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## The Distribution of Private Transfers in the United States and France

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# LIS

## Working Paper Series

No. 851

### The Distribution of Private Transfers in the United States and France

Rachel Karen

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# The Distribution of Private Transfers in the United States and France

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## Abstract:

Financial transfers between households provide material and/or symbolic assistance while simultaneously strengthening ties between the givers and the recipients. Prior research has documented much heterogeneity in the prevalence of intergenerational financial transfers and how the size and amounts of such transfers differ across race, ethnicity, and family structure. Yet the need or desire for such financial transfers also depends on the larger institutional environment in which households exist. A comparative study of intergenerational transfers between households in different countries with different welfare states therefore reveals the extent to which public provisions affect private financial transfers between households. In this study I examine the distribution of financial transfers between households in the United States and France using Wave X (2015-2017) harmonized Luxembourg Income Study (LIS) data. Results reveal that there is an unequal distribution of private financial transfers between households across the income distribution and by household characteristics in both countries. Results also provide evidence that public transfers do not “crowd out” private transfers between households and in certain instances significantly augment “income-rich” households. These findings offer a comprehensive view of the distributions of private transfers in the United States and in France and provide a more nuanced understanding of income redistribution in countries with significantly different levels of public support.

## I. INTRODUCTION:

In an era of rising inequality and declining social mobility (Chetty et al. 2014, 2017; Piketty and Saez 2014), the transmission of familial advantage is increasingly important. One theoretically and substantively important dimension of this process is the presence of financial transfers between households –from parents to children, from adults to their parents, or from grandparents to grandchildren. Such intergenerational transfers provide material and/or symbolic assistance while simultaneously strengthening altruistic or reciprocal ties between the givers and the recipients (Olivera Angulo 2011; Cox, Eser, and Jimenez 1998). Prior research has documented patterns of financial help between kin and how such assistance aids those in need (Verdery and Campbell 2019; Halpern-Meehin et al 2015; Harknett 2006). Scholars have also studied the ways in which support differs across race, ethnicity, and family structure (Turney and Kao 2009; Sarkisian and Gerstel 2004) revealing much heterogeneity in the prevalence of intergenerational financial transfers.

Yet the need or desire for such financial transfers also depends on the larger institutional environment in which households exist (Garland 2016; Gottlieb, Pilkauskas, and Garfinkel 2014; Brady et al. 2009). Government policies redistribute resources among citizens through monetary transfers such as social insurance, social assistance, and universal transfers as well as through direct taxes; these institutions form the modern welfare state (Esping-Anderson 1990). Prior research has found differences in transfer behavior across welfare regime types, where transfers are both larger and more frequent in weaker southern European welfare states and less frequent in stronger Nordic welfare states (Albertini et al. 2007). Liberal welfare states, such as the United States, leave markets largely unrestricted and have low levels of welfare generosity: public social spending is around 18.7% of GDP, lower than the OECD average (OECD 2020).

Public spending on cash benefits and on family benefits as a percentage of GDP is also significantly lower in the United States compared to other OECD countries (OECD 2020). These differences suggest that there is more material need for informal financial transfers between households in places such as the United States where there are limited public forms of support.

A comparative study of intergenerational transfers between households in different countries with different welfare states reveals the extent to which public provisions affect private financial transfers between households. In this study I examine the amount of financial transfers between households in the United States and in France using Wave X (2015-2017) harmonized Luxembourg Income Study (LIS) data. France is a useful comparison to the United States given that France has the largest proportion of social welfare expenditures relative to GDP among all the OECD countries and it ranks among the top five countries in terms of public spending on cash benefits relative to GDP (OECD 2020). Examining patterns of financial transfers among households in the United States and France therefore reveals the saliency of public support on such behavior.

Using data from the LIS, I first examine the size of such transfers and the distribution of such transfers within and across these two countries. I then examine how much of the variation in these financial transfers within the United States and France is due to differences in families' socio-demographic characteristics, such as family size, structure, level of education, and income, and how much of the variation in such financial transfers can be attributed to differences in the amount of public expenditures on social programs between the United States and France. Results reveal that there is an unequal distribution of private financial transfers between households across the income distribution and by household characteristics in both countries.

These findings offer a comprehensive view of the distributions of private transfers in the United States and in France and provide a more nuanced understanding of income redistribution in countries with significantly different levels of public support.

## II. BACKGROUND

### *Financial Transfers between Households*

The sharing and transfer of resources among and across families is one form of redistribution. Most norms governing transfers among family are culturally determined, except for cases of child support and alimony payments that are regulated by public institutions. The ability to transfer money across families, of course, is constrained by the material resources that households command, though recent work reveals how individuals and families are increasingly using access to credit to mitigate financial hardship and to provide monetary assistance to family members in need (Pugliese, Bourdais, and Clark 2020). However, lower-income households are less likely to make financial transfers as they have less money with which to do so, while households with more income, wealth, and/or education are associated with higher likelihoods of transferring money (Hurd, Smith, and Zissimopoulos 2007). Furthermore, prior research shows that young adults of parents in the top income quartile receive six times more financial assistance than young adults with parents in the bottom quartile (Wightman, Schoeni, and Robinson 2012).

Prior research has investigated patterns of financial transfers between kin and how such assistance often alleviates material hardship (Verdery and Campbell 2019; Halpern-Meekin et al 2015; Harknett 2006). Lower-income individuals frequently rely on informal cash transfers to help make ends meet (Edin and Shaefer 2015; Gottlieb et al. 2014; Teitler, Reichman, and Nepomnyaschy 2004; Edin and Lein 1997). Middle class households also benefit from cash

transfers between households, as these financial transfers are often used to maintain class status. For example, in a study of middle-class single mothers in Massachusetts, half of the sample had non-wage income ranging from \$2,000 to \$40,000 per year, primarily from inheritance, rental income, and regular financial gift-giving (Hertz and Ferguson 1998). Eliciting and receiving this money was part of a larger strategy by these women to use their class position and networks to maintain their class status by offsetting costs of child rearing.

Scholars have also studied the ways in which support differs across race, ethnicity, and family structure (Turney and Kao 2009; Sarkisian and Gerstel 2004) revealing much heterogeneity in the prevalence of intergenerational financial transfers. African-American and Hispanic households receive significantly fewer transfers than whites (McKernan et al. 2011). Minority immigrant parents also report receiving significantly lower levels of social support, which includes access to cash or a loan from family or friends, compared to native-born white parents (Turney and Kao 2009). Family size also influences the amount of support, as adult children receive less money from their older parents the more siblings they have (Conley 2004). In terms of family structure, research shows that financial transfers are a common source of support for families with young children, and that such transfers can be up to 15% of mother's earnings (Pilkauskas and Alvarado Urbina 2014). Research has also found continuously married parents are more likely to provide support to adult children than single, divorced, or remarried parents (Fomby and Kravitz-Writz 2019; Aquilino 2005). Overall, these prior studies show that money is frequently transferred between and within families and that such transfers are not equitably distributed across households.

### *Institutional Context*

While prior studies show that money is frequently transferred between and within families, there are empirical and theoretical reasons to believe the need or desire for such financial transfers also depends on the larger institutional environment in which households exist (Gottlieb, Pilkauskas, and Garfinkel 2014; Brady et al. 2009). Prior research has found differences in transfer behavior across welfare regime types, where transfers are both larger and more frequent in southern European states and less frequent in Nordic welfare states (Albertini et al. 2007). Welfare generosity lessens likelihood of poverty, net of individual characteristics and structural context (Brady et al 2009). This suggests that private financial transfers to poorer households are less likely to occur in places with generous welfare states.

The United States is frequently seen as a welfare state laggard (Quadagno and Street 2006) given the restricted range of social protections and services compared to other Western democratic nations. The United States is the only rich country without universal health care. The United States also lacks a comprehensive income support system for families and social programs in the United States are means-tested. The central US cash safety net program, Temporary Assistance for Needy Families (TANF), imposes work requirements, sanctions for noncompliance, and lifetime time limits for recipients of welfare (Bitler and Hoynes 2010). There was also a dramatic expansion of “in work” aid for low-income families through the tax-based Earned Income Tax Credit (EITC). Other cash transfer programs include the Supplemental Nutrition Assistance Program (SNAP) which provides food assistance, and the Supplemental Security Income program which primarily serves poor elderly and disabled adults. American families who are unable to maintain sufficient incomes through work commonly



access various combinations of these means-tested benefits. Families might also cycle in and out of these programs as circumstances change.

Against this background of low levels of public support, it is important to investigate patterns of private transfers in the United States. Yet it is also helpful to have a comparison case to better understand the United States in relation to other rich, Western democracies with different structures of public support. A comparative study of intergenerational transfers between households in different countries with different welfare states reveals the extent to which public provisions affect private financial transfers between households.

France is a useful comparison to the United States given that France has the largest proportion of social welfare expenditures relative to GDP among all the OECD countries and it ranks among the top five countries in terms of public spending on cash benefits relative to GDP (OECD 2020). France has a more robust welfare state than the United States, including various universal state interventions, most notably universal health coverage. The French Social Security system is comprehensive and includes health, maternity, paternity, disability, and death insurance, along with government pension contributions, family allowances, and unemployment benefits. The closest equivalent to TANF is the *Revenu de solidarité active* (RFA) which is available to individuals who are at least 25 years old or at least 18 if they are a single parent. Unlike TANF, the RFA does not require recipients to be taking care of children.

These differences in the design of welfare state policies between the United States and France suggest that there is less need for informal financial transfers between French households. This leads to the following hypotheses:

- 1) The frequency of inter-household financial transfers will be significantly higher in United States than in France.

- 2) The amount, or value, of such inter-household financial transfers will be significantly higher in the United States than in France.
- 3) Receipt of inter-household financial transfers will be significantly associated with markers of disadvantage such as low income and single-parent status.

In sum, the purpose of this study is to offer a comprehensive view of the distributions of private financial transfers in the United States and in France. The benefit of this comparison is to understand whether and to what extent differences in state support and income inequality result in differences in the distribution of private transfers between households in these two countries. A comparison between the United States and France allows us to further contextualize the distribution of these private transfers between households in two countries with different legal norms and public provisions, which affect broader norms of financial and caring obligations within and between families.

#### IV. DATA, MEASURES, & METHODS:

##### Data:

Data for this study comes from the Luxembourg Income Study (LIS). The LIS is comprised of harmonized household and individual income microdata for fifty countries, including the United States and France. The LIS is a commonly used data set in comparative mobility studies (Weisstanner and Armingeon 2020; Huber and Stephens 2014; Brady, Fullerton, and Moren 2009; Mahler and Jesuit 2006; Moller et al. 2003). Data for this study comes from Wave X, which is the most recent wave of available harmonized data from France. The U.S. data in Wave X comes from the 2015, 2016, and 2017 Current Population Surveys conducted by

the U.S. Census Bureau. The French data comes from the 2015, 2016, and 2017 Tax and Social Incomes Survey run by the National Institute of Statistics and Economic Studies. Data was pooled for analyses.

The LIS data includes both household and individual level information. The household and individual files were merged to obtain socio-demographic characteristics of the household head. However, all analyses were conducted at the household level because the key independent variable of interest - inter-household transfers - is only measured at the household level.

Descriptive statistics of the Wave X LIS data for the United States and France are presented below in Table 1. The pooled sample for the United States contains 205,368 households and the French sample contains 154,993 households. Individual-level statistics provided are for the household head.

[Table 1 here]

#### Measures:

The key outcomes of interest in this study are the frequency and amount of inter-household transfers. *Inter-household transfers* represent the amount of money the household reports receiving from another private household, excluding child support, alimony, and remittances. All amounts were converted to 2017 USD using the Consumer Price Index (CPI) and Purchasing Power Parities (PPP). In addition, a dummy indicator was created to indicate receipt of a transfer (1=received transfer). Table 1 shows that across 2015 to 2017, 1.9% of households (N=3544) in the United States and 4.2% of households in France report receiving a transfer. The average amount received in the United States between 2015 and 2017 is \$8,466 USD with a standard deviation of \$13,637. The median amount is \$3,736 USD. In France, the

average amount received from 2015 to 2017 is \$4,197 USD with a standard deviation of \$14,472. The median amount is \$1,197 USD.

This study examines how the frequency and amount of interhousehold transfers differ across the income distribution in the United States and France. *Disposable household income* represents the total amount of household income after income taxes and social security contributions (disposable household income = total household income – taxes and social security). The LIS calculates total household income as a summation of labor income, capital income, pensions, public social benefits, and private transfers. Inter-household transfers were therefore deducted from this measure of disposable household income to avoid endogeneity in the analyses. This variable of disposable household income was used to create quintiles to understand the distribution of private transfers across the income distribution in each country. All amounts were converted to 2017 USD using the CPIs and PPPs.

Various dummy indicators were created to capture key demographic characteristics about the size and composition of the household. A dummy indicator was created to indicate households containing children (1= one or more persons age 17 years or younger present in the household) and another dummy indicator for households containing elderly individuals (1= one or more persons age 65 years or older present in the household). Two other dummy indicators were created to capture the marital status of the head of the household (1= married) and whether the head of the household is a single parent (1 = single parent). A final dummy variable indicates whether or not the dwelling in which the household resides is owned (1= owned) versus rented.

Additional socio-demographic characteristics of the household head were obtained by merging the household and individual files. These characteristics include the age, gender,

immigrant status (1=immigrant), employment status (1=employed), level of education, and race/ethnicity of the household head. The level of education reflects standardization across the LIS data: 1 = less than upper secondary education completed, 2 = upper secondary education completed, 3 = tertiary education completed. Racial identification is only available for the United States data<sup>1</sup> and was recoded to the categories of White, Black, Asian, and Other. A dummy variable was also created to indicate Hispanic ethnicity for the U.S. sample (1=Hispanic).

#### Methods:

There are three primary analytic aims of this study. The first is to establish both the size of private cash transfers between households and the distribution of such transfers within and across the United States and France. The second aim is to determine how much of the variation in these inter-household transfers is due to differences in families' characteristics, such as household income, family structure, and socio-demographic statuses of the household head. The third aim is to establish whether and to what extent differences in state support between the U.S. and France result in different distributions of private transfers between households.

To establish the size and the distribution of such transfers within and across the United States and France, I first generate descriptive statistics for the measures of inter-household transfers and disposable household income in each country. I then conducted bivariate analyses on the measures of inter-household transfers and key predictors. Difference of proportions tests and difference in means tests suggest that there are significant differences in both the proportion of respondents who received a transfer, and the average amount of such transfer, across all key

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<sup>1</sup> Racial identification is not collected in official French surveys because The French Constitution declares that the French Republic recognizes equal citizens "without distinction of origin, race or religion." It is therefore illegal for both private and public institutions in France to request information on racial and ethnic categories (Leonard 2014).

predictors. Fixed effects logistic regression models are used to predict the likelihood of receiving a transfer (1= received transfer) across the income distribution by household and household head socio-demographic characteristics. OLS regression models are used to predict the average amount of each transfer, among the sub-sample of respondents who do receive a financial transfer, across the income distribution by socio-demographic characteristics.

## V. RESULTS:

Private inter-household transfers are inequitably distributed in both France and the United States. Tables 2 and 3 present results from the fixed-effect logistic regression models and indicate that the likelihood of receiving a private inter-household cash transfer differs significantly across the income distributions in the United States and France and it is correlated with the composition of the household and socio-demographic markers of the household head in both countries. The unstandardized logistic coefficients for each model are presented along with the odds ratios. A significant odds ratio with a value above 1 indicates that the independent variable increases the odds of receiving an inter-household cash transfer, and an odds ratio less than 1 indicates a decrease in these odds. Subtracting 1 from the ratio and multiplying by 100 gives the percent change in the odds of receiving a private cash transfer.

In the United States, households with incomes in the bottom 40<sup>th</sup> percentiles are significantly more likely to report receiving a private transfer than households at the middle of the income distribution. Results displayed in Table 2 reveal that the odds ratio for the 2<sup>nd</sup> quintile, 1.54, indicates that having income in this quintile is associated with a  $(1.54-1=.54)$  54% increase in the odds of receiving a financial transfer compared to those with income in the 3<sup>rd</sup> quintile. The odds ratio for the 1<sup>st</sup> quintile, 4.06, indicates that having income in this quintile is

associated with a 306% increase in the odds of receiving a financial transfer compared to those with income in the 3<sup>rd</sup> quintile. Lower-income households in the United States are therefore significantly more likely to report receiving a cash transfer from another household than middle-income households.

Results from Model 1 also show that households with incomes in the top 40<sup>th</sup> percentiles are significantly less likely to report receiving a private transfer than households at the middle of the income distribution. The odds ratio for the 4<sup>th</sup> quintile indicates that households having income in this quintile is associated with a 33% decrease in the odds of receiving a financial transfer, compared to households in the middle quintile. The top 20% of households are 35% less likely to receive a financial transfer. As household income increases and households move up in the income distribution, they are increasingly less likely to report receiving a private transfer. In this bivariate model, private transfers are significantly more common among low-income households in the United States, suggesting that such transfers are going to households in need and providing additional financial assistance given low levels of public support.

[Table 2 here]

Not only are private transfers inequitably distributed across the household income distribution in the United States, but such transfers are also inequitably distributed across socio-demographic groups. In terms of household composition, households with children are significantly less likely to receive a private transfer than households without children, controlling for income and other socio-demographic characteristics. This is interesting as households with children would seem to have more need for such a transfer, since the presence of children puts additional strain on family resources. Single parents, however, are significantly more likely to

report receiving a private transfer than non-single parents. Married household heads are significantly less likely to report receiving a private transfer than non-married household heads.

Age is significantly negatively correlated with the likelihood of receiving a private transfer: each additional year of age is associated with a 4% decrease in the likelihood of receiving a financial transfer. Female heads of household are significantly more likely to report receiving a private transfer than male heads of household. Immigrants are significantly more likely to report receiving a private transfer than non-immigrants. These statuses (young, female, single parent, immigrant) are all correlated with lower incomes, and thus markers of lower status in the United States. At the same time, however, results also indicate that some markers of higher status are correlated with significantly higher likelihood of receiving a private transfer. White respondents are significantly more likely to report receiving a transfer than Black or Hispanic respondents, even when controlling for household income. Respondents who completed secondary education and tertiary education are also significantly more likely to report receiving a private transfer compared to those who did not complete a secondary education. It is noteworthy that the tertiary education completers were almost twice as likely as secondary education completers to receive these transfers.

In sum, there is an unequal distribution of private transfers across the household income distribution in the United States. Such transfers are more common among households at the bottom of the income distribution relative to the middle and the top. Furthermore, the likelihood of receiving a private transfer is also correlated with various socio-demographic markers of status when controlling for income, providing a more nuanced understanding of the degree to which these transfers are mitigating or exacerbating inequality in the United States. Indeed, despite the straightforward interpretation that families recognize that lower-income households



are needier and therefore transfer monies to them, the multivariate analyses are suggestive of more complicated patterns as they relate to age and class structure.

Private transfers are also unequally distributed across the income distribution in France. Results presented in Table 3 reveal French households with incomes in the bottom 20<sup>th</sup> percentiles are significantly more likely to report receiving a private transfer than households at the middle of the income distribution, similar to the situation of their American counterparts. Despite having a more robust welfare state than the United States, private household transfers are still concentrated among the lowest income earners in France. Yet unlike in the United States, French households with incomes in the top 20<sup>th</sup> percentiles are also significantly more likely to report receiving a private transfer than households at the middle of the income distribution. This results in a U-shape pattern in France, as households at the tails of the French income distribution are more likely to receive private transfers than those at the middle of the distribution. This U-shaped pattern holds when controlling for household and household head sociodemographic characteristics.

[Table 3 here]

Not only are private transfers inequitably distributed across the French income distribution, but these transfers are also inequitably distributed across socio-demographic statuses. French households with older individuals are significantly less likely than households with younger members to report receiving a private transfer, while French households with children are significantly more likely than households without children to report receiving a private transfer. As was the case in the United States, single parents are significantly more likely to report receiving a transfer than non-single parents. Age is significantly negatively correlated

with the likelihood of receiving a private transfer: each additional year of age is associated with a 1% decrease in the likelihood of receiving a financial transfer. Women are significantly more likely to report receiving a transfer than men.

Results also indicate that some markers of higher status are correlated with significantly higher likelihoods of receiving a private transfer in France. Immigrants are significantly less likely to report receiving a transfer than native French citizens. Similar to the United States, French household heads with higher levels of education (secondary and tertiary degrees) are also significantly more likely to report receiving a private transfer than household heads without a secondary degree, controlling for household income and other sociodemographic characteristics. Those who are employed are significantly more likely to report receiving a transfer than those who are not employed.

In sum, results indicate that there is an unequal distribution of private transfers across the household income distribution in France. Despite a more robust welfare state aimed at assisting the lowest income earners, private transfers between households are more common among households at the bottom of the French income distribution relative to the middle. Private transfers are also more common among households at the top of the income distribution relative to the middle. This pattern holds when controlling for household and household head sociodemographic characteristics. Furthermore, the likelihood of receiving a private transfer is also correlated with various socio-demographic markers of status when controlling for income. In both the United States and France, results from logistic regression models provide a more nuanced understanding of the degree to which private transfers between households are mitigating or exacerbating inequality.

Thus far, results indicate that households in the bottom of the income distributions in the United States and France are significantly more likely to report receiving a private transfer compared to households across the rest of the income distribution. Yet there are significant differences in the average *amount* of private transfers received by households in the United States and France, and such differences often favor already advantaged groups. This has implications for whether and to what extent these private transfers are mitigating or exacerbating inequality. Results from OLS regression models are presented in Table 4.

[Table 4 here]

Among transfer recipients in the United States, households in the upper end of the income distribution receive significantly more money, on average, than households across the rest of the income distribution in the United States. American households in the top 20% receive, on average, over \$4,000 more than households in the rest of the income distribution. Results for France reveal a U -shape pattern in which households in the bottom 20% and the top 20% receive significantly more money, on average, than households in the middle of the French income distribution. Despite being top earners in their respective countries, households in the top 20% of the income distribution in the United States and France are receiving additional financial resources which augments their privileged positions.

Results from these models reveal other ways in which private transfers between households are exacerbating inequality. In the United States and France, not only are secondary and tertiary degree holders more likely to receive a private transfer, but they are also of significantly larger amounts. In the United States, the average transfer amount for Black and Hispanic respondents is significantly lower than for white respondents. In both the United States and France, the average size of transfers received by households with children is significantly

smaller than the money received by households without children. Single parents in France receive significantly smaller transfers as well.

Yet results also reveal a few ways in which such transfers are mitigating inequality, particularly in France. French households in the bottom 20% of the income distribution are significantly more likely to receive a cash transfer from another household and these transfers are, on average, of significantly larger amounts. Female heads of household and older French households also receive significantly larger cash transfers. In the United States, average transfers received by immigrant- and Asian-headed households are of significantly larger amounts. These significant differences in the amount of private cash transfers complicate understandings of the effect of such transfers on broader levels of inequality and challenge the assumption that such transfers are only concentrated among disadvantaged households to help alleviate hardship in the absence of greater public forms of assistance.

## VI. DISCUSSION

Intergenerational transfers, or money that is transferred between households, occur in both the United States and France across the income distribution. These transfers, however, are unequally distributed in both countries. In the United States, private financial transfers are more common at the lower end of the income distribution and significantly less likely to occur as households move up in the income distribution. In France, private financial transfers between households are more common at the tails of the income distribution than in the middle. Furthermore, such transfers are also inequitably distributed in both countries even after controlling for income.

Although intergenerational transfers are less common at the upper end of the income distribution in the United States, when they occur, they are of significantly larger amounts. These transfers are not necessarily due to material necessity but could instead represent efforts to secure and maintain middle-, upper-middle-, or upper-class existence. Larger transfers could also be a mechanism through which households pass on inheritances. It is also possible that higher-income households do not recognize smaller transfers for being continued financial assistance to report on a survey. In other words, top income earners might not be “counting” smaller amounts of money, even if they do receive such financial transfers from other private households.

Despite the relative generosity of the French welfare state vis-à-vis the United States, French households at the lower end of the income distribution are still common recipients of private financial transfers. This is consistent with the idea that such transfers are part of the income “package” (Rainwater and Smeeding 2003) helping households make ends meet irrespective of public levels of support. Lower income households in both countries might also be more acutely aware of such transfers and the frequency with which they receive such help, and more willing to report these amounts on surveys.

These empirical observations have important theoretical implications. Results indicate that private transfers are just as common and as large in the United States as in France. This challenges the theory that welfare state expenditures will “crowd out” private investments between households (Brennan and Pincus 1983; Lampman and Smeeding 1983; Cox et al 1998; Schoeni 2002; Reil-Held 2005). In France, a country with the highest levels of public social spending relative to GDP, they do not. Instead, these findings are consistent with a “crowding in” framework which suggests that public transfers like pensions, a key component of the

welfare state, transfer resources from younger generations to older generations, yet doing so contributes to the likelihood that older generations can subsequently transfer resources back to younger generations (Attias-Donfut and Ogg 2005).

Results from this study also encourage further inquiry into theories about the role of the welfare state in flattening market inequality and in the successful redistribution of income. French households in top 20% of the French income distribution are significantly more likely to receive such transfers, and these transfers are of significantly larger amounts. In the United States, households in the top 20% also receive significantly larger transfers, on average, than households across the rest of the income distribution. In both countries, such transfers are augmenting these households' privileged positions by adding additional financial resources to households that are, in relative terms, already "income-rich."

### *Limitations*

It is important to note two key limitations of this study. The first is that these results are from cross-sectional data. While the data can be used to descriptively report the frequency and amount of such transfers in each country, the data cannot tell us from whom the transfer is from, the reasons why people and households are receiving these transfers, and what households then use the transfers for. If we wanted to understand the reasons why such transfers are occurring or even how recipients spend the money, in future studies we would need to design survey questions or elicit those responses through interviews to understand the meaning and utility behind such transfers. Furthermore, given that private transfers are typically poorly captured in many household surveys, these findings should not be read as a full accounting of the distribution of such transfers in either country.

The second limitation with this data is that individual country-level surveys, despite being harmonized into the Luxembourg Income Study database, are vulnerable to crucial measurement differences at the country level. The key dependent variable of interest is inter-household transfers, which represents the amount of money households report receiving from another private household. Further inspection of this key dependent variable of interest reveals a difference in measurement between the United States and France with implications for results. The harmonized private inter-household cash transfer variable in the LIS database, *hi52*, also includes two sub-components: alimony and child support (*hi521*) and remittances (*hi522*), should those values exist in the original country survey. For the harmonized U.S. data, the values of alimony, child support, and remittances are subtracted out to establish the distribution of the remaining amounts of cash transfers between households. With the French data from the Tax and Social Incomes Survey, this subtraction is not possible. This means that we cannot assume for the French sample that observed financial transfers between households were not alimony, child support, or remittances like we can do with the American sample. In future study designs, we would want to ask question(s) about receiving a financial transfer from another household in the same way in both countries and have separate questions about child support, alimony, and remittances in order to isolate the distribution of cash transfers between households.

## VII. CONCLUSION

In conclusion, there is significant variability in the frequency and amount of private cash transfers between households in the United States and France. By comparing the distributions of private cash transfers between households within each country and between, this study provides evidence that financial transfers between households do not simply “disappear” with a more

established welfare state aimed at supporting low wage earners. Instead, low-income households in both countries are significantly more likely than their middle-income counterparts to receive financial transfers. However, high-income households receive significantly larger transfers, on average, than those going to lower-income households in both countries. Not only do these transfers therefore augment these high-income households' privileged positions, this finding lends support to the notion that such transfers are not due to material necessity but instead there is an important *symbolic* dimension to these exchanges that should be further researched.

These findings also motivate further inquiry into how such transfers are received, and spent, by the household. Cultural sociologists argue that money carries social meaning that shapes its use, and research in sociology and behavioral economics suggests that money is “earmarked” differently depending on the mode through which such money is received (Sykes et al. 2015; Zelizer 1997; Thaler 1990). Given the unequal distribution of private transfers across the income distribution, and different cultural conceptions of financial transfers, it would be valuable to explore how families conceptualize private financial transfers and the implications of these conceptions on how the money is spent. Furthermore, another important consideration is exploring whether and to what extent the spending (or investment) of this money has implications for inequality. A more detailed analysis of both the financial resources of households and of household expenditures will therefore provide a better accounting of the effects of public and private transfers on households' material and social well-being.



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TABLES

Table 1. Descriptive statistics of harmonized household-level LIS data for France and the United States, 2015-2017

Variable	France	United States
Received a private cash transfer	4.2%	1.9%
<i>Household Composition</i>		
Households with members 65 years or older	34.9%	26.7%
Households with children 17 years or younger	27.1%	38.3%
Household head is married	48.5%	52.3%
Single-parent headed household	9.1%	12.4%
Owns housing	10.9%	64.6%
<i>Socio-Demographics of Household Head</i>		
Mean age	56.0	50.4
Female	28.3%	49.9%
Immigrant	13.7%	17.4%
Race <sup>†</sup>		
White	---	76.9%
Black		13.8%
Asian		5.5%
Other		3.8%
Hispanic <sup>†</sup>		16.0%
Tertiary degree holders	26.2%	43.7%
Employed	50.0%	63.9%
Total number of sampled households	154,993	205,368

<sup>†</sup> France does not collect official statistics on race or ethnicity.

Source: Luxembourg Income Study Database and author's calculations

Table 2. Results of logistic regression model predicting receipt of transfer, United States 2015-2017 (Wave X).

Variables	Model 1			Model 2		
	<u>B</u>	<u>SE</u>	<u>OR</u>	<u>B</u>	<u>SE</u>	<u>OR</u>
<i>Income quintiles</i> <sup>a</sup>						
1 <sup>st</sup> quintile (bottom 20%)	1.40***	0.05	4.06	1.05***	0.06	2.86
2 <sup>nd</sup> quintile	0.43***	0.06	1.54	0.26***		1.30
4 <sup>th</sup> quintile	-0.41***	0.07	0.67	-0.20**		0.82
5 <sup>th</sup> quintile (top 20%)	-0.43***	0.07	0.65	-0.04		0.96
HH with members 65+				-0.09	0.07	0.92
HH with children				-0.31***	0.05	0.73
Married				-0.61***	0.05	0.54
Single parent				0.15**	0.06	1.16
Owens home				-0.51***	0.04	0.60
Age				-0.05***	0.00	0.96
Female				0.15***	0.04	1.17
Immigrant				0.27***	0.05	1.31
<i>Education</i> <sup>b</sup>						
Secondary education				0.24***	0.06	1.27
Tertiary education				0.40***	0.06	1.49
Employed				-0.86***	0.04	0.42
<i>Race</i> <sup>c</sup>						
Black				-0.49***	0.05	0.61
Asian				0.16*	0.07	1.17
Other				-0.18	0.08	0.83
Hispanic				-0.32***	0.05	0.73
Constant	-4.47***	0.05	0.01	-1.56***	0.10	0.21
Observations	205,368			205,368		
Pseudo R-squared	0.053			0.139		

\*p<0.05, \*\*p<0.01, \*\*\*p<0.001

<sup>a</sup> Reference group is households with income in the 40<sup>th</sup>-60<sup>th</sup> percentiles.

<sup>b</sup> Reference group is those with less than a secondary degree.

<sup>c</sup> Reference group is non-Hispanic whites.

Table 3. Results of logistic regression model predicting receipt of transfer, France 2015-2017 (Wave X).

Variables	Model 1			Model 2		
	<u>B</u>	<u>SE</u>	<u>OR</u>	<u>B</u>	<u>SE</u>	<u>OR</u>
<i>Income quintiles<sup>a</sup></i>						
1 <sup>st</sup> quintile (bottom 20%)	0.47***	0.04	1.60	0.47***	0.05	1.60
2 <sup>nd</sup> quintile	0.16***	0.04	1.17	-0.12*	0.05	0.89
4 <sup>th</sup> quintile	-0.06	0.04	0.95	0.20***	0.05	1.22
5 <sup>th</sup> quintile (top 20%)	0.12**	0.04	1.13	0.52***	0.05	1.69
HH with members 65+				-0.50***	0.06	0.61
HH with children				0.57***	0.04	1.77
Married				-0.06	0.04	0.94
Single parent				1.61***	0.04	5.01
Owens home				-0.03	0.05	0.97
Age				-0.01***	0.00	0.99
Female				0.91***	0.04	2.48
Immigrant				-0.39***	0.04	0.68
<i>Education<sup>b</sup></i>						
Secondary education				0.26***	0.04	1.29
Tertiary education				0.29***	0.04	1.33
Employed				0.30***	0.04	1.36
Constant	-3.29***	0.03	0.04	-4.06***	0.09	0.02
Observations	154,993			154,319		
Pseudo R-squared	0.004			0.176		

\*p<0.05, \*\*p<0.01, \*\*\*p<0.001

<sup>a</sup> Reference group is households with income in the 40<sup>th</sup>-60<sup>th</sup> percentiles.

<sup>b</sup> Reference group is those with less than a secondary degree.

Table 4. Results of OLS regression model predicting the average transfer amount in France and the United States, 2015-2017

Variables	United States		France	
	(1)	(2)	(1)	(2)
<i>Income quintiles<sup>a</sup></i>				
1 <sup>st</sup> quintile (bottom 20%)	-52.05 (859.08)	-1436.33 (884.12)	860.27*** (159.96)	619.44*** (173.48)
2 <sup>nd</sup> quintile	-1528.39 (989.59)	-2095.90* (959.74)	-520.18** (170.38)	-267.71 (167.33)
4 <sup>th</sup> quintile	801.88 (1211.43)	738.53 (1172.21)	-189.96 (179.11)	-96.77 (177.91)
5 <sup>th</sup> quintile (top 20%)	4363.12*** (1219.75)	3934.34*** (1188.87)	978.51*** (171.63)	586.70** (185.77)
HH with members 65+		-1331.02 (1134.86)		679.64** (240.21)
HH with children		-3184.70*** (778.79)		-695.31*** (120.79)
Married		663.21 (773.01)		425.15** (139.02)
Single parent		1573.09 (910.76)		-1084.95*** (175.71)
Age		-125.73*** (22.91)		31.10*** (5.35)
Female		-17.86 (579.01)		1493.05*** (185.63)
Immigrant		2309.79** (803.85)		-5.14 (166.45)
Owns home		-109.08 (641.04)		479.76** (179.45)
<i>Education<sup>b</sup></i>				
Secondary education		3030.48*** (911.92)		770.15*** (140.03)
Tertiary education		4770.92*** (966.48)		2315.78*** (151.45)
Employed		-4214.94*** (605.15)		55.14 (135.44)
<i>Race<sup>c†</sup></i>				
Black		-3448.44*** (792.39)		---
Asian		6788.38*** (1122.14)		
Other		-828.56		

		(1265.28)		
Hispanic <sup>†</sup>		-2732.95**		---
		(809.92)		
Constant	9,028.46***	14328.55**	4118.86***	1381.63***
	(766.91)	(1541.19)	(124.93)	(333.02)
Observations	3,615	3,615	6,491	6,455
R-squared	0.007	0.090	0.020	0.111

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Standard errors in parentheses

\*p<0.05, \*\*p<0.01, \*\*\*p<0.001

<sup>a</sup> Reference group is households with income in the 40<sup>th</sup>-60<sup>th</sup> percentiles.

<sup>b</sup> Reference group is those with less than a secondary degree.

<sup>c</sup> Reference group is non-Hispanic whites.

<sup>†</sup> France does not collect official statistics on race or ethnicity.