

Children of the Reich: Parental Selection and Long-Term Labor Market Outcomes in Austria: 1938-2010

Abstract

In 1938-40, following the country's annexation by Germany, Austria experienced unprecedented increases in marriage rates and fertility. We examine long-term outcomes for those born during this temporary surge in child-bearing, analyzing earnings of individuals and using individual-level social security records. "Children of the Reich" earned more, had better educational outcomes, worked more often in white collar jobs, and were more likely to become "famous". Changes of long-term outcomes for this cohort are sharp and discontinuous, starting immediately for those born 9 months after the German invasion. Changes in parental "quality" are a key driver of better outcomes – highly-educated parents saw a particularly pronounced baby boom nine months after the invasion. Systematic comparisons with Germany, Switzerland, and the US show that no other country experienced similar patterns at this time. We analyze geographical and occupational patterns, and conclude that a generalized boost in economic sentiment, and not Nazi sympathies or partisan preferences for unification with Germany, were key for one of history's most dramatic baby boom.

This paper is joint work with Andreas Steinhauer and Hans-Joachim Voth.

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