

INTERGENERATIONAL TRANSFERS IN LATIN AMERICAN COUNTRIES

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The main purpose of this paper is to test alternative theories of intergenerational support using data from the Latin American and Caribbean region. We use data from the SABE surveys carried out in seven large cities in Latin America and the Caribbean, MHAS a two wave study of elderly in Mexico, and PREHCO a two wave study of elderly Puerto Ricans.

We review what is known about the nature of intergenerational transfers drawing from empirical evidence from a wide range of settings, primitive, preindustrial and modern industrialized societies. We then summarize alternative theoretical perspectives about intergenerational transfers. We focus our attention on theories relying on altruism and exchange and propositions derived from sociology, anthropology, economics and evolutionary biology. We also examine, albeit briefly, a somewhat neglected topic, namely, the nature of elderly support that originates neither in kin networks nor in public programs but in informal organizations explicitly designed to cater to needs of elderly individuals.

The analysis is designed to describe general patterns of parental support and to test selected conjectures derived from the theories alluded to above. We start from the premise that elderly support depends on two conditions: availability of alters and propensity of alter to engage in transactions. The observed value of prevalence of transactions of any arbitrary currency is simply the product of the probability that an elderly person has alters available for the transaction and the conditional probability that, given such alters, they actually supply the currency. Our focus is on transactions involving money, goods, and services and other currencies. We first describe measures of availability and propensity using simple representations in each of the samples included in our study. Next we model intergenerational flows using two alternative representations. The first focuses on transfers from children to parents. These are captured by a three equation system that simultaneously model (a) coresidence of children with parents, (b) transfers from children not living with elderly in the elderly's

household, and (c) labor force participation of the elderly. The second representation models simultaneously the existence of children-to-parents and parents-to-children transfers.

The most important results from the analysis are the following: (a) transfers in money, goods and services are not substitutes for each other but rather complements as they are similarly determined by children and elderly's characteristics; (b) poor health status of the elderly (as presence of ADL and IADL or chronic diseases) leads to increments on any type of transfers, regardless of currency; (d) employment of children decreases chances of elderly support, reflecting opportunity costs; (e) females tend to get more support in general (net of marital status) but particularly in terms of money; (f) elderly who have alternative sources of support are much less likely to receive any type of support but particular help in the form of direct income; (g) although support by country is considerably heterogeneous, countries with less advanced aging receive higher levels of support and, in particular, countries with potential for remittances (Mexico and Cuba) are those where elderly have a much higher probability of receiving money as opposed to goods and services.

We also show that the overall prevalence of non-kin (informal) support is quite sizeable (of the order of 10% or more) and that there is large variability within and between countries. Elderly with less availability of kin are more likely to be recipients of informal support. More educated elderly are less likely to receive this type of support and those who are in worse health are more likely to access informal help. The variability by country is striking: elderly in countries who are more advanced in the aging process (Argentina and Cuba) as well as those who have dismantled the public pension system (Chile) have much higher prevalence of informal support.