained *disappointing* (Vandenbroucke & Vleminckx, 2011). As more people were transferred from unemployment insurance to less generous social assistance, minimum income protection, as well as child benefit packages, deteriorated (Cantillon et al., 2017; Nelson, 2010; Noël, 2020). Social Investment is criticized for being fragmentary: cuts in old social risk-spending were not compensated for by haphazard new spending (e.g., Bonoli, 2005). Social Investment additionally did not always reach those that would benefit most and hence increased inequalities, for instance between high-educated work-rich and low-educated work-poor households, particularly in welfare states with a strong male-breadwinner focus (e.g., Hemerijck, 2017).

Above-discussed stylized trends are characterized by a generational dimension: while poverty is currently still declining for the elderly following increased pension generosity and improved minimum protection (e.g., Goedemé & Marchal, 2016; Scruggs & Ramalho Tafoya, 2022), across welfare state types poverty risks are increasing for non-elderly households (e.g., Cantillon et al., 2018; Dewilde, 2020). Connections between inequality-enhancing dualization dynamics and potentially stronger intergenerational transmission of financial disadvantage for younger cohorts are complex. Dualizing welfare state restructuring may have made it more difficult for poorer parents to invest in various stocks of children's capital, and/or may have enhanced family stress, given increased risks of deprived living conditions. From the perspective of (adult) children, more difficult transitions to adulthood have intensified reliance on parental resources. Such resources are, however, increasingly less available for those from disadvantaged backgrounds. Both mechanisms would lead to enhanced intergenerational transmission of disadvantage. Given a higher reliance on class-based social insurance, dualization seems more outspoken in continental Europe. In Southern-Europe, furthermore, young adults are stuck in insecure labour market positions which prolong co-residence with parents (Barbieri, 2009; Buchholz et al., 2009). In Eastern-Europe, Social Investments remained elusive and welfare reform was characterized by 'residualizing welfare provision at the expense of the most disadvantaged and the maintenance of a relatively generous welfare system for the middle classes' (Kovács et al., 2017, p. 213). Welfare gaps are resolved through increasing informality (e.g., Stephens et al., 2015), in a context of growing urban-rural segregation (e.g., Soaita & Dewilde, 2021), strongly increased income inequality (e.g., Bandelj & Mahutga, 2010), and declining class mobility (e.g., Jackson & Evans, 2017). I hence expect *increased intergenerational transmission for the younger cohorts to be more outspoken in Southern- and Eastern-Europe (Hypothesis 2b)*.

### 2.3 | Dualization and between-country differences in intergenerational transmission

Lastly, I argue that cross-national variations regarding long-term impacts of adolescent financial difficulties on current poverty are systematically related to variations in labour market and welfare state transformation. Previous work has situated various forms of social mobility within the context of welfare regimes. Esping-Andersen (2015) investigated cross-national variations in the associations among parental occupational class, education, and current income. Scandinavian welfare states appeared more successful in equalizing opportunities across generations, particularly for those from disadvantaged class origins. This finding was attributed to the more universalistic and generous nature of social protection, further characterized by high female labour market participation, socialization of care responsibilities, and active labour market policies. These Social Investment-type policies are argued to produce a favourable *early childhood focus* (Nolan et al., 2011): female labour market participation boosts household resources, whilst early learning in high-quality child care repairs disadvantages arising from the familial learning milieu. Both shape the a priori context in which later-life social mobility processes occur.

I take a broader and somewhat different perspective, for several reasons. First, early learning capable of breaking intergenerational disadvantage requires accessible, affordable, and high-quality childcare. Data of such detail is only available for some countries. Second, in recent times 'productive spending' in social-democratic welfare states has stagnated or even declined (e.g., Lennartz, 2017; Noël, 2020), whilst in many other European countries, Social Investment was neither sufficient in volume, nor taken up by those who would benefit most. To boost incomes or reduce family stress, low-educated mothers need access to stable, non-precarious jobs rewarded by decent incomes and adequate social protection. In reality, and typically for the poorest, increased selectivity and conditionality of unemployment and social assistance-arrangements could be expected to result in more stigmatization, higher non-take-up, and stronger poverty traps. Work-welfare cycles in a context of unprotected labour market flexibility produce more family stress, lower household incomes over the long run (e.g., McCollum, 2013; Wright & Patrick, 2019), and potentially intensified risks of intergenerational disadvantage transmission. I hence broaden the focus and investigate impacts of various institutional arrangements capturing both dualization tendencies as well as compensatory welfare spending: selectivity versus universality of welfare transfers; labour market flexibilization; outsider spending aimed at

compensating for labour market dualization; generosity of family benefits and generosity of social exclusion spending, both important forms of Minimum Income Protection compensating for welfare state dualization. I also account for the inequality-producing features of educational systems, relevant for mediating processes of status attainment (see Figure 1). *Hypothesis 3* reads as follows: *the probability of being currently poor (for those who experienced financial difficulties in adolescence vs. those who did not) is stronger in countries with more selective welfare states (H3a) and higher labor market flexibilization (H3b). It is weaker in countries with more generous outsider spending (H3c), more generous Minimum Income Protection—spending on families/children (H3d) and on social exclusion (H3e), and with lower educational stratification (H3f).*

### 3 | DATA AND METHODS

#### 3.1 | Data

*EU-SILC* is a household panel tracing sample members over time within the context of their household. Each year a quarter of the sample is refreshed, hence sample members are followed for maximum 4 years. As I pool cross-sectional data from the 2005-, 2011-, and 2019-waves, there is no overlap between respondents from these years. My largest sample selection contains 560,427 respondents (excl. students) living in 373,355 households, aged 25–60 at the time of interview and who did not grow up in a collective household (for sample sizes by country/wave, see Table A1 in Online Appendix A). Subsequent analyses are based on further selections on this sample.

#### 3.2 | Dependent variable: At risk of income poverty (70%-threshold)

Although the lived experience of poverty is impossible to measure—it is only indicated by resources (e.g., income) and/or outcomes (e.g., deprivation)—, in the Global North poverty is conceptualized as ‘having qualitatively less in comparison with ordinary living standards in one’s society’. This relative conceptualization is associated with absolute notions of shame and stigmatization arising from, and contributing to, limitations to socially participate in society (Lister, 2021; Sen, 1983).

I operationalize ‘current financial disadvantage’ as falling below the 70%-threshold based on the country-specific equalized<sup>2</sup> median disposable annual household income. This more generous poverty threshold is better aligned with the concept of financial disadvantage used in this paper (for a somewhat similar approach, see Bavaro et al., 2023). It is well-known that there is only a small overlap between monetary and non-monetary indicators of poverty (e.g., Kangas & Ritakallio, 1998; Whelan & Maitre, 2007). Compared with the 60%-threshold, the 70%-threshold includes a sizable group of respondents who might not be income poor in a stricter sense, but still suffer from social and material deprivation or other forms of economic diswelfare, as measured by non-monetary indicators (e.g., over-indebtedness). Income poverty rates in the pooled sample vary from 10.5% (Norway-2005) to 27.4% (Poland-2005). Online Appendix B reiterates all results applying the 60%-threshold.

Relative income poverty risks vary systematically with age: younger and older adults are more prone to income poverty compared with mid-life adults. To control for life cycle-bias, as well as for the possibility that the intergenerational transmission of financial disadvantage systematically differs for different age groups (e.g., recall bias), I control for (yearly) age dummies in all models. I then assume that remaining cohort-effects approximate actual cohort-effects.

As the dependent variable is binary, I estimate logistic regression models.<sup>3</sup> To evaluate *Hypothesis 3 (a-f)*, where the focus lies with cross-level interactions—to what extent is the intergenerational persistence of financial disadvantage moderated by cross-national variations in long-term labour market and welfare state dualization dynamics?—, I estimate multilevel non-linear probability models (also see Boschman et al., 2019; Breen et al., 2018). Available social

policy sources mostly do not include long-term information for newer EU-member states. I therefore collected macro-level indicators for the years 1995 (or somewhat later) to 2015, and took the averaged value over this period. Multilevel models are hence estimated for the two younger cohorts in my sample (for further information, see sections 3.3 and 4.3).

### 3.3 | Independent variables

The independent variable of interest pertains to respondent's subjective judgement regarding the financial situation of the parental household around the age of 14, coded as 1 (moderately-very bad) versus 0 (moderately-very good).<sup>4</sup> This dichotomy is aimed at capturing the idea that the experience of adolescent financial disadvantage in and of itself is consequential for later-life poverty outcomes (see Figure 1).

Intergenerational transmission is assessed by investigating, from different angles, the association between financial disadvantage in adolescence and the current income poverty risk. Control and mediator variables pertaining to the respondent are: age; gender; partner status; number of children (aged 0–24); education; employment status; urbanization; and occupational class. The latter is recoded into six categories: high-skilled white-collar (ISCO-08 groups 1–3); low-skilled white-collar (ISCO-08 groups 4–5); high-skilled blue-collar (ISCO-08 groups 6–7); low-skilled blue-collar (ISCO-08 groups 8–9); missing/armed forces (ISCO-08 group 0); and never worked. As in Eastern-Europe multigenerational co-residence forms an important survival strategy for poor (rural) households (e.g., Soaita & Dewilde, 2021), I control for co-residence with parents/in-laws, as well as with adult children (age 25+). Time is indicated by a dummy indicating survey-wave. Cohort is periodized across survey-waves in relation to broad socio-economic changes. Cohort 1 (birthyears 1944–1950) turned 25 during the years 1969–1975 (*before the oil crisis*), Cohort 2 (birthyears 1951–1964) turned 25 during the years 1976–1989 (*limits to welfare state growth*), Cohort 3 (birthyears 1965–1983) turned 25 during the *age of globalization and dualization* (1990–2008), and Cohort 4 (birthyears 1984–1994) transitioned to adulthood in the *post-financial crisis and austerity* years (2009–2019).

Parental occupational class (father's class, unless mother's social class was higher) is operationalized in the same way as respondents' class. Parental education is the highest of both parents. I also control for number of siblings, and for absence of mother and/or father. Characteristics of the parental household pertain to the time at which the respondent was about 14 years old. Across Europe, 27.6% of respondents indicates having experienced financial difficulties in adolescence. For micro-level descriptives, see Table A2 in Online Appendix A.

### 3.4 | Measurement of institutional arrangements pertaining to labour markets and welfare states

'Selectivity vs. universality' is indicated by social spending on means-tested benefits as a % of total benefits, both excluding pensions (ESPROSS, euro per inhabitant). The temporary employment rate (% of total employment, 20 to 64 years) figures as rough indicator of labour market dualization. Following Rueda (2014), the level of compensatory spending benefiting labour market outsiders is defined as public expenditure on active labour market programmes (ALMP's) (% of GDP, OECD), divided by the unemployment rate (15–74, % of labour force, EUROSTAT). Research into child benefit packages has demonstrated the poverty-reducing impact of family benefits (Bradshaw & Nieuwenhuis, 2021). Such detailed packages are unfortunately not available for all countries in my sample. I instead look at family benefit generosity, defined as social spending on families/children as a % of total benefits, both excluding pensions (ESPROSS, euro per inhabitant). Family benefits include cash benefits (e.g., child allowance) and benefits in kind (e.g., childcare) (EUROSTAT, 2022). Spending on social exclusion is defined similarly, as % of total benefits, both excluding pensions (ESPROSS, euro per inhabitant). Again, cash benefits (e.g., income support) and in kind-

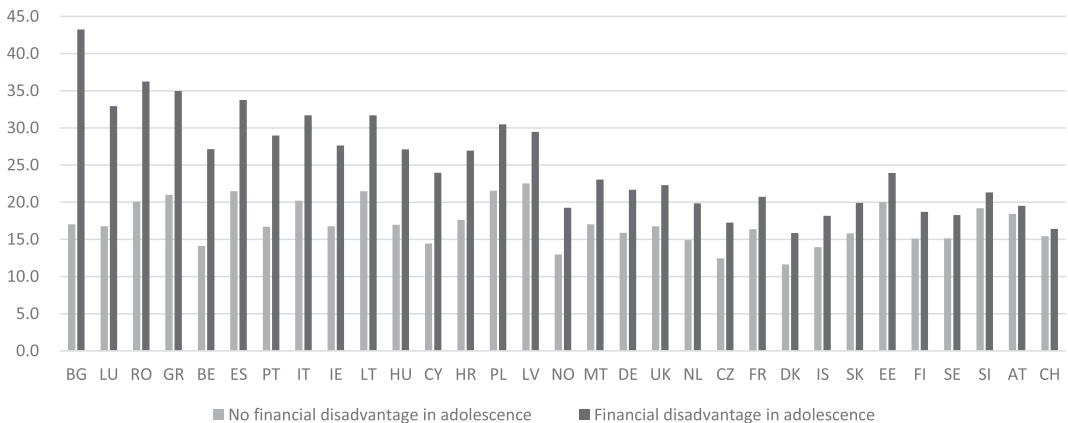
benefits (e.g., accommodation for vulnerable groups) are included. The inequality-reducing potential of education is measured by means of an index (sum of standardized scores) pertaining to age of selection, tracking, and standardization of output (Bol et al., 2014; OECD, 2013). Higher stratification is indicated by younger age of selection, more tracking, and less standardization of output. Macro-level controls pertain to economic affluence (GDP, taken from UNECE, prices and PPP's of 2010). Social spending is expressed as % of GDP (ESPROSS).

## 4 | EMPIRICAL RESULTS

### 4.1 | Preliminary analyses

Figure 2 illustrates the commonly-known finding that most Europeans confronted with financial difficulties in adolescence are, in fact, not at risk of income poverty in adulthood. On the other hand, the risk of current poverty is higher for those who experienced adolescent financial disadvantage (across countries: 25.2%) than for respondents who did not (across countries: 17.1%), indicating a degree of intergenerational persistence. Table 1 looks at country-level associations between adolescent financial disadvantage and the risk of current poverty. Average marginal effects (AME) are based on logistic regression models. Model 1 controls for age, gender, and urbanization, in Model 2 variables pertaining to family structure of the parental household are added, Model 3 additionally controls for mediating processes of status attainment from parents to children, whilst in Model 4 variables pertaining to respondent's family structure are added. Countries are ordered based on the size of the association reported in Model 1.

Across Europe, the 'uncontrolled' (bar for age, gender, and urbanization) experience of financial difficulties in adolescence is associated significantly with the probability of being currently poor (Model 1). Switzerland is the only country where the AME of adolescent financial disadvantage fails to reach statistical significance ( $p < 0.10$ ). In Bulgaria, financial disadvantage in adolescence on average increases the probability of current poverty with 18.6%. In line with previous research (e.g., Bavaro et al., 2023; Bellani & Bia, 2018; Causa & Johansson, 2010), intergenerational persistence is highest in Southern-Europe, Luxembourg, Belgium, and Ireland. Romania and Bulgaria equally stand out as countries with high persistence. Intergenerational transmission is weakest in welfare states with (stronger) social-democratic welfare policies (Norway, Sweden, Denmark, Finland, Iceland, Netherlands; also see Esping-Andersen, 2015). Intergenerational persistence is also low in Switzerland, Austria, and Slovenia.



**FIGURE 2** Current income poverty risk (70%-threshold), by experience of financial disadvantage in adolescence (pooled sample 2005–2011–2019, weighted %). Source: EU-SILC, own calculations.

TABLE 1 Average marginal effects of financial disadvantage in adolescence on the current risk of income poverty, by country.

Country	Model 1—Pr(poor): Age, gender, urbanization			Model 2 <sup>a</sup> —Pr(poor): + family structure parental household			Model 3 <sup>b</sup> —Pr(poor): + status attainment			Model 4 <sup>c</sup> —Pr(poor): + respondent's own family structure				
	AME	(SE)	Country	AME	(SE)	Country	AME	(SE)	Country	AME	(SE)	Country	AME	(SE)
BG	0.186	*** (0.010)	BG	0.147	*** (0.011)	BG	0.053	*** (0.009)	BG	0.050	*** (0.009)	BG	0.050	*** (0.009)
LU	0.142	*** (0.008)	LU	0.107	*** (0.008)	LU	0.023	** (0.008)	LU	0.023	** (0.008)	LU	0.023	** (0.008)
PT	0.138	*** (0.007)	PT	0.117	*** (0.007)	PT	0.043	*** (0.007)	PT	0.045	*** (0.007)	PT	0.045	*** (0.007)
RO	0.136	*** (0.008)	RO	0.117	*** (0.009)	RO	0.038	*** (0.008)	RO	0.034	*** (0.007)	RO	0.034	*** (0.007)
GR	0.117	*** (0.008)	GR	0.105	*** (0.008)	GR	0.041	*** (0.007)	GR	0.040	*** (0.007)	GR	0.040	*** (0.007)
ES	0.108	*** (0.005)	ES	0.092	*** (0.005)	ES	0.039	*** (0.005)	ES	0.039	*** (0.005)	ES	0.039	*** (0.005)
BE	0.105	*** (0.007)	BE	0.080	*** (0.007)	BE	0.029	*** (0.007)	BE	0.026	*** (0.006)	BE	0.026	*** (0.006)
IT	0.102	*** (0.004)	IT	0.082	*** (0.004)	IT	0.023	*** (0.004)	IT	0.024	*** (0.004)	IT	0.024	*** (0.004)
IE	0.101	*** (0.009)	IE	0.089	*** (0.009)	IE	0.026	** (0.008)	IE	0.018	* (0.008)	IE	0.018	* (0.008)
HU	0.098	*** (0.006)	HU	0.070	*** (0.006)	HU	0.019	** (0.006)	HU	0.017	** (0.006)	HU	0.017	** (0.006)
HR	0.077	*** (0.009)	HR	0.070	*** (0.009)	HR	0.010	(0.008)	HR	0.014	(*) (0.008)	HR	0.014	(*) (0.008)
PL	0.077	*** (0.005)	PL	0.062	*** (0.005)	PL	0.016	** (0.005)	PL	0.016	** (0.005)	PL	0.016	** (0.005)
LT	0.077	*** (0.008)	LT	0.054	*** (0.009)	LT	0.007	(0.008)	LT	0.008	(0.008)	LT	0.008	(0.008)
CY	0.072	*** (0.008)	CY	0.060	*** (0.088)	CY	0.023	** (0.007)	CY	0.021	** (0.007)	CY	0.021	** (0.007)
MT	0.059	*** (0.011)	MT	0.050	*** (0.011)	MT	0.004	(0.011)	MT	0.002	(0.010)	MT	0.002	(0.010)
LV	0.059	*** (0.009)	LV	0.036	*** (0.009)	LV	0.002	(0.008)	LV	-0.001	(0.008)	LV	-0.001	(0.008)
UK	0.051	*** (0.008)	UK	0.029	*** (0.008)	UK	0.002	(0.008)	UK	0.003	(0.007)	UK	0.003	(0.007)
EE	0.050	*** (0.008)	EE	0.035	*** (0.008)	EE	0.013	(*) (0.007)	EE	0.014	(*) (0.007)	EE	0.014	(*) (0.007)
SK	0.043	*** (0.007)	SK	0.042	*** (0.007)	SK	0.022	*** (0.006)	SK	0.017	** (0.006)	SK	0.017	** (0.006)
DE	0.042	*** (0.006)	DE	0.030	*** (0.007)	DE	0.011	(*) (0.006)	DE	0.012	(*) (0.006)	DE	0.012	(*) (0.006)
FR	0.041	*** (0.006)	FR	0.019	** (0.006)	FR	-0.010	(*) (0.006)	FR	-0.005	(0.006)	FR	-0.005	(0.006)
CZ	0.040	*** (0.006)	CZ	0.022	*** (0.006)	CZ	0.001	(0.006)	CZ	0.000	(0.006)	CZ	0.000	(0.006)
NO	0.036	*** (0.009)	NO	0.025	** (0.009)	NO	0.011	(0.009)	NO	0.009	(0.009)	NO	0.009	(0.009)
IS	0.031	* (0.015)	IS	0.021	(0.016)	IS	0.011	(0.015)	IS	0.012	(0.014)	IS	0.012	(0.014)



AME's are reduced somewhat when controlling for parental family structure (number of siblings, absence of mother/father) causally prior to adolescent poverty (Model 2). In Iceland, Austria, Sweden, Slovenia, the Netherlands, Switzerland, and Finland, close relationships between parental family structure and adolescent financial disadvantage fully explain the association between the latter and current poverty. Presumably, in these predominantly high-spending welfare states characterized by more generous and/or more universalistic welfare arrangements, labour market risks are well-insured, such that deeper/longer experiences with poverty, as well as long-term impacts, are limited to specific household types.

Model 3 shows that mediating processes of status attainment from parents to children based on education and occupation explain the association between adolescent and current financial disadvantage in a further 11 countries of mixed signature (Baltics, Croatia, Czech Republic, Malta, Germany, France, United Kingdom, Norway, Denmark). In these countries, higher current poverty risks result from relationships between parents' and children's labour market-related attainments, which partly run via adverse impacts on education of adolescent financial disadvantage (see Bellani & Bia, 2018 for a more advanced test on the same data). Model 4 shows that controlling for respondents' own family structure does not lead to further changes, suggesting that, across Europe, spuriousness resulting from relationships between parents' and children's family (in)stability is unlikely to influence the intergenerational transmission of financial disadvantage.

In support of *Hypothesis 1a*, we note a strong (more or less) uncontrolled association between adolescent financial disadvantage and the risk of current poverty across Europe. We also find empirical support for *Hypothesis 1b*, arguing that the long-term consequences of financial disadvantage in adolescence are partly additive to mediating processes of status attainment. In only about half of European countries, the intergenerational transmission of financial disadvantage is explained by either close relationships between adolescent poverty and parental family structure, or mediated by labour market-related status attainment from parents to children. In the remaining countries, the experience of financial disadvantage in adolescence in and of itself seemingly has long-term consequences. This is, perhaps not surprisingly, the case in countries where persistence was high to start with: Southern-Europe, several Eastern-European countries, Belgium, Luxembourg, and Ireland.

## 4.2 | Intergenerational persistence across cohorts

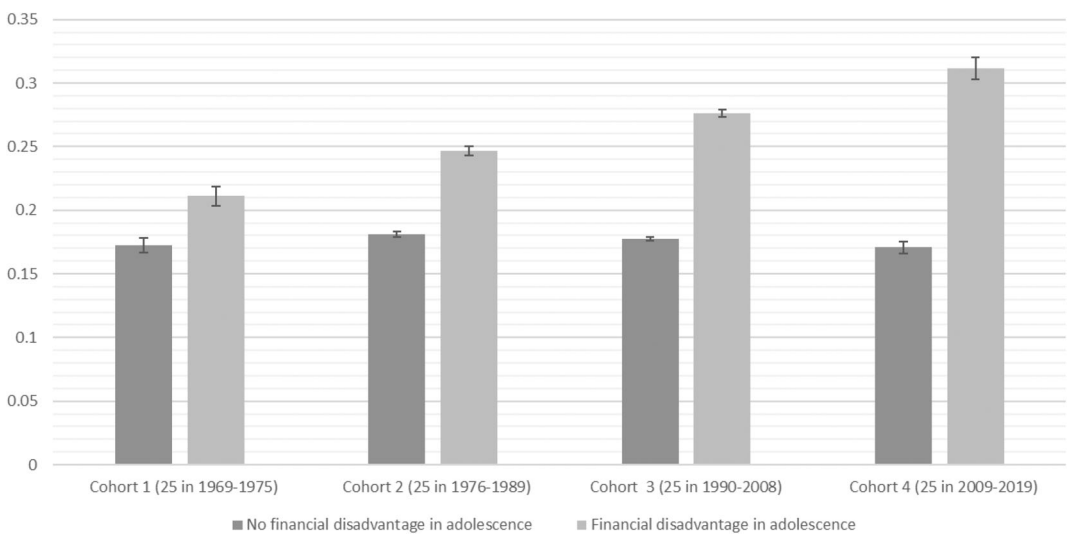
I now turn to investigating the association between adolescent financial difficulties and the dependent variable across the total unbalanced sample, for subsequent cohorts, and controlling for country-fixed-effects, age (dummies), gender, urbanization, and survey-year. I do not control for parents' and children's family structure and status attainment from parents to children, as these variables theoretically form part of the overall process generating intergenerational persistence. Results from logistic regression models without (Model 5a) and with (Model 5b) the interaction between cohort and adolescent financial disadvantage are reported in Online Appendix A (Tables A3 and A4 in Online Appendix A). Across the total sample, the experience of financial disadvantage in adolescence increases the probability of current poverty with 8.6%. Compared to the cohort reaching adulthood in the period of initial welfare state retrenchment (i.e., cohort 2), respondents in the older cohort are less likely to be currently income poor. Respondents belonging to both younger cohorts (cohorts 3–4) are more likely to be currently income poor ( $p < 0.10$  for cohort 4).

Based on the odds ratio's (Table A4, model 5b in Online Appendix A), the interaction between cohort and adolescent financial difficulties is as hypothesized. For those who experienced financial difficulties in adolescence (vs. respondents who did not), compared with cohort 2, respondents belonging to the younger cohorts (coming of age in the era of enhanced globalization and dualization since the 1990s and during the post-financial crisis and austerity years) are significantly *more* likely to experience income poverty in adulthood. For respondents from more advantaged backgrounds (the main effect of cohort in Model 5b), we find that particularly for respondents from the youngest cohort (cohort 4), the opposite is true: compared with respondents from cohort 2, respondents who did

not experience financial disadvantage in adolescence are significantly *less* likely to experience financial disadvantage in adulthood. Recent advice recommends to not solely rely on odds ratio's summarizing interaction terms when using non-linear models. As AME's are not defined for interactions, I visually present predicted probabilities and test for statistical significance of: (1) marginal effects of adolescent financial difficulties on current poverty within cohorts, and (2) differences in these marginal effects between cohorts (Mize, 2019).

Figure 3 demonstrates how the gap regarding the probability of being currently poor, comparing respondents who experienced adolescent financial disadvantage versus those who did not, is *not only statistically significant within each cohort, but also significantly increased over time for each subsequent cohort* (also see Table 2). For those who did not experience financial problems in adolescence, the probability of being currently poor increased somewhat between cohort 1 and 2, but decreased for the younger cohorts. Though changes between subsequent cohorts are small, they are mostly statistically significant. For those who experienced financial difficulties in adolescence, we note starkly increasing probabilities of current poverty for each younger cohort. Across Europe and supporting Hypothesis 2a, for subsequent cohorts the probability of current income poverty became more strongly stratified with regard to adolescent financial disadvantage.

Could this pattern of intensified stratification be related to the secular decline of the percentage of respondents who experienced adolescent financial difficulties in subsequently younger cohorts (cohort 1: 38.0%; cohort 2: 32.8%; cohort 3: 24.5%, cohort 4: 20.9%), as this shrinking group could have become more selective over time? The percentage of respondents indicating that the income situation in the parental household was '(very) bad' (rather than 'moderately bad'), however, declined to a more or less proportional extent (cohort 1: 18.3%; cohort 2: 14.3%; cohort 3: 9.6%; cohort 4: 8.0%). The pattern in Figure 2 is hence unlikely to come about by the possibility that, over recent decades, children of 'remaining' financially disadvantaged parents increasingly grew up in more dire circumstances. We, furthermore, observe increased stratification, for subsequent cohorts, of current poverty risks for both respondents who did experience financial disadvantage in adolescence as well as for those who did not. For the latter, the decline in current poverty risk between cohorts 2 and 4, and between cohorts 3 and 4, is small but significant.<sup>5</sup>



**FIGURE 3** Predicted probabilities of current poverty by financial disadvantage in adolescence, across cohorts. Predicted probabilities based on Model 5b (Online Appendix A, Table A4). Cohort 1 only contains respondents from the 20 countries included in the 2005-wave, cohorts 2–4 contain respondents from all countries. Re-running these analyses on a restricted sample of 20 countries present in all waves does not affect the main pattern of results (Figure A1 in Online Appendix A).

**TABLE 2** Predicted probabilities of current poverty, marginal effects of financial disadvantage in adolescence across cohorts, and differences in marginal effects between cohorts ( $N = 560,427$ ).

	No financial disadvantage in adolescence	(SE)	Financial disadvantage in adolescence	(SE)	AME of financial disadvantage in adolescence	(SE)	Contrasts
<i>a</i> Cohort 1 (25 in 1969–1975)	0.172	(0.004)	0.211	(0.005)	0.039 ***	(0.005)	<i>b,c,d</i>
<i>b</i> Cohort 2 (25 in 1976–1989)	0.181	(0.002)	0.247	(0.002)	0.065 ***	(0.002)	<i>a,c,d</i>
<i>c</i> Cohort 3 (25 in 1990–2008)	0.177	(0.001)	0.276	(0.002)	0.099 ***	(0.002)	<i>a,b,d</i>
<i>d</i> Cohort 4 (25 in 2009–2019)	0.171	(0.003)	0.312	(0.006)	0.141 ***	(0.005)	<i>a,b,c</i>

Note: The contrasts column reports which marginal effects of financial disadvantage in adolescence (gaps between the bars for each cohort) are significantly different between cohorts. All contrasts are significant at the 0.001-level. Cohort 1 only contains respondents from the 20 countries included in the 2005-wave, cohorts 2–4 contain respondents from all countries. Re-running analyses on a restricted sample of 20 countries present in all waves does not affect the main pattern of results (see Figure A1 in Online Appendix A).

Source: EU-SILC, own calculations. Predicted probabilities based on Model 5b (Table A4 in Online Appendix A).

Table 3 shows AME's across cohorts for all countries separately (ordered by size of the AME for cohort 4), as well as contrasts comparing AME's between cohorts. Increased intergenerational persistence is observed in most countries, though effect sizes differ. Statistically significant contrasts between younger cohorts versus older cohorts, indicating increased stratification of current poverty in relation to financial difficulties in adolescence, occur in 20 (out of 31) countries. We generally find no significant increase in intergenerational persistence across cohorts in countries where persistence was already low(er): Finland, Slovenia, Austria, Switzerland, Sweden, France, Latvia, and Estonia. In Ireland, Luxembourg, Belgium, and also Malta and Poland, intergenerational persistence is high(er) but stable across cohorts. In Denmark and the Netherlands (and to some extent Norway and Iceland), we find substantive increases in persistence for the youngest cohort, in line with recent trends towards higher selectivity in welfare states of more social-democratic signature (e.g., Greve, 2017). This latter trend is less notable when using a 60%-threshold for current income poverty (see Table B5 in Online Appendix B). Mostly in line with *Hypothesis 2b*, other countries with stronger increases in intergenerational persistence are Bulgaria, Romania, Hungary, Slovakia, Croatia, Lithuania, Germany, the United Kingdom, and all Southern-European countries.

### 4.3 | Explaining between-country differences in intergenerational persistence for younger cohorts

Finally, I evaluate the hypothesized impact of various welfare arrangements on the process of intergenerational transmission by means of so-called cross-level interactions, allowing me to assess whether the impact of financial disadvantage during adolescence (vs. no financial disadvantage) is significantly stronger or weaker under different policy circumstances. To this end, I estimate multilevel random-slope non-linear probability models with robust standard errors (also see Boschman et al., 2019; Breen et al., 2018). As indicated earlier, comparable macro-level

TABLE 3 Marginal effects of financial disadvantage in adolescence on current poverty across cohorts and relevant contrasts, by country.

Country	Cohort 1 <sup>a</sup> (25 in 1969–1975)		Cohort 2 <sup>b</sup> (25 in 1976–1989)		Cohort 3 <sup>c</sup> (25 in 1990–2008)		Cohort 4 <sup>d</sup> (25 in 2009–2019)		Significant contrasts
	AME	(SE)	AME	(SE)	AME	(SE)	AME	(SE)	
BG			0.173	*** (0.021)	0.240	*** (0.018)	0.316	*** (0.036)	bc, bd, cd
ES	0.057	** (0.020)	0.079	*** (0.008)	0.134	*** (0.008)	0.261	*** (0.022)	ac, ad, bc, bd, cd
PT			0.128	*** (0.013)	0.148	*** (0.010)	0.240	*** (0.025)	bd, cd
HU	0.012	(0.023)	0.072	*** (0.009)	0.131	*** (0.009)	0.217	*** (0.028)	ab, ac, ad, bc, bd, cd
IT	0.075	*** (0.015)	0.082	*** (0.007)	0.136	*** (0.006)	0.204	*** (0.020)	ac, ad, bc, bd, cd
RO			0.099	*** (0.016)	0.153	*** (0.012)	0.204	*** (0.029)	bc, bd, (cd)
GR			0.092	*** (0.014)	0.131	*** (0.011)	0.189	*** (0.025)	bd, bd, cd
SK	-0.006	(0.020)	0.015	(0.010)	0.048	*** (0.010)	0.186	*** (0.032)	ac, ad, bc, bd, cd
CY	0.063	* (0.032)	0.055	*** (0.013)	0.095	*** (0.012)	0.186	*** (0.039)	ad, bc, bd, cd
IE	0.103	** (0.035)	0.124	*** (0.018)	0.099	*** (0.015)	0.180	*** (0.050)	
LU	0.138	** (0.046)	0.128	*** (0.016)	0.179	*** (0.013)	0.178	*** (0.036)	bc
LT	0.049	(*) (0.028)	0.056	*** (0.012)	0.095	*** (0.014)	0.166	*** (0.041)	ad, bc, bd, (cd)
HR			0.043	** (0.013)	0.096	*** (0.013)	0.149	*** (0.032)	bc, bd
BE	0.068	(0.045)	0.125	*** (0.016)	0.117	*** (0.013)	0.120	*** (0.024)	
UK	0.045	(*) (0.026)	0.029	* (0.013)	0.076	*** (0.013)	0.118	(*) (0.070)	bc
DK	0.016	(0.041)	0.009	(0.014)	0.018	(0.013)	0.112	*	bd, (cd)
DE			0.022	* (0.010)	0.059	*** (0.010)	0.100	*** (0.027)	bc, bd
PL	0.034	** (0.013)	0.065	*** (0.008)	0.099	*** (0.008)	0.096	*** (0.020)	ab, ac, ad, bc
MT			0.058	** (0.021)	0.059	*** (0.016)	0.090	*	(0.037)
NL	-0.006	(0.024)	0.000	(0.012)	0.035	** (0.013)	0.090	*	ad, bc, bd
NO	0.097	(0.064)	0.032	(0.022)	0.022	(0.013)	0.084	** (0.032)	(cd)
IS	0.018	(0.105)	-0.029	(0.035)	0.058	** (0.022)	0.072	(0.082)	bc
SE			0.039	(0.030)	0.020	(0.016)	0.061	(0.042)	
LV	0.028	(0.033)	0.066	*** (0.014)	0.064	*** (0.014)	0.059	(*) (0.033)	
FR			0.029	** (0.011)	0.050	*** (0.009)	0.055	*	(0.021)

(Continues)

TABLE 3 (Continued)

Country	Cohort 1 <sup>a</sup> (25 in 1969–1975)		Cohort 2 <sup>b</sup> (25 in 1976–1989)		Cohort 3 <sup>c</sup> (25 in 1990–2008)		Cohort 4 <sup>d</sup> (25 in 2009–2019)		Significant contrasts
	AME	(SE)	AME	(SE)	AME	(SE)	AME	(SE)	
CZ	0.003	(0.019)	0.031	** (0.010)	0.054	*** (0.010)	0.055	* (0.025)	<i>ac,(ad),(bc)</i>
EE	0.029	(0.030)	0.069	*** (0.013)	0.058	*** (0.012)	0.054	* (0.025)	
CH			0.003	(0.014)	0.019	(*) (0.012)	0.037	(0.029)	
AT			0.027	(*) (0.014)	0.035	** (0.011)	0.033	(0.020)	
SI	0.031	(0.024)	0.014	(0.011)	0.013	(0.010)	0.023	(0.030)	
FI	0.008	(0.019)	0.013	(0.010)	0.017	(0.012)	0.012	(0.034)	

Source: EU-SILC, own calculations. (\*):  $p < 0.010$ ; \*\*:  $p < 0.05$ ; \*\*\*:  $p < 0.01$ ; \*\*\*\*:  $p < 0.001$ . Predicted probabilities based on Model 5b (Table A3 in Online Appendix A, by country). Standard errors account for within-household clustering.

indicators are for many European countries only available for the last two decades. I therefore limit the total sample by selecting respondents from the youngest two cohorts (birth years 1965–1994, 25 in 1990–2019). Long-term macro-indicators are, furthermore, not available for Bulgaria, Cyprus, Romania, Malta, Iceland, and Croatia. This reduced sample contains 292,343 individuals clustered in 214,271 households across 25 countries (see Table A5 in Online Appendix A).

Table 4 displays results from the null model, a random slopes-model including micro-level controls (age, gender, urbanization), and a random slopes-model adding macro-level controls. The random slope-variance of financial disadvantage in adolescence across countries is significantly different from 0 (Model 1). Model 2 shows that current income poverty risks are somewhat lower in countries with higher economic affluence ( $p < 0.10$ ), and significantly lower in countries with higher welfare spending. Table 5 lists results for the relevant cross-level interactions, added separately to Model 2 of Table 4. Contrary to my expectations, general dualization differences/trends (welfare state selectivity, labour market flexibilization) were not significantly related to cross-country variations in current poverty, nor in the intergenerational transmission of financial disadvantage. The same goes for the generosity of family benefits and the level of educational stratification. What does contribute to explaining both current poverty as well as intergenerational transmission of financial disadvantage, is the level of compensation available to labour market- and social insurance-outsiders: the generosity of outsider spending (ALMP's) and the generosity of social exclusion spending (mainly social assistance). In countries where both forms of spending are higher, current poverty risks are lower. Supporting *Hypothesis 3c* and *Hypothesis 3e*, the positive association between adolescent and current financial disadvantage is significantly weaker in countries where more resources are directed at protecting households who find themselves at the edges of the labour market and/or the welfare state.

**TABLE 4** Linear probability models of current poverty, multilevel results ( $N = 292,343$ , 25 countries).

	Null model		Model 1		Model 2	
	B	(SE)	B	(SE)	B	SE
Intercept	0.181 ***	(0.011)	0.204 ***	(0.012)	0.206 ***	(0.012)
Gender (ref = female)						
Male			-0.023 ***	(0.003)	-0.023 ***	(0.003)
Urbanization						
Urban			-0.041 *	(0.017)	-0.041 *	(0.017)
Intermediate/rural (ref)						
Missing			-0.026 *	(0.012)	-0.025 *	(0.012)
Financial disadvantage in adolescence (ref = no financial disadvantage)			0.081 ***	(0.011)	0.081 ***	(0.011)
<i>Macro-level controls</i>						
Economic affluence (GDP/1000)					-0.001 (*)	(0.000)
Social spending (% of GDP)					-0.003 *	(0.001)
AIC	290887.3		285641.8		285636.6	
<i>Intercept variance</i>	0.003 *	(0.001)	0.002 *	(0.000)	0.001 *	(0.000)
<i>Residual variance</i>	0.158 *	(0.007)	0.155 *	(0.006)	0.155 *	(0.006)
<i>Random slope variance (financial disadvantage in adolescence)</i>			0.003 *	(0.001)	0.003 *	(0.001)

Source: EU-SILC, own calculations. (\*):  $p < 0.010$ ; \*:  $p < 0.05$ ; \*\*:  $p < 0.01$ ; \*\*\*:  $p < 0.001$ . Age dummies included but not shown. Robust standard errors capture potential model misspecification.

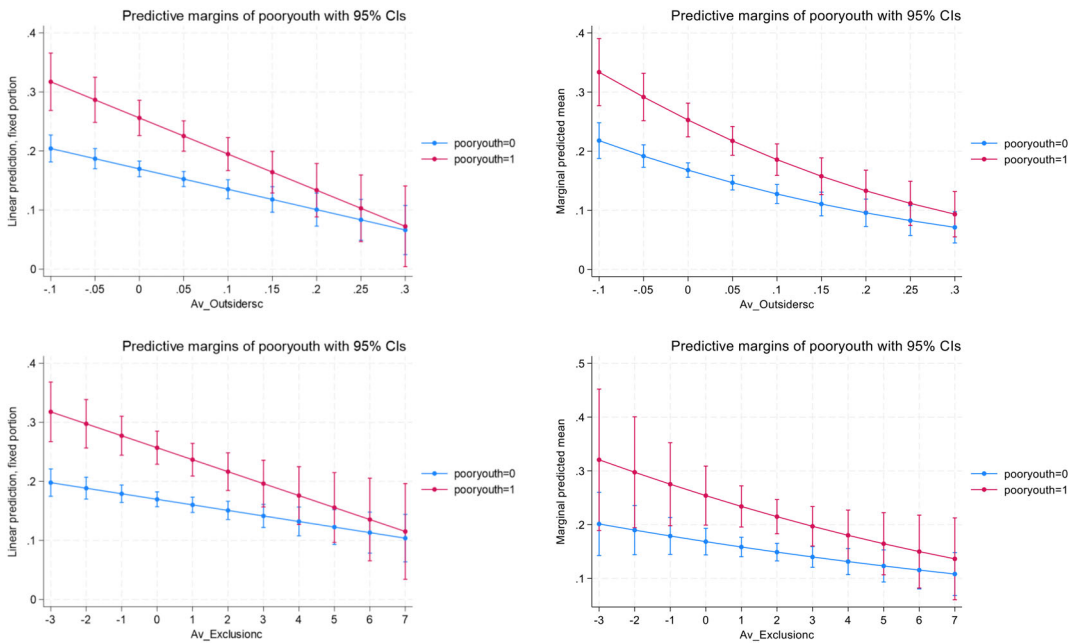
**TABLE 5** Linear probability models of current poverty, multilevel results for cross-level interactions with financial disadvantage in adolescence ( $N = 292,343$ , 25 countries).

	<i>B</i>		(SE)	AIC
<i>Model 3</i>				285640.5
Financial disadvantage in adolescence	0.081	***	(0.011)	
Welfare state selectivity	0.000		(0.001)	
Financial disadvantage in adolescence*Welfare state selectivity	0.000		(0.001)	
<i>Model 4</i>				285638.5
Financial disadvantage in adolescence	0.083	***	(0.011)	
Labour market flexibility	0.002	(*)	(0.001)	
Financial disadvantage in adolescence*Labour market flexibility	0.001		(0.002)	
<i>Model 5</i>				285631.0
Financial disadvantage in adolescence	0.086	***	(0.011)	
Generosity of outsider spending	-0.345	***	(0.075)	
Financial disadvantage in adolescence*Generosity of outsider spending	-0.267	**	(0.080)	
<i>Model 6</i>				285640.4
Financial disadvantage in adolescence	0.082	***	(0.011)	
Generosity of family benefits	0.000		(0.002)	
Financial disadvantage in adolescence*Generosity of family benefits	-0.001		(0.003)	
<i>Model 7</i>				285632.4
Financial disadvantage in adolescence	0.087	***	(0.010)	
Generosity of social exclusion spending	-0.009	**	(0.003)	
Financial disadvantage in adolescence*Generosity of social exclusion spending	-0.011	**	(0.004)	
<i>Model 8</i>				285638.5
Financial disadvantage in adolescence	0.081	***	(0.011)	
Educational stratification	-0.004		(0.003)	
Financial disadvantage in adolescence*Educational stratification	0.000		(0.004)	

Source: EU-SILC, own calculations. (\*):  $p < 0.010$ ; (\*):  $p < 0.05$ ; (\*\*):  $p < 0.01$ ; (\*\*):  $p < 0.001$ . Interactions added separately to Model 2 of Table 4. Age dummies included but not shown. Robust standard errors capture potential model misspecification.

### 4.3.1 | Robustness checks

Visualizations of the significant cross-level interactions show that conclusions from the linear probability model are similar to conclusions from multilevel logistic regression models (Figure 4). For the latter model specification, visualization of the cross-level interaction between financial disadvantage and the generosity of social exclusion spending does not indicate statistical significance (although the underlying model coefficient does). Based on the 60%-poverty line (Figure B4 in Online Appendix B), visualization of the cross-level interaction between financial disadvantage in adolescence and generosity of social exclusion spending indicates statistical significance for both model specifications. Alternative operationalizations of controls for life-cycle bias (age and age squared) did not affect results greatly. I also re-estimated models on a more limited sample where I randomly selected one respondent per household for non-singleton clusters<sup>6</sup>: regression results were similar to those reported for the total sample (available upon request). Restricting the sample to respondents who experienced adolescent financial difficulties allows for evaluating impacts, via AME's (which are only defined for main effects), of macro-level arrangements by means of



**FIGURE 4** Graphic representation of cross-level interactions—linear probability (left) and logistic regression (right) multilevel models. *Source:* EU-SILC, own calculations. *pooryouth*, financial disadvantage in adolescence; *Av\_Outsiderc*, generosity of outsider spending (centred); *Av\_Exclusionc*, generosity of social exclusion spending (centred).

random-intercepts multilevel logit models. Results from these models are again in line with those reported here (see Tables A6 and A7 in Online Appendix A).

## 5 | CONCLUSION AND DISCUSSION

Long-term changes in the political economy of European welfare states have rekindled interest in intergenerational mobility versus persistence. Whilst in stratification research the focus often lies with the broad middle classes as the object of research into status attainment, class mobility, or educational stratification, societal changes have shifted attention towards the more sticky extremes of the inequality distribution. At the bottom-end, interest in intergenerational transmission originates from concerns regarding the long-term consequences of childhood poverty, in a context of increasing poverty risks amongst working-age households in many countries. So far, most work has focused on reviewing the mechanisms involved (e.g., Nolan et al., 2011; Van Lancker & Vinck, 2020), with an eye to developing interventions tackling cycles of disadvantage. Empirical research in a European-comparative context has remained limited. Though some have used the ad hoc modules on *intergenerational transmission of disadvantages* embedded in EU-SILC, these studies were mostly limited to exploring cross-national variations in various forms of social mobility (e.g., Causa & Johansson, 2010; Esping-Andersen, 2015) or focused on the mediating role of education (e.g., Bellani & Bia, 2018).

In this paper, I have, first, located the intergenerational transmission of financial disadvantage within the broader literature. The structure of my analyses and choice of macro-level indicators speak to these different theories and mobilities. Preliminary findings showed that (similar to previous research) adolescent financial disadvantage contributes significantly to income poverty risks in adulthood across European countries. I, first, investigated how different

generative processes (intergenerational transmission of family (in)stability, via adolescent financial (dis)advantage or other paths, status attainment from parents to children via education and occupation/employment or other paths) might contribute to this association. In about half of European countries, the intergenerational transmission of financial disadvantage was indeed explained by either close relationships between adolescent poverty and family structure (typically in high-spending welfare states of more social-democratic signature, presumably indicating that deeper or longer experiences with adolescent poverty in these countries are typical for specific household types), or mediated by labour market-related status attainment. Adolescent poverty leads to lower educational attainments (also see Bellani & Bia, 2018), resulting in higher poverty risks later on. An optimistic interpretation of this finding is that there is ample room for education/social policy to improve its' focus on poorer children that currently fall out of more middle-class processes of status attainment. In the remaining countries, the experience of financial disadvantage in adolescence in and of itself seemed to have long-term consequences for current poverty. This is particularly the case in countries where persistence was high to start with: Southern-Europe, several Eastern-European countries, Belgium, Luxembourg, and Ireland.

I, second, contributed by exploring cohort differences, expecting that dynamic inequality-enhancing dualization trends in labour markets and welfare states would result in stronger intergenerational transmission for subsequently younger cohorts. In line with expectations, across European countries, there is evidence of a trend towards higher stratification of current poverty risks with regard to adolescent financial difficulties. In each younger cohort, those who grew up experiencing financial disadvantage became more prone to poverty in adulthood, whilst those from more advantaged backgrounds became (somewhat) less likely to suffer from low income in comparison with their peers. This is particularly the case, again, in Southern Europe. Enhanced intergenerational transmission is, furthermore, for the youngest cohort, making an appearance in some social-democratic welfare states (Netherlands, Denmark, Norway, Iceland), as well as Germany. This is in line with recent cut-backs and increased selectivity. Across Eastern-European countries, characterized by declined social mobility, enhanced segregation, and strong increases in income and wealth inequality, intergenerational transmission also became stronger for younger cohorts (particularly in Bulgaria, Romania, Hungary, Slovakia, Lithuania, and Croatia); in other Eastern-European countries changes over time were more limited. This could perhaps be explained by exceptional economic growth, in combination with legacy-effects of state-socialist redistribution.

Finally, I estimated multilevel models aimed at explaining between-country variations in the intergenerational transmission of financial disadvantage. As long-term macro-level indicators are not available for most countries (and hence cannot be connected to older cohorts), I focused on the younger cohorts in my sample (25 years of age as of 1990). Results indicated that both active (outsider spending) and passive (social exclusion spending) welfare benefits aimed at compensating poorer outsider-households for the income consequences of labour market and welfare state dualization, significantly mitigated both current income poverty risks, as well as the extent of intergenerational transmission. Results from this paper indicate that adequate income and labour market support for those excluded from standard jobs and generous social insurance is key to avoiding both child poverty and its' long-term consequences. These findings are, moreover, in line with recent evidence from the United States, where increased exposure to the Earned Income Tax Credit (EITC) in childhood was found to reduce both poverty and benefit use in adulthood (McInnis et al., 2024, p. 1). As put by these authors: 'economic benefits of policies in one generation may have long-term effects on the next generation'. Conversely, welfare reforms implying reductions in social spending that disproportionately affect 'outsider'-households (intended or unintended) may be costly in the long run, as the intergenerational transmission of financial disadvantage might intensify. How to achieve such a welfare coalition in times of dualization, is a complex question.

In spite of obvious limitations (e.g., indicators referring to a snapshot of experiences in adolescence), I have made the most of the pooled cross-sectional waves of *EU-SILC* probing into the intergenerational transmission of disadvantage. Though recall bias cannot be excluded, research has shown that, regarding adverse childhood experiences, such bias is less problematic when it concerns adversities of a more general, 'easily' defined, nature. False negatives, furthermore, are more common than false positives, leading to an underestimation of actual impacts (Hardt &

Rutter, 2004). Future research using these data could further flesh out comparative and over-time differences in various forms of social mobility. Origin indicators pertaining to family structure, tenure, class (occupation), education, and financial disadvantage pertain to a broad range of countries, certainly in comparison with the limited number of countries for which long-term panel or register data can be analysed/accessed. In this paper, I have, furthermore, not looked at the impact of other factors, such as housing policies, or at differences in intergenerational transmission for respondents with an immigration background. Perhaps these might help to explain high levels of persistence in countries such as Luxembourg and Belgium.

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## CONFLICT OF INTEREST STATEMENT

The authors declare no conflict of interest.

## DATA AVAILABILITY STATEMENT

Data are from EU-SILC and as such can not be provided to other parties. Syntax can be provided upon request for others to replicate.

## ETHICS STATEMENT

ERB Tilburg University (FT. 14 approval letter).

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## ENDNOTES

- <sup>1</sup> EUROSTAT's indicator ILC\_LI02 (downloaded 09/05/2023).
- <sup>2</sup> Modified OECD-scale.
- <sup>3</sup> Statistical controversy regarding the interpretation of coefficients when estimating non-linear models, particularly regarding mediation and interaction, necessitate new practices (e.g., Breen et al., 2018; Mize, 2019). I therefore present Average Marginal Effects, defined as the mean (over observations) of the marginal effects of a variable derived from the model-based predicted probabilities. Results pertain to predicted probabilities of being currently poor. Following Mize (2019), interactions are investigated by visualizing predicted probabilities, marginal effects (ME's), and differences between ME's across categories of the moderator.
- <sup>4</sup> In 2005, in most countries this question was phrased somewhat differently, in terms of the regularity of experiencing financial problems in the parental household. Respondents indicating this regularity as 'often' or 'most of the time' were classified as financially disadvantaged.
- <sup>5</sup>  $p < 0.11$  for the relevant contrast between Cohorts 2 and 3.
- <sup>6</sup> 139,153 respondents belong to a singleton cluster; in Denmark, Finland, Netherlands, Norway, Sweden, and Slovenia, only one individual per household was selected for participation in the ad hoc module.

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## SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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