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Bridging generations: Intergenerational transfers and time use in a changing world

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Abstract
This Special Issue brings together nine papers that examine how families allocate time and money across generations. Spanning aging societies in East Asia to informal settlements in the Pacific, the contributions employ diverse methodological approaches, from natural experiments and policy variation to administrative data linkage and cross-generational panel surveys. The findings converge on a central insight: intergenerational transfers of time and money are not merely cultural practices, but systematic responses to changing economic environments and institutional frameworks. Family decisions are critical to the provision of long-term care, investment in children's human capital, and the transmission of preferences, opportunities, and well-being across generations. Together, these studies highlight the importance of household economics for understanding and addressing the policy challenges of demographic transition, rising care demands, and the complex interplay between family resources and intergenerational outcomes.

Keywords Intergenerational transfers · Long-term care · Fertility · Investment in children · Intergenerational transmission

JEL codes D13 · D64 · I14 · J13 · J14 · J22

1 Introduction

Economists have long sought to understand how families allocate their limited resources of time and money across members of society. Foundational theories by Mincer (1962) and Becker (1965) established the household as a unit of decision-

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making shaped by time and income constraints. Becker (1974) subsequently incorporated altruism into household models, while Leibowitz (1974) provided the first econometric study of how parents invest time and money in their children's human capital.

Building on these foundations, economists developed sophisticated strategies to distinguish altruistic from exchange-based transfers (Altonji et al., 1997; Cox, 1987) and introduced theories of strategic bequests where parents use inheritance promises to elicit care (Bernheim et al., 1985). In parallel, research on human capital investments expanded, with Schultz (1981) emphasizing the importance of education and health investments in the context of development and Heckman (2006) demonstrating the critical importance of early childhood investments for skill formation in industrialized societies.

A growing literature has also examined the persistence of outcomes across generations. Seminal contributions by Solon (1992) and Black & Devereux (2011) documented intergenerational mobility in income and related outcomes, while Bowles & Gintis (2002) argued that personality and behavioural traits play important roles in intergenerational transmission. Taking a broader macroeconomic perspective and drawing on early works by Kuznets (1973) and Barro & Becker (1989), Doepke & Tertilt (2016) illustrate how family structure, fertility, and investment decisions interact to shape long-term economic outcomes.

Yet despite this substantial body of research—including work that has earned Nobel Prize recognition for Kuznets, Schultz, Becker, and Heckman—work on household economics continues to be scattered across multiple fields of economics rather than recognized as a coherent field in its own right. This disciplinary neglect persists even as demographic change makes the need for understanding family transfers and time use more urgent.

As fertility declines and populations age, families are increasingly expected to shoulder responsibility for both childcare and long-term care of the sick and elderly, making family decisions central to how societies organize support, insure against risk, and help manage demographic transitions. Recent research reflects this renewed practical importance, positioning the family as a key economic institution whose decisions interact closely with public policy. This dynamic is reflected in studies exploring the two-way relationship between family behavior and policy design in areas ranging from long-term care (e.g., Barczyk & Kredler, 2018; Mommaerts, 2025) to disability insurance and childcare provision (e.g., Ho, 2019; Ho & Pavoni, 2020), while other work examines how evolving parenting norms and social comparisons influence policy concerns about demographic challenges (e.g., Mahler et al., n.d.). Together, these developments highlight that understanding contemporary demographic pressures requires recognizing the complex interdependence between household economics, intergenerational support systems, and public policy design.

This Special Issue brings together nine papers that contribute to these important questions. The studies span diverse country contexts and methodological approaches but converge on a common theme: families serve as a central institution responsible for economic adaptation amid shifting demographic and policy landscapes. Whether through informal caregiving, transfers of wealth, the transmission of norms and preferences, or investments in children, these papers illuminate the evolving role of the family in shaping economic outcomes. The issue is organized into three thematic sections: intergenerational transfers and caregiving, intergenerational transmission, and time investment in children.

2 Intergenerational transfers and caregiving

Kathleen McGarry's "The Family and Long-Term Care" offers a timely and policy-relevant overview of how families respond to growing eldercare demands in aging societies. Drawing on evidence from ten high-income countries, including the United States, Germany, Japan, and the Netherlands, McGarry shows that families continue to play a central role in providing long-term care, particularly for tasks that are time-intensive or difficult to outsource, even in settings with extensive public provision. A major contribution of the paper lies in its careful treatment of the "hidden" costs of informal caregiving, costs that extend beyond forgone wages to include lost leisure, reduced well-being, and foregone career advancement. McGarry reviews prevailing valuation methods, such as replacement and opportunity cost approaches, and highlights the difficulty of capturing these burdens given limited and inconsistent data. She also underscores the toll on caregivers' physical and mental health, which is often underappreciated in economic and policy frameworks. The paper illuminates how formal and informal systems intersect: as state support expands, families may reduce their overall hours of care but are still left with the most demanding and least substitutable responsibilities. In closing, McGarry outlines a forward-looking research agenda, calling for richer data, more reliable valuation tools, and a better understanding of how care needs are expected to evolve under demographic and institutional change. Her discussion spans the implications of low fertility, the uncertain future of care-related technologies, and the varied ways in which different societies balance responsibility between states, markets, and families. By reframing family caregiving as a structural feature of care systems rather than a fallback, the paper urges economists and policymakers to rethink how care is organized, measured, and valued.

Building on the crucial role families play in long-term care, Jaqueline Oliveira and Amanda Kerr examine how older Chinese adults cope with sudden and severe health impairments in "It Takes a Village: Health and Old-Age Support in China." Using longitudinal data from the nationally representative China Health and Retirement Longitudinal Study (CHARLS), they identify significant health shocks through new difficulties in activities of daily living (ADLs) and analyse resulting changes in financial transfers and caregiving support. Their findings show that adult children respond to health declines by increasing both monetary and time inputs, while extended family and friends often step in with financial assistance. Notably, following health shocks, financial support from siblings and other relatives outside the immediate family increases even more than that from children. Spouses also play a key role in supplying intensive, hands-on care. Despite sharp drops in labour supply and earned income among the affected elderly, overall non-medical expenditures remain stable, pointing to the ability of informal networks to buffer consumption losses. These findings highlight the enduring salience of broader kinship and social ties in a society facing shrinking family sizes and evolving norms of filial piety. Oliveira and Kerr's study underscores that managing old-age health shocks is a shared responsibility distributed across a wide village of kin and community, with implications for how aging societies can strengthen support systems beyond the immediate family.

Retirement, a key life event, can also shape the behaviour of the next generation by affecting the availability of grandparental childcare, a crucial buffer against the time and financial costs of raising children, and thus an important factor affecting fertility (Ho, 2015). In “Parental Retirement and Fertility Decisions across Family Policy Regimes,” Edoardo Frattola uses longitudinal data from the Survey of Health, Ageing and Retirement in Europe (SHARE) across 11 countries to examine whether the retirement of older parents affects the fertility behaviour of their adult children. Exploiting pension eligibility thresholds in a regression discontinuity design, Frattola finds that parental retirement leads to a sizable increase in the likelihood of childbirth, but only in Mediterranean countries where public support for families is limited and reliance on kin is high. In these contexts, informal childcare provided by newly retired grandparents reduces the opportunity costs of having children and facilitates earlier fertility. No comparable effect is observed in Continental or Nordic countries, where more generous formal childcare systems reduce the need for grandparental support. The estimated effect in Southern Europe is economically meaningful: a 5.6 percentage point increase in childbirth within two years of parental retirement eligibility. The findings suggest that policies that delay retirement may have unintended consequences for fertility, particularly in countries that rely heavily on informal caregiving. More broadly, the study highlights how the interaction between formal policy regimes and intergenerational family structures shapes demographic outcomes, and it raises important questions about how to reform pension and childcare policies in the face of aging populations and low birth rates.

3 Intergenerational transmission

This cluster of papers investigates how traits, preferences, and experiences are transmitted from one generation to the next. In “Exposure to the One-Child Policy and Fertility among Chinese Immigrants to the US,” Siyuan Lin, Laura Argys, and Susan Averett examine how restrictive fertility policies can leave lasting marks on reproductive behaviour, even long after individuals have exited the institutional setting that imposed them. Using American Community Survey (ACS) data from 2010–2020, the authors study completed fertility among first-generation Chinese immigrant women aged 35 to 45 who migrated to the United States before age 30. By exploiting variation in these women’s duration of exposure to China’s One-Child Policy (OCP) and comparing them to other Asian immigrant groups not subject to similar restrictions, the paper isolates the enduring influence of OCP exposure on fertility. The results show that longer exposure to the OCP is associated with significantly lower fertility compared to women who were not exposed to the OCP. This effect persists even when controlling for natal family size, highlighting that the mechanism operates not only through smaller family size but also through lasting shifts in preferences and norms instilled by the policy environment. These findings underscore the deep imprint of institutional constraints on demographic behaviour and the intergenerational transmission of family size ideals, raising broader questions about the reversibility of policy-induced cultural norms and their role in shaping long-run fertility trends.

Flavia Coda Moscarola, Daniela Del Boca, and Giovanna Paladino shed light on the mechanisms behind intergenerational transmission of another type of preferences: time preferences that shape the transfer of patience and saving attitudes. In "Intergenerational Transmission of Time Preferences and Saving Attitude: The Role of Information Sharing," they draw on a unique Italian survey that directly measures both parents' financial preferences and their communication practices. The authors develop a behavioural measure of "sharing" that captures how openly parents involve their children in discussions about money and economic decisions. They find a strong positive correlation between parents' and children's patience, with the transmission of patience being significantly amplified when parents regularly share financial information. This effect is especially pronounced among younger children, girls, and families with higher socioeconomic status. In contrast, the transmission of saving attitudes appears less sensitive to information-sharing behaviour, suggesting that some preferences are more amenable to socialization through parental engagement than others. The study offers novel insights into how the quality of parent-child communication shapes the development of economic preferences, particularly in settings like Italy where family bonds are tight and formal financial education is limited.

Kayoko Ishii, Zhi-xiao Jia, and Isamu Yamamoto examine the intergenerational persistence of subjective well-being (SWB) in Japan in their paper, "Intergenerational Persistence of Subjective Well-Being: Evidence from the Japanese Household Panel Survey on Parents and Children." Using rich panel data from the Japan Household Panel Survey (JHPS) and its second-generation supplement (JHPS-G2), the authors study how subjective assessments of happiness, self-reported general health, and mental health are transmitted across generations. They find moderate persistence in SWB between parents and children, with Japan falling between countries with stronger welfare systems and those with more market-driven institutions. The study also reveals that personality traits, especially agreeableness, help explain how well-being passes from parents to children, reflecting both environmental influences and inherited dispositions. While well-being does persist across generations, this connection is less rigid than economic inheritance, suggesting greater room for policy interventions to break cycles of disadvantage. Notably, persistence is stronger in wealthier households, suggesting that economic resources help shape both material and psychological well-being. By providing rare evidence from East Asia, the study deepens our understanding of how institutional, familial, and psychological factors contribute to intergenerational persistence in SWB.

In "Family Background, Education, and Earnings: The Limited Value of 'Test-Score Transmission'," Naomi Friedman-Sokuler and Moshe Justman examine the extent to which advantages in academic performance translate into labour market rewards. Using linked administrative records compiled by Israel's Central Bureau of Statistics (including education, test score, and tax data), they compare "second-generation" students—those with at least one parent with tertiary education—to their "first-generation" peers, whose parents have no more than 12 years of schooling. Despite Israel's universal access to public schooling and subsidized tertiary education, the study finds that second-generation students significantly outperform first-generation students on high-stakes screening tests for selective tertiary programs, even when they began with similar academic performance in eighth grade. These gains lead to substantially greater access to selective degrees. Yet, the authors show that these advantages do not translate into higher early-career earnings at age 29. The gap in test-score performance appears to reflect not just differences in academic ability, but also investments in test-taking skills and knowledge of the system. Moreover, first-generation students accumulate more labour market experience and are less likely to forgo earnings for nonpecuniary job attributes, partly offsetting their educational disadvantage. By disentangling academic and labour market trajectories, this study offers a nuanced perspective on intergenerational mobility: it cautions against equating test-score gains with economic opportunity and highlights how first-generation students compensate through greater work experience.

4 Time investment in children

The final cluster of papers examines how families allocate time toward children's learning, analysing both parental involvement and children's own time investments. These studies illuminate gendered patterns in time allocation that reflect deeper historical trends in how families balance career and caregiving responsibilities (Goldin, 2021).

In "Navigating Educational Disruptions: The Gender Divide in Parental Involvement and Children's Learning Outcomes," Matías Ciaschi, Johanna Fajardo-Gonzalez, and Mariana Viollaz examine how families across Latin America reallocated time toward children's learning during the COVID-19 pandemic. Using data from the World Bank's High-Frequency Phone Surveys (HFPS) covering 22 countries, they find that school closures significantly increased the demand for parental support in children's education. This additional burden fell disproportionately on mothers, reinforcing entrenched gender inequalities in time use. The study makes two key contributions: tracking these disparities across multiple countries simultaneously and demonstrating that gender gaps in caregiving responsibilities persisted even as schools reopened and mobility restrictions eased. The findings reveal how crisis-induced disruptions can amplify and entrench persistent patterns of gender inequality in caregiving responsibilities.

Building on the theme of time investments in children's development, Michelle Escobar Carías, Nicole Black, David Johnston, Rohan Sweeney, S. Fiona Barker, Rosnaena, Syaidah Syamsul, and Taniela Waka examine how gender shapes children's educational time use in a context of severe disadvantage. Using longitudinal survey data from the Revitalising Informal Settlements and their Environments (RISE) program across 24 informal settlements in Makassar, Indonesia and Suva, Fiji, "The Gender Gap in Children's Educational Time Investments in Informal Settlements" reveals that boys spend significantly fewer hours on educational activities than girls, despite receiving similar parental time investments. This disparity persists even though girls also shoulder more unpaid household labor, particularly caring for family members, while boys allocate substantially more time to outdoor leisure activities. These patterns are more pronounced in households facing greater economic constraints, demonstrating how family decisions about time allocation respond systematically to disadvantage and illustrate the complex interplay between gendered norms, resource scarcity, and early human capital formation.

5 Conclusion

This Special Issue reveals how families across the globe—from the United States and Europe to East Asia, Latin America, and the Pacific—systematically allocate time and money in response to institutional constraints, demographic shifts, and policy regimes. The studies suggest that family decisions follow economic strategies and can be interpreted as structured responses to changing environments and government policies. As demographic pressures mount worldwide, the economics of intergenerational behavior are becoming more important, as they offer analytical frameworks that can contribute towards effective, forward-looking policies.

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Compliance with ethical standards

Conflict of interest The author declares no competing interests.

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