

## **Mums and their sons; Dads and their daughters: Panel Data Evidence of Interdependent Marginal Utilities across 14 EU Countries**

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We study fathers' and mothers' income satisfaction (responses to questions about how satisfied individuals are with their incomes), and how these correlate with the income satisfaction of their sons and daughters, as well as with other economic and socio-demographic variables. An altruistic parent should transfer resources to her/his child if the parental marginal utility of consumption is higher than the weight that the parent places on the child's welfare times the child's marginal utility of consumption. So a correlation coefficient between parental and child marginal utilities is an estimate of the weight of the child's utility in the parental preferences. For this purpose, we estimate this correlation using data on parents and children in households surveyed in the eight waves of the European Community Household Panel-ECHP (1994-2001) for 14 EU countries. To assess the robustness of simple correlations to we exploit the panel nature of the data, we exploit siblings in the data, and we investigate the sensitivity of the estimates to the inclusion of other control variables. We also adopt a multi-level random effects ordered probit specification that exploits step-parents in the data to allow us to decompose nature from nurture effects. Our headline results suggest strong altruism effects - but these estimated effects differ across countries, differ between mothers and fathers, and are different between sons and daughters.

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