

The Generational Welfare Contract

The Generational Welfare Contract

Justice, Institutions and Outcomes

Simon Birnbaum

*Associate Professor of Political Science, Department of
Political Science, Stockholm University and Institute for
Futures Studies, Stockholm, Sweden*

Tommy Ferrarini

*Associate Professor of Sociology, Swedish Institute for Social
Research, Stockholm University, Sweden*

Kenneth Nelson

*Professor of Sociology, Swedish Institute for Social Research,
Stockholm University, Sweden*

Joakim Palme

*Professor of Political Science, Department of Government,
Uppsala University, Sweden*



Edward Elgar
PUBLISHING

Cheltenham, UK • Northampton, MA, USA

© Simon Birnbaum, Tommy Ferrarini, Kenneth Nelson and Joakim Palme 2017

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Published by
Edward Elgar Publishing Limited
The Lypiatts
15 Lansdown Road
Cheltenham
Glos GL50 2JA
UK

Edward Elgar Publishing, Inc.
William Pratt House
9 Dewey Court
Northampton
Massachusetts 01060
USA

A catalogue record for this book
is available from the British Library

Library of Congress Control Number: 2017933396

This book is available electronically in the **Elgaronline**
Social and Political Science subject collection
DOI 10.4337/9781783471034

ISBN 978 1 78347 102 7 (cased)
ISBN 978 1 78347 103 4 (eBook)

Typeset by Servis Filmsetting Ltd, Stockport, Cheshire

Contents

<i>Preface</i>	vi
1 Introduction	1
2 Three dimensions of generational justice	16
3 The generational welfare contract	31
4 Profiling the generational welfare contract	41
5 Contracts against poverty	62
6 Contracts for life satisfaction and happiness	79
7 Contracts for trust	93
8 Contracts for or against employment?	107
9 Politics of generational welfare contracts	122
10 The generational welfare contract on the agenda	131
<i>Appendix</i>	146
<i>References</i>	155
<i>Index</i>	179

Preface

The research carried out in this book originates from a collaborative research project that we initiated in 2011. Although this book has been a long time in the making, it could hardly have been timelier. Generational perspectives on justice, institutions and outcomes in welfare states are more topical than ever.

In our pursuit of the book project, we were helped by several external research grants. Most importantly, we received a three-year project grant from the Swedish Research Council for Health, Working Life and Welfare (FORTE) on “Generational welfare contracts in transition: just institutions and outcomes in Sweden and other countries” (no. 2010-0336). We also benefited from the financial support of another FORTE project on “Changing social policy and income inequality: Sweden in comparative perspective” (no. 2012-0995), and a project financed by the Swedish Research Council on “Global economic crisis, institutional change and inequality in comparative perspective: changing Western welfare states and labor markets since the global financial crisis of 2008” (no. 2012-5503).

Several colleagues provided useful comments on different parts of the book. We would like to express our gratitude to Ludvig Beckman and Kåre Vernby at Stockholm University, Karl-Oskar Lindgren and Sven Oskarsson at Uppsala University, and Pieter Vanhuysse at the University of Southern Denmark. We would like to thank Sofie Burman, Laure Doctrinal, Mari Eneroth and Sebastian Sirén for excellent research assistance. We are also grateful to members of the Economic Ethics Network, the Research Committee on poverty, social welfare and social policy of the International Sociological Association, and the Foundation for International Studies on Social Security for useful feedback.

We thank Emily Mew, our commissioning editor at Edward Elgar, for supporting and helping us to finalize this book project.

1. Introduction

The welfare states in the Western Hemisphere are about to face some of the greatest challenges in their history. As the baby-boomers born after the Second World War are retiring, and childbirths have dropped to historically low levels, Western societies are ageing rapidly. These demographic processes are expected to have wide societal repercussions. The composition of the labor force will change, as will a number of economic conditions connected to age-related shifts in consumption, savings and investment. Pressures are building up on various systems of redistribution between generations, such as the family, market and nation state (Lindh and Palme, 2006). The ageing of societies thus has the potential to bring about fundamental changes related to the capacity of welfare states to maintain a just and sustainable distribution of resources between generations by adequately addressing needs and vulnerabilities associated with different stages of life.

On top of demographic transitions, Western countries have experienced sluggish economic growth and persistently high unemployment rates, which have contributed to further reduce the proportion of economically active citizens. Meanwhile, neo-liberal ideas have dominated as templates for economic policy for decades, with consequences for how countries pursue social policies and in other ways tackle social inequalities. In parallel with the ageing crisis, recurrent economic and financial crises are taking their toll on the capacity of maturing welfare states to support social cohesion, as illustrated by the resurgence of old class inequalities in Western societies (OECD, 2011). The Great Recession beginning in 2007/08 is the most dramatic but far from only example. While some countries have recovered fast, others have been caught in recession. However, no matter how Western countries fared during the most recent global financial crisis, the multidimensional challenges to welfare states cannot be fully understood only in terms of social class, gender or ethnicity; generational cleavages must also be brought into the analysis.

Against the backdrop of population ageing and other challenges of welfare states, the ancient question about justice between generations has thus yet again come to the fore. The purpose of this book is to analyse how different welfare states respond to age-related social risks from a

justice-based perspective, focusing on institutional social policy structures (generational welfare contracts), their drivers and outcomes. To approach these matters, we bring together perspectives from two strands of academic research that for too long have been separated in discussions of generational justice: political philosophy and comparative social policy.

The processes discussed above raise a number of issues of relevance for generational justice that we will address in this book, relating primarily to the sustainability of mature welfare states. The moral significance of inequalities between people in different age groups needs to be evaluated in light of wider normative perspectives on social justice for the current and future generations, and the role of the welfare state in supporting relevant principles and values. Our ambition to shed empirical light on these issues motivates us to explore how countries have responded to vulnerabilities appearing in different stages of human life and analyse whether some social policy strategies are better equipped to promote generational equity than others. The nature of distributional conflicts between different age groups is a related issue that will play a central role in this study. In the debate on welfare states and ageing populations it is sometimes assumed that certain age groups are winners while other age groups lose out. Yet, other parts of the discussion nurture hopes of generating virtuous circles in policymaking, supporting forms of intergenerational cooperation that create advantages for all age groups – positive-sum solutions. We will explore how and under what conditions welfare states are adequately designed to reduce the likelihood of accelerating generational conflict, and to sustainably support resource claims of all generations.

In the remainder of this introductory chapter we present academic debates and theoretical concepts that are central to the book. We also discuss the overall theoretical framework and analytical strategies. In the final section of this chapter we provide an overview of the different chapters.

SOCIAL JUSTICE AND CONTRACT THEORY

Academic debates about social justice are closely entwined with social contract theory, for centuries a central field of study in political philosophy. Broadly speaking, social contract theory derives demands of morality from the idea of agreements that are advantageous or fair for all relevant parties to accept. Over the period from the mid seventeenth century to the mid eighteenth century, several influential thinkers established social contract theory as a general approach to moral and political thought,

including Grotius, Hobbes, Locke, Rousseau and Kant. Despite considerable variety in theoretical approaches, they were all interested in the origin of moral norms and how states receive legitimate authority. After a period of declining research interest (Sayre-McCord, 1999), social contract theory resurged in academia and took a new turn with the emergence of welfare states in the twentieth century (Gauthier, 1986; Rawls, 1971). Research on generational contracts and social justice is one leading example of such new orientations, where many authors allude to the social contract tradition for addressing more specific questions about how welfare states can secure legitimate and stable generational agreements (Laslett and Fishkin, 1992; see also Daniels, 1988; Walker, 1996).

In analogy with the discussion of a social contract, ideas about generational contracts should not be perceived as written and legally signed agreements between those involved (Hickey, 2011). However, although generational contracts can be more or less implicit, they are far from being only of a symbolic nature. In fact, the ideas of justice defined or served by these implicit agreements about generational relations are very much linked to issues of sustainability and the extent to which societies are able to develop without destroying conditions that contributed to social and economic development to begin with. Although environmental concerns, such as exhaustion of natural resources, nowadays is the most widely used example in this discussion of justice or fairness between generations (Woodward, 2000), the role of welfare states and social policies are increasingly in focus as fundamental to questions about generational justice and our obligations to posterity (Lindh et al., 2005).

Notwithstanding the long tradition of debating generational issues in academia, research on generational contracts, social justice and the welfare state remains conceptually complex and theoretically challenging. There is no generally agreed upon and common definition of a generational contract; neither concerning the parties involved nor in terms of the conditions attached. Sometimes reference is made to an implicit agreement between people in different age groups who belong to distinct generations that are “overlapping” or “co-existing” for at least part of their lives. As will be elaborated on further below, our focus in this book is on relations between overlapping generations, as distinct from non-contemporaries. Overlapping generations are able to interact, cooperate and produce benefits for the greater good of all parties involved (Daniels, 1988; Thompson, 2009). With this emphasis on interactions between overlapping generations, it becomes an important task to identify and actively promote forms of intergenerational cooperation that enhance the welfare of all age groups. In contrast, many philosophical debates about generational justice primarily focus on the difficult question of obligations between

non-contemporaries where there is no cooperation for mutual benefit or exchanges in kind (Gosseries and Meyer, 2009).

The aims and conditions attached to generational contracts are also surrounded by ambiguities. In discussing the interests and values at stake in intergenerational relations, philosophical debates often focus on basic liberties deemed necessary for living the life of a free person or citizen (Rawls, 1971). Although the welfare state can be regarded as a collective response to support important basic liberties, not least by providing resources needed to effectively exercise them (Marshall, 1950; Pettit, 2008), discussions about how generational contracts may further these aims seldom provide detailed inference about institutional designs in policy-making. Theoretical and conceptual ambiguities such as these obviously raise analytical obstacles for research, not least when it comes to empirical investigation.

THE GENERATIONAL WELFARE CONTRACT

This book combines insights from research on social justice developed primarily within political philosophy and political science, and comparative empirical analyses of welfare state institutions and social inequality common to research in social policy and sociology. We believe that there is much to be gained from this marriage. Despite the long tradition in normative political theory of debating principles of social justice and their practical implications, conceptual and theoretical discussions often remain at high levels of abstraction with limited reference to systematic empirical evidence. Comparative welfare state research, for its part, has been reoriented from crude analyses of social expenditures to a more detailed focus on legislative structures and social justice (Kangas and Palme, 2007). Yet, there is no coherent conceptual or theoretical framework that specifies central principles in welfare state program designs of particular relevance for analyses on generational justice.

It is in this context that we use the concept of a generational welfare contract, referring to the ways in which welfare state institutions address age-related social risks. Several of these age-related social risks originate in the labor market and are strongly reflected in countries' organization of social policy. At the turn of the previous century, Rowntree (1901) pointed out periods in life when economic pressures on families and individuals reach their peaks, generating the classical "cycle of poverty" in human lives. Increased household expenditures associated with childhood and parenthood explained two of these peaks, while loss of earned income in old age caused the third one. Although circumstances have changed

during the past century, in part due to the emergence of the welfare state, these life stages still constitute phases of vulnerability that require special attention in research on poverty and social inequality (Kangas and Palme, 2000). However, parallel to socio-economic transformations and processes of deindustrialization we also need to consider stages of the life course characterized by working-age risks, including those that are triggered by loss of income due to unemployment or sickness.

In view of our focus on how welfare states structure cooperation between overlapping generations to cater for needs that appear in different life stages, we conceptualize age-related policies foremost as forging a social contract between contemporary generations, something that certainly also has ramifications for the social conditions pertaining to future generations and welfare state sustainability over the longer term. A more complete and precise (but too cumbersome) label for what we have in mind would be “intergenerational welfare state contracts”, thus separating our arguments about social policy from discussions about generational obligations within the family, such as relations between co-existing children, parents and grandparents, a debate that we do not directly address (Blome et al., 2009; Walker, 1996).

A few more conceptual clarifications are worth emphasizing at this stage. For some research purposes it is important to distinguish between people that belong to a specific generation and people that belong to a particular age group. Every person inevitably belongs to the same generation throughout her life. We are all born at a certain point in time. It is the time of birth that defines a generation. People that are born around the same time in a country and belong to the same “bundle of cohorts”, as Laslett formulates it (1992, p. 46), and in this sense belong to the same generation, will experience the same historical developments and key events in their lives. By contrast, members of each successive generation pass through different age groups, or life stages, as they grow older. Thus, our generational belonging is fixed, while our age changes over the life course. This explains why justice between generations is often distinguished from justice between age groups. The former is often focused on differences in life prospects and long-term expectations between generations or cohorts, reflecting the specific historical circumstances they face, while the latter is mainly concerned with present-day inequalities between people in different life stages (Daniels, 1988; McKerlie, 2013). Our empirical focus is on how welfare states address different age-related social risks among overlapping generations at a given moment rather than how different generations fare over time. At each particular point in time, policies that target different age groups by necessity also address the needs of different generations. Therefore, we will often use the terms “generation” and “age group”

interchangeably in this book (with the exception of Chapter 2, where this distinction and its normative relevance is further discussed).

Philosophical debates on justice between generations mainly concern duties that distinct and non-overlapping generations may owe to one another, as noted above. Indeed, theories of (inter)generational justice have often been characterized – or even defined – as being specifically concerned with relations between non-contemporaries and duties in relation to the distant future (Meyer, 2014). Discussions on the responsibilities of justice between non-contemporaries have also grown rapidly over the past few decades, reflecting the increasing scale and complexity of our impact on the life prospects of future generations (Tremmel, 2009). When necessary we will refer to non-contemporaries or non-overlapping generations to describe situations where our discussion centers on relationships between people not living in the same historical period. This is important for the distinctions between various dimensions of generational justice introduced in the next chapter.

Figure 1.1 outlines our analytical framework for studying the generational welfare contract. We identify demographic, economic and socio-political factors as drivers for how countries have organized social policy to cater for the needs of different age groups, while recognizing that the generational structure of welfare states is likely to have repercussions on outcomes ranging from poverty and employment to subjective well-being

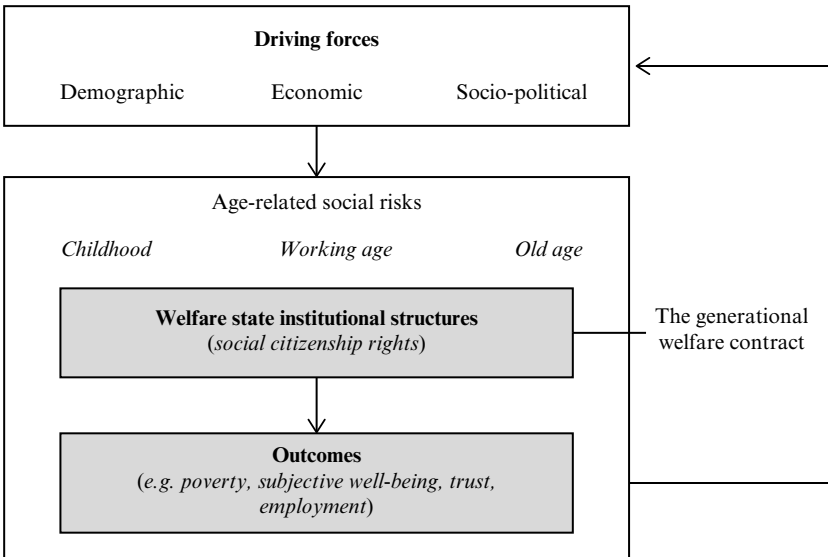


Figure 1.1 The generational welfare contract

and trust. Although it appears fruitful from a justice-based perspective to focus closely on age-related welfare state institutions, our overall analytical strategy is more holistic: we study the generational welfare contract as a central mediating factor linking different kinds of driving forces and distributional outcomes. We will thus focus on the intersection of welfare state institutional structures and outcomes of crucial importance – directly and indirectly – for generational justice. Although welfare states may operate at different levels (Korpi, 1973), we are mainly concerned with conditions attached to positions of individuals in the social structure and the associated segmentation of age-related social risks.

The exact linkages in the causal chain between welfare states and outcomes are complex and we may often expect recursive processes and two-way causality. Under such conditions there is no single direction of causality, as cause and effect may sequentially shift positions at given points in time. This dynamic perspective on social policymaking with its close focus on mutually enforcing processes carries great potential in terms of identifying and better understanding important distributive mechanisms in welfare states (Moene and Wallerstein, 2001). It is also essential for the analysis of generational justice, as it may help us to formulate hypotheses about potential consequences of different institutional designs.

Policy feedbacks appear for different reasons and may be reinforced by demographic transitions or changes in macro-economic conditions (Esping-Andersen, 1985; Korpi, 1983; Pierson, 1996; Skocpol and Amenta, 1986; Thelen, 1999). Other feedback loops relate to socio-political factors and particularly processes of coalition formation between major interest groups in society. It is important to recognize here that welfare states not only provide resources to people in different periods of life, but may also encourage (or discourage) broader popular support for social policy that cuts across generational interests. In the presence of such positive-sum solutions, each age group gains from generational politics, with far-reaching implications for the political economy of the welfare state and the overall comprehensiveness of social policy.

Although our theoretical framework, as well as empirical analyses, very much concern how welfare state institutional structures affect different outcomes, it is important to emphasize that legislative policy frameworks are seldom perfectly mirrored in the conditions that are tied to social positions. Utilitarian principles would here imply that social policies should be evaluated solely in terms of their outcomes. We remain skeptical about fundamental utilitarian principles maximizing total welfare without due consideration of how welfare is distributed between individuals, or without recognition of fundamental individual rights (Bentham, 1789 [1970]; Mill, 1861 [1906]). However, we do subscribe to the idea that closer

attention should be paid to the quality of life that citizens actually enjoy. As Barry (2005, p. 7) succinctly formulates it, “institutions are not an end in themselves: they are a means to getting things done”. Thus, both institutional structures and outcomes could be seen as part and parcel of a more ambitious attempt to investigate how societies respond to requirements of social justice, including the challenge of combining redistributive concerns and efficiency (Freeman, 2000). Sen (2009) similarly calls for an extended analysis of relationships between actual institutions and real life outcomes while criticizing the preoccupation with highly stylized and abstract reasoning in contemporary thinking about social justice:

Any theory of justice has to give an important place to the role of institutions, so that the choice of institutions cannot but be a central element in any plausible account of justice. However, . . . we have to seek institutions that promote justice, rather than treating the institutions as themselves manifestations of justice, which would reflect a kind of institutionally fundamentalist view . . . Of course, the institutions themselves can sensibly count as part of the realizations that come through them, but they can hardly be the entirety of what we need to concentrate on, since people's lives are also involved. (Sen, 2009, p. 82)

A more holistic perspective on social justice warrants us to place the relationship between institutional arrangements and social outcomes at the center of attention in our analyses of the generational welfare contract.

FROM SOCIAL EXPENDITURES TO SOCIAL CITIZENSHIP RIGHTS

Conceptual issues are not only fundamental in the debate about generational justice in political philosophy; they are also of critical importance when it comes to comparative welfare state research. One controversial issue in the comparative welfare state literature is how to conceptualize and empirically measure social policy. It may be tempting to dispatch such issues to the long list of methodological obstacles characterizing social science in general, and welfare state research in particular. However, our concepts and their measurements certainly deserve more serious reflection. The ways in which welfare states are conceptualized and measured have important implications, not only for theory building but also for the empirical analysis of policy as well as the political discourse that is informed by research findings (Clasen and Siegel, 2007).

It is to this day common in comparative research to analyse welfare states based on spending patterns. Although social expenditures indeed may be relevant for some research purposes, it is doubtful whether analyses

of social spending alone are able to expose fundamental generational structures of welfare states. The problems associated with social expenditures are well known (Adema, 2001; Esping-Andersen, 1990; Gilbert, 2009; Goodin et al., 1999; Korpi, 1989). Besides being heavily influenced by demographic transitions, social expenditures are also vulnerable to other changes in need, not least appearing along with changes in business cycles and macro-economic transformations (Kangas, 1991).

To evaluate the development and possible effects of generational welfare contracts, we need to go beyond mere analysis of social expenditures and focus on institutional structures, including the degree to which welfare states address the needs for income protection at distinct phases in life when particular age-related social risks appear. Instead of formulating questions such as “how much social spending goes to the elderly or the young?”, we pose the question, “how comprehensive are social entitlements that welfare states offer citizens in response to major age-related social risks?”. In so doing we provide an institutionally oriented analysis of generational equity and the welfare state where the focus is on social citizenship rights.

According to Marshall's (1950) seminal work on the development of citizenship, the expansion of social rights in the twentieth century followed the evolutionary logic and sequential development of civil and political rights in preceding centuries. Civil rights in particular concern equality before the law, whereas universal suffrage is central to the development of political rights. The three types of citizenship rights are closely interwoven. Crucial to social rights is that they provide people with resources to effectively exercise their civil and political rights. Alongside education and health care, the role of income redistribution, including pensions and unemployment benefits, were recognized as essential instruments to reduce inequalities associated with a capitalist society. In fact, social citizenship was defined quite broadly to include objectives ranging from “the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in society” (Marshall, 1963, p.74). Marshall's historical narratives on the evolution of citizenship rights provide important conceptual clarifications for the comparative analysis of welfare states, not least by directing research towards an analysis of institutional structures capturing the very content of policies.¹

As noted above, and illustrated in Figure 1.1, we will focus on social citizenship rights associated with three particular stages of the life course in this book: childhood, working age and old age. The childhood category comprises the two vulnerable life phases related to the presence of young children in the household as identified by Rowntree (1901). Even if social

rights are provided due to the presence of young children, it is important to recognize that only under special circumstances are benefits paid directly to the child. One could of course argue that our analytical distinction between age-related social risks could be more fine-grained and include also transitional life stages when people's positions and roles in society change. These transitional stages are often widely recognized in society and culturally approved as constituting separate phases of the life course. One example is adolescence and the period of youth, when young people are about to leave their family of origin and establish a life of their own. In the aftermath of the global financial crisis appearing in 2008, unemployment among youth emerged as a major social problem, particularly in many European countries severely hit by the economic downturn (Bell and Blanchflower, 2011).

We do not question the importance of analysing the extent to which welfare states can be reorganized to better encompass social risks of young adults. However, policies are seldom organized exclusively to target social risks attached to such transitional stages of the life course. The largest share of state budgets allocated for social purposes are still spent on programs targeting the three broader phases in life noted above, although countries may have introduced special clauses within existing policy frameworks to tackle the circumstances of more narrow age groups. Another issue concerns the relevance of our age categories. It could be argued that other phases in life than the three we have identified are more important today and therefore in the future. For example, the "youth question" has become of critical importance in Europe after the global financial crisis. Reforms in old-age pension systems over the past decades, in combination with increased difficulties of older workers to stay in employment, have made early labor market exits an additional important phase. However, there is a strong resemblance between how countries treat their pensioners and pre-retirement elderly, suggesting that our results are likely to apply for both groups (Palme et al., 2009). There is also a reasonably strong connection between the extensiveness of unemployment benefits and social assistance (Nelson, 2004), which is highly relevant in analyses on youth transitions.

THE COMPARATIVE APPROACH

The need to move from descriptive to causal analyses of social change has long been recognized by social scientists. However, challenges in research occur more often when we aim to explain the ins and outs of phenomena rather than merely describe what is going on. In laboratories and clinical

research, randomized control trials are often used to establish the effects of drugs and other types of treatments. Nowadays, experimental research designs are also increasingly applied in the social sciences to assess policy impacts, for example, in the area of health. Although randomized control trials (or quasi experiments) have become important tools in the social sciences to analyse causality, the focus is very much on whether certain policy interventions work, and not necessarily on why they work (Heckman and Smith, 1995). Thus, the institutional mechanisms remain obscure. The strong focus in intervention studies to establish causal effects therefore often comes at the price of reduced knowledge about which particular aspects in policy designs that actually make a difference.

The problems characterizing randomized control trials in policy analysis are well known and widely debated, including issues of generalizability and external validity (Deaton, 2010). One example concerns equilibrium effects that operate on a large scale, which are often absent in pilot programs. Outcomes here may be different when everyone is in treatment instead of just a limited number of persons, as is often the case in randomized control trials of policy interventions. Due to moral and logistic concerns of organizing randomized control trials in research on social policy, scholars often have to rely on other strategies to improve causal analysis of central processes in modern societies. A promising and frequently used alternative to experimental research designs is the one used throughout this book – comparative analysis (Sekhon and Titiunik, 2012).

Intervention studies and randomized control trials have certainly contributed to policymaking and influenced how research on welfare states and social inequality are carried out. However, the comparative analyses of welfare states, social citizenship rights and generational relations employed in this book have the potential to offer an alternative and complementary perspective that adds to our understanding of why some policies seem to work in areas where other policies fail. If performed systematically, comparative analysis may help to evaluate general mechanisms in the institutional configuration of social policies and shed light on why and in which contexts policy interventions can be expected to work.

Comparative analyses at country level are anything but new to the social sciences, but go back over a century to early sociological scholars. For example, Durkheim (1897) used cross-national comparative methods to show how suicide is linked to religious beliefs, while Weber (1920 [1958]) compared countries to explain the emergence of capitalism in Western Europe. Within welfare state research, comparative approaches have become increasingly common, often following the seminal studies of Flora (1986), Korpi (1989), Esping-Andersen (1990) and others. By comparing countries, we may learn more from historical developments as different

socio-political strategies can be contrasted and evaluated against each other. We also increase variation both in our dependent and independent variables, something that allows for more sophisticated statistical analysis and improves the possibilities for causal inference.

Welfare states are well suited for comparative research because countries have often followed different trajectories in social policy development that can be used as “natural experiments” in evaluating hypotheses about driving forces and outcomes of social policy. This does not imply that we have solved all problems of endogeneity in causal analyses of institutional effects. There might still be a common underlying factor affecting institutions and outcomes in the same direction. However, the comparative perspective provides different opportunities to deal with such uncertainties in causal inference, something that we will return to in the different empirical chapters.

Comparative welfare state analysis is often restricted to policy developments in a handful of countries over limited periods of time. We deviate from this strategy and instead analyse developments in a larger number of countries over several decades. To accomplish this task, we follow the “most comparable cases” approach (Lijphart, 1975) and include countries that are similar in a large number of important background characteristics to allow meaningful comparisons, while being different in terms of social policy. Our empirical analyses thus include long-standing welfare states with an unbroken democratic record since the Second World War: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States.²

Systematic comparative investigations covering more than a handful of countries need to be flexible to accommodate insufficiencies in data and make best use of contextual differences. The empirical chapters in this book are therefore based on different comparative datasets from various sources. We have as far as possible tried to analyse developments over a long period of time, in particular, focusing on the half century between 1960 and 2010. However, the exact time periods used for analysis differ somewhat between chapters depending on research questions and availability of good quality comparative data.

Our analytical strategy is to combine descriptive data analysis and regression techniques to study outcomes and drivers of age-related social citizenship rights and generational welfare contracts. This form of triangulation of analytical methods for comparative research is as much a means to improve presentation, interpretation and robustness of our results as a way to most effectively make use of qualitative and quantitative dimensions of our data (Shalev, 2007). Our descriptive data analyses incorporate

key elements of a more qualitative case-oriented approach, where countries can be easily identified, visualized and compared by ocular inspection, thus overcoming the most unattractive limitation of regression analyses to report results based on largely anonymous data. The advantages of statistical regression are improved possibilities to take into consideration all variation in our data, across time and space, while allowing for testing of alternative explanatory factors.

OVERVIEW OF THE BOOK

The book deals with a complex subject matter. In the interest of making the results of the book accessible while not losing sight of all complexities inherent to a more holistic study of the generational welfare state, we avoid going into detail of the substantial body of previous academic debates in each chapter. Throughout this book we will instead make references to further research engaging with similar questions, albeit from different viewpoints and research purposes. Our intention is that theoretical frameworks and empirical results should be accessible not only to experts within narrow academic sub-fields, but also for scholars and students within broader academic spheres, as well as for policymakers and a wider audience interested in social policy. One consequence of these ambitions is that we have as far as possible tried to keep each chapter relatively short. At the end of each chapter we also provide a brief summary of our main arguments and findings.

Welfare states structure individual life chances and influence social inequality in various ways and along several dimensions. Although generational belonging, socio-economic status and gender are intertwined with social inequality in intricate ways, our chief focus in this book on welfare state institutions and age-related social risks is welcome, and addresses an important gap in the literature. Even if our main analytical perspective departs from citizens' chronological age and generational relations, issues of social class and gender are more directly addressed in some of the chapters. The generational perspective on welfare state institutions, contracts and justice outlined in the book should not be seen as an alternative to mainstream theoretical perspectives dealing with welfare states, social inequality and sustainability. Rather, our contribution to contemporary debates and research adds new knowledge on central generational facets of welfare states that have long awaited more systematic comparative analysis.

The book continues with two theoretical chapters in which we discuss the moral significance of generational welfare contracts and detail the positive-sum solution hypothesis that guides much of our empirical

analyses in subsequent chapters. In Chapter 2, we situate our analysis on generational welfare contracts in normative debates on values and principles of justice between persons born at different points in time. Three major perspectives on generational justice are outlined: the prudential lifespan account; relational equality; and just savings for the future. In Chapter 3, we outline our dynamic perspective on welfare states and position our analysis on generational welfare contracts in the perspective of contemporary debates on generational conflict. In relation to different age-related social risks, we formulate our hypothesis about positive-sum solutions in generational politics, and detail its relevance for generational justice. The age-related structure of social citizenship is analysed in Chapter 4, where we also categorize countries into different groups based on the institutional structure of their generational welfare contracts, as defined by major age-related social insurance schemes.

In Chapters 5 to 8, we analyse social outcomes that are of relevance for debates on generational justice and welfare state sustainability. In each of these empirical chapters, the multifaceted consequences of age-related social citizenship rights and generational welfare contracts are explored. In Chapter 5, our focus is on poverty. Poverty reduction is a long-standing objective of social policy with obvious connections to perspectives on generational justice. In this chapter we go beyond common strategies in analyses on social policy and income distributions and suggest a more refined institutional approach, where data on the generational structure of social citizenship is combined with relative poverty estimates.

In Chapter 6, we complement our analysis of objective poverty outcomes by developing a closer focus on generational welfare contracts and subjective well-being, including both life satisfaction and happiness. Although there are good reasons to assume that the generational structure of social citizenship is of relevance in an analysis of subjective well-being, we approach life satisfaction and happiness in different age groups mainly as unintended consequences of social policy. In Chapter 7, we expand our analyses on generational welfare contracts to political and social trust. Both dimensions of trust provide central clues for understanding how generational politics can receive broad popular support, as well as how just welfare state institutions can be promoted and maintained. In Chapter 8, we continue our analysis on generational welfare contracts by devoting close attention to employment outcomes and sustainability. The combination of well-functioning labor markets and effective redistribution very much underpins our ideas about positive-sum solutions in generational politics. In this chapter, we therefore explore how generational welfare contracts are linked to market performance, both in terms of labor force participation and unemployment among men as well as women.

In Chapter 9, we shift focus from welfare state outcomes to driving forces. Theoretically, we argue that positive-sum solutions in policymaking are more likely to arise in countries where age-related claims are effectively subsumed into class politics. Thus, we hypothesize that partisan politics, and particularly (but not exclusively) mobilization in left parties, is a decisive factor to take into consideration when asking questions about the formation of generational welfare contracts. In Chapter 10, we draw up our main conclusions from the analyses on generational welfare contracts and discuss implications of our findings for public policy, as well as for future research. The generational welfare contracts are interpreted as providing different scenarios for the future. Challenges for welfare state sustainability are further discussed and placed in the perspective of various economic, political and social considerations that are important to recognize in normative debates about generational justice, including alternatives that go beyond deterministic predictions of generational conflict.

NOTES

1. Marshall does not necessarily provide an exhaustive account of citizenship rights. One example is the absence of cultural rights in Marshall's original work (Kymlicka, 2002, chapter 7).
2. Micro-states with less than one million inhabitants have thus been excluded.

2. Three dimensions of generational justice

In this chapter we investigate the moral significance of generational welfare contracts. We will lay out a justice-based argument for why it matters whether the welfare state is balanced in the sense that it provides equally comprehensive social protection against different age-related social risks. This argument establishes a normative starting point for our empirical investigations on how welfare states affect people belonging to different age groups, and defines welfare-related outcomes that are important to analyse from a generational point of view.

The question about generational balance/imbalance helps to situate our empirical contribution in relation to normative debates on generational justice and the welfare state, that is, debates on the values and principles of justice that should guide decisions on how to (re-)distribute resources between persons born at different points in time. The past few decades have seen important developments in the political philosophy of justice between age groups (McKerlie, 2013) and justice in relation to future generations (Gosseries and Meyer, 2009). There is also a growing body of empirical research on the effects of generational politics (Vanhuysse and Goerres, 2012), and specialized debates on how to advance the sustainability and fairness of welfare states in response to ageing societies (Esping-Andersen and Myles, 2006).

Yet, discussions of intergenerational justice and the welfare state have too often been conducted in separate compartments. If principles of justice are to provide any sensible practical guidance, it is crucial to link the fundamental values and principles at stake not only to empirical findings about the causes and consequences of the generational structure of social citizenship, but also to specific questions of policy design. Thus, while the emphasis of this book is firmly placed on an empirical analysis of the institutional structures and social outcomes of the generational welfare state, it is also motivated by an explicit aim to connect normative and empirical research more closely, thereby promoting a more holistic treatment of these issues.

The theoretical bases of our approach are developed in two steps. In this chapter, we introduce central concepts and values in political phi-

losophy by linking our empirical contribution to considerations of justice between age groups and generations. In the next chapter (Chapter 3), we then advance our analytical framework for the study of generational welfare contracts in the context of ageing societies and further outline the hypothesis about positive-sum solutions. This framework is subsequently used to evaluate the explanatory role of generational policies for a diverse set of social outcomes of immediate relevance for generational justice.

ASSESSING GENERATIONAL WELFARE CONTRACTS: WHAT IS AT STAKE?

The ambition of this book is to explore how different institutional designs of generational politics are related to a wide range of social outcomes. As will be more fully elaborated in Chapter 3, the working hypothesis is that balanced generational welfare contracts, providing evenly distributed social protection across the age-related risks associated with different stages of life, will generate more favorable welfare-related outcomes in all age groups. The central idea is that social policy institutions that are encompassing in generational terms have great potential to promote a stronger and more widespread commitment to the social protection of all (age) groups. This follows the same kind of logic that has underpinned the notion of a “paradox of redistribution” (Korpi and Palme, 1998; Nelson, 2003). Social policy institutions that provide adequate protection for a broad political majority of citizens will also sustain wider political support for raising enough taxes to pave the way for higher levels of provision to disadvantaged people. As outlined below, this institutional perspective on social policy can be fruitfully aligned with philosophical arguments on generational justice.

What is the relevance of age-related inequalities from the point of view of justice? How, more exactly, is the distribution of social citizenship rights between different age categories morally significant? In addressing these issues, it should be acknowledged that philosophical debates on the morality of intergenerational relations are highly complex and that our general discussion in this chapter of course cannot do them full justice (see e.g. Gosseries and Meyer, 2009; Laslett and Fishkin, 1992; McKerlie, 2013; Thompson, 2009; Tremmel, 2009). To be clear, we have no ambition to formulate a new theory of justice on these matters, or to develop a philosophical justification of one particular conception of generational justice. Readers with different normative views should be able to recognize the moral relevance of the distribution (inequality) of both social entitlements and social outcomes that we are focusing

on. However, because this book develops an empirical contribution that speaks to key concerns expressed in theories of justice between age groups and generations, it is important to establish the nature of these connections between principles of generational justice and our empirical analyses.

We identify and analyse three distinct types of considerations in normative debates on generational justice and the welfare state: (1) the prudential lifespan approach; (2) relational equality; and (3) just savings for future generations. We argue that these three perspectives all capture important and widely shared values that should be taken into account in analyses of the generational structure of social citizenship, and that all of them actually call for close examination of the empirical questions addressed in subsequent chapters of this book. Specifically, they direct our attention to the question of whether (and to what extent) generational welfare contracts can be designed to:

1. enhance people's overall life prospects
2. enable relational equality between all age groups at all times
3. promote and preserve just institutions for future generations.

While these three perspectives express different types of considerations and appeal to different values, they do not necessarily lead to conflicting practical recommendations. Indeed, if our hypothesis about the benefits of generationally balanced welfare contracts proves correct, they may well suggest different reasons for similar policy conclusions. The remainder of this chapter will explain the meaning of these three perspectives on generational justice and discuss their implications for the empirical study and moral assessment of generational welfare contracts.

As should now be clear, we believe that mere descriptions of how social entitlements are distributed across different age-related social risks, and how benefits and transfers for these purposes are defined by law, are insufficient for enabling empirically informed judgments about how best to apply principles of generational justice (although this is, of course, an important first step). It is also essential to address the additional question of whether any particular generational structure of social citizenship is more successful than others in supporting a wide range of social outcomes that we have reasons to value. This is the motivation for this book's main task, that is, to explore the potential for positive-sum solutions through what we call a balanced generational welfare contract.

INTERGENERATIONAL COOPERATION FOR MUTUAL ADVANTAGE: ENHANCING PEOPLE'S LIFE PROSPECTS

As noted in Chapter 1, discussions of intergenerational justice have often focused on the obligations between non-contemporaries and, in particular, what current generations may owe to future generations (Meyer, 2014). We shall address such considerations later in this chapter when discussing how generational welfare contracts between contemporaries may also have implications for justice in relation to future people. However, in the debates on intergenerational obligations of more immediate relevance to our concerns, the main focus is not so much on our duties to posterity (De-Shalit, 1995) as on questions about justice between younger and older members of a given political community (Daniels, 1988; McKerlie, 2013). These are also the questions that pave the way for our empirical approach.

How should we specify the requirements of justice between overlapping generations, and what are the implications for the generational welfare state? We start from the perspective formulated by Daniels in what is perhaps the most influential answer to this question: what he calls the prudential lifespan account of justice between age groups (Daniels, 1988, 2008). This view begins with the observation that all humans face similar age-related needs and risks at different stages of our lives. We all age and we all have a shared interest in catering for age-specific vulnerabilities and risks in a prudent way that supports our long-term prospects. Thus, in response to worries about intensified disagreements and conflicts between young and old in ageing societies, Daniels has offered the following “unifying vision”:

we must not look at the problem [of justice between age groups] as one of justice between distinct groups in competition with each other, for example between working adults who pay high premiums and the frail elderly who consume so many services. Rather, we must see that each age group *represents* a stage of our lives. We must view the prudent allocation of resources through the stages of life as our guide to justice between groups. (Daniels, 1988, p. 45, emphasis in the original)

Our approach is inspired by Daniels's emphasis on the potential to make all successive generations in a political community better off by enabling them to benefit from stable cooperation and risk-sharing between different overlapping generations instead of relying solely on their own savings. Prudential lifespan considerations demand taxes and transfers between persons who are presently at different stages of their lives and, therefore, belong to different generations. However, according to this view, the

motivation behind these arrangements for justice between age groups is not to save resources for future generations or to redistribute between rich and poor (although this is required by other considerations of justice).¹ Instead, the key task for justice between age groups is something more uncontroversial, namely to identify a rational allocation of resources between the different stages of a normal lifespan, that is, between our younger and older selves.

The aim is thus to help enhance the life prospects of all citizens over time by identifying and supporting stable forms of intergenerational cooperation that improves overall living conditions, taking all age groups (or life stages) into account: “If these institutions are prudently designed, we *each* benefit throughout our lives” (Daniels, 1988, p. 155, emphasis in the original). Our investigation of generational welfare contracts in this book can be seen as a kind of partial test of this claim, as well as an analysis of potential political conflicts associated with the design of prudent institutions for mutual long-term benefit. The simple motive for this is: why is it so difficult to establish such institutions that potentially benefit everyone?

In this unifying vision, it is central to approach the institutions of the generational welfare state not as a divisive competition between age groups for scarce resources, but as a (potential) means to establish and maintain a stable contract between all generations to help provide for each other, as they are moving through the different stages of life. Allowing welfare states to redistribute resources between members of different generations as they pass through different age groups (or life stages) should be conceived as an arrangement for borrowing from our later selves in the early stages of our lives, and to save for old age during the more economically active years in life in a way that effectively serves the long-term interests of all citizens. For this purpose of mutually beneficial intergenerational cooperation to enhance people’s overall life prospects, we may reasonably be expected to “support our parents and expect our children’s support in return” (Daniels, 1983, p. 514; see also Lindh et al., 2005).

To understand the basis of this view, it is important to see that Daniels (like most others in scholarly discussions of social justice) thinks that justice primarily concerns people’s life prospects, that is, how we expect people to fare over complete lives and not just with the distribution of resources between persons at a particular point in time (Nagel, 1991; Rawls, 1971). From this follows that inequality between age groups is not always wrong. If some people are denied valuable opportunities only because of their sex or skin color, this will normally strike us as unfair. However, it seems that age-related inequalities are different because age is not always morally irrelevant in the way that sex or skin color normally is (Daniels, 1988, pp. 41ff.). We all age and have different needs

at different stages of our lives. It is reasonable to think that the level of support, and the types of resources that welfare states devote to each life stage, should reflect these differences and changing needs. And if we, to simplify matters, assume that the welfare state consistently treats age groups unequally in some respects (for example, with respect to the extensiveness of income protection linked to specific life stages, such as child benefits, parental leave or retirement pensions, or services to particular age groups, such as education of the young or health care for the elderly) this does not imply that they treat persons unequally over complete lives as long as citizens pass through all the stages of a life from childhood to old age.

Of course, in the real world things are more complex. Institutions are not always stable. Some people die when they are young, people migrate between different political communities and so on. However, the central point is that in the prudential lifespan perspective, the main question to ask when evaluating generational welfare contracts is not whether the welfare state treats members of different age groups equally in all respects, or if it achieves equal living standards for all age groups. Instead, the fundamental question is if the welfare state allocates resources between life stages (in practice between different age groups) in a way that enhances people's overall life prospects as much as possible.

The application of this perspective leads into many difficult philosophical questions, such as when and why age-based rationing of health care may be acceptable or required. To explain this idea of justice between age groups and bring out some of its more controversial implications, consider the use of very expensive high-technology medical services that may extend our lives beyond that of the normal lifespan for a very limited time at a very great cost. If we are focusing on the optimal allocation of a fixed share of resources across complete lives, it may seem more sensible to prioritize access to such costly medical services to improve the chances that young people will not be prevented from leading a life of normal length (Daniels, 1983, pp. 512–13). More broadly, with such an emphasis on improving life prospects, it may seem more important to help provide young people with an education from which they may benefit very greatly throughout the rest of their lives (Dworkin, 2000, pp. 314ff.).

For the purposes of this book, however, we find it enough to stress that the prudential lifespan account of justice between age groups, and the idea of generational welfare contracts for mutual benefits, demands close attention to empirical questions that have received limited consideration in debates on generational justice. When considering how to specify the content of age-related social entitlements of the welfare state, Daniels's perspective suggests that we should try to identify and support stable

forms of cooperation between overlapping generations that can help enhance living conditions over all life stages.

The working hypothesis in this book, concerning the potential of promoting gainful cooperation through generationally balanced welfare contracts, speaks directly to this objective. In exploring how age-related forms of social citizenship rights can be designed to improve people's overall life prospects, we must move beyond political philosophy and also take on the empirical task of examining the social and economic outcomes associated with different types of generational welfare contracts. How are, for example, different forms of intergenerational cooperation for addressing age-related social risks related to poverty, subjective well-being and trust in different age groups? To shed empirical light on the possibilities for positive-sum solutions through intergenerational cooperation, in line with Daniels's unifying vision, is a central task for the chapters to come.

INTERACTING AS EQUALS HERE AND NOW: THE DEMANDS OF RELATIONAL EQUALITY

While the prudential lifespan account of justice between age groups articulates important values and considerations, this does not mean that it should be our sole guide to a justice-based evaluation of generational welfare contracts. McKerlie has argued (against Daniels) that we have reasons to look at how people fare at each single stage of their lives "independent of how they fare in terms of their lifetime as a whole" (McKerlie, 2013, p. 17). Similarly, there is a category of social justice conceptions focusing on how resources can be distributed in a way that helps citizens relate to one another as equals at all stages of life (Anderson, 1999; Pettit, 2012; Satz, 2010), by counteracting fundamental power asymmetries, relations of exploitable dependency and vulnerability to abuse. These concerns are also very much in line with T.H. Marshall's (1950) notion of the civil, political and social dimensions of how citizenship may develop, which has made such a strong imprint on comparative welfare state research.

Arguments on relational equality, focusing on the preconditions for citizens to interact and relate to each other as equals at all times, are not explicitly advanced as a particular account of justice between age groups. However, from our perspective they are important by capturing another relevant set of considerations when discussing whether the distributive profiles and social outcomes of generational welfare contracts satisfy justice between people born at different points in time. To be more precise, conceptions of relational equality – with their emphasis on how resources, power and social status are connected – are not primarily driven by argu-

ments about long-term prudence, or general enhancement of people's overall life prospects (although they do not need to deny the latter's relevance). Rather, they emphasize the more specific concern of ensuring that all citizens have sufficient resources to effectively exercise their basic liberties at all times and to interact as equals – with dignity and mutual respect – here and now, regardless of age (Bidadanure, 2016; Jecker, 2013, p. 10). Considering these values and aims provides additional motivations for our choice of central outcomes and distributive patterns to address in the empirical analyses.

To explain the core idea of relational equality more fully, Pettit, an influential proponent of such a conception of justice, formulates the main objective in terms of freedom as non-domination. Being free from domination here is associated with having the power and independence that allows us to effectively exercise our basic liberties without having to live at the mercy of another and, thus, without being exposed to others' arbitrary interference in our personal lives. As Pettit puts it, "free persons can walk tall, and look others in the eye. They do not depend on anyone's grace or favour for being able to choose their mode of life" (Pettit, 2012, p. 82; see also Pettit, 2014). From this point of view, we should thus ascribe great importance and priority to continuous and sustainable poverty prevention to ensure that everyone – regardless of age – will have the resources necessary to "appear in public without shame" according to the prevailing standards and social conditions of their community (Sen, 1991, p. 71; see also Anderson, 1999; Jecker, 2013; Nussbaum, 2000).

To be fair, Daniels's theory is also concerned about "income preservation" throughout a person's life in order to maintain her access to the "normal opportunity range" for each specific life stage (Daniels, 1988, p. 121). However, in Daniels's theory we should always fix the levels of support to cope with age-specific risks based on how this may affect our overall life prospects (Van Parijs, 1995, pp. 45ff.). In contrast, if our main concern is relational equality at all times, conditions of relative poverty and unequal living conditions between people of different age groups are always a source of concern, insofar as such conditions erect barriers for maintaining relationships of equality (Bidadanure, 2016). Thus, to prevent relations of servility, and vulnerability to abuse, philosophers in this tradition tend to argue for structural restrictions of socio-economic inequality and institutions that sustain personal independence by way of social citizenship rights for all the stages of life (Pettit, 2012, pp. 90–91; Satz, 2010, pp. 100ff.).

For example, when we lack a genuine exit option from a destructive relationship or a very bad employer because we depend on that particular relationship for satisfying our basic material needs, we must be prepared to strategically anticipate and adapt to the will of those we depend on in

order to satisfy our basic needs (Goodin, 1988; Okin, 1989). We are vulnerable to their changing moods and shifting judgments, and we may need to stay silent even if this means that we are being constantly bossed around or being treated as a nuisance to others (Birnbaum, 2012). In the welfare state literature, the concepts of decommodification (Esping-Andersen, 1990) and defamilization (Lister, 1994) have been used to capture the potential of social citizenship rights to strengthen the weaker part in asymmetric power relationships, be it on the market or in the family. It is natural to assume that a lack of empowering security is harmful to our capacity to articulate or express our own views with strength and confidence. Interestingly, Daniels also concedes that there are certain power-related goods (such as voting rights or power in a marriage) “that we should insist we have equal shares or rights in over our whole lives”, and that we need to move beyond the prudential lifespan account to fully capture such egalitarian concerns (Daniels, 2008, p. 482).²

However, while we find theories of relational equality to develop important additional considerations for discussions of justice between age groups, we must again emphasize that many of the policy recommendations associated with arguments for this ideal depend on assumptions that call for empirical scrutiny. There are reasons to assume that more comprehensive forms of income protection should help prevent relative poverty, and thereby support people’s control of their lives and general life satisfaction. Yet, many critics of high levels of income protection have argued that there is in fact a sharp conflict between comprehensive income support and ensuring access to a context of participation and social recognition. For example, despite all the good intentions, higher benefit levels for working adults may affect their prospects for social inclusion and general well-being negatively if discouraging active efforts to seek gainful employment or reducing the availability of employment, thereby doing more harm than good (Mead, 1986). Such welfare-related outcomes are central to the values of relational equality, given their emphasis on providing resources that support people’s sense of being valued and respected in the wider community and, thus, to walk tall in their interaction with others. These are issues we shall address empirically in Chapter 6 (subjective well-being) and Chapter 8 (employment), respectively.

When we approach the generational welfare state from the perspective of relational equality across age groups, an important task for empirical research is also to examine whether the structure of income protection for age-related risks seems to affect the distribution of desirable social outcomes among people in different life stages. If all that matters is cooperation for improving overall life prospects, we may be primarily focused on the potential for general enhancement of well-being in all age groups, and

not so much on whether favorable outcomes are distributed more equally between different age groups. However, for relational equality, the distribution among people in different life stages of objective outcomes (such as poverty, analysed in Chapter 5) as well as more subjective outcomes (such as life satisfaction, happiness and trust analysed in Chapters 6 and 7) has more direct moral relevance. Such analyses may all provide valuable clues about the extent to which generational welfare contracts also have systematic repercussions on the (relative) social standing of different age groups.

SAVING FOR THE FUTURE: JUSTICE BETWEEN NON-CONTEMPORARIES

This book focuses on the relations between overlapping generations and the interaction between different age groups in mature welfare states. Thus, we can only speculate about the workings of social institutions in the more distant future. Still, questions on how the generational structure of social citizenship may be developed to enhance overall life prospects, or to serve relational equality over time, are not isolated from questions about our obligations also to future generations.

Which obligations of justice do we have to future generations, and how does the empirical study of the institutions and outcomes of generational welfare contracts speak to such considerations? Rawls's views on this topic provide us with a useful starting point for addressing these issues. His treatment of justice between generations has helped define this branch of the philosophical literature and it offers what is probably the most well-known account of just savings for future generations. Rawls's seminal contribution famously distinguished between the two stages of accumulation and maintenance. Before the material preconditions for just institutions have been established, there is a duty to accumulate and save to promote just institutions for present and future generations. However, once we have reached a level of development that makes just institutions possible, he argued that any further net accumulation for the sake of future generations is no longer mandatory: "once just institutions are firmly established, the net accumulation required falls to zero. At this point a society meets its duty of justice by maintaining just institutions and preserving their material base" (Rawls, 1971, p. 287).

In addressing relatively stable and economically advanced democracies, in which social citizenship rights are well developed, the Rawlsian duty to preserve may appear more relevant than the duty to accumulate. At the same time, we need to understand the idea of just savings broadly. For example, the relevant agenda to satisfy such requirements may ascribe a

key role to investment, something that may be particularly important when addressing intergenerational relations in ageing societies. In ageing societies investing in younger generations may facilitate the handling of future intergenerational relations, and promote sustainable welfare states over time, not least by supporting the present youth to become future taxpayers. In this vein, it has been suggested that massive human capital investment (now) is a viable strategy to deal with future changes in the age structure of populations (Lindh and Palme, 2006) and the notion of a social investment approach can be seen as an attempt to work out a broader policy template for sustainable, welfare-enhancing policies in ageing societies (Morel et al., 2012).

When Rawls's requirements of just savings for maintaining just institutions are summarized, most authors focus on the required level of savings in terms of real capital. Thus, "people ought to leave their descendants at least the equivalent of what they received from the previous generation" (Meyer, 2014) or to make sure that the situation of coming generations "is no worse than its own" (Van Parijs, 1998, p. 294). The various formulas of sustainable development that have emerged since the Brundtland Report in 1987 also express views that are broadly in line with this norm.³

However, for the empirical purposes of this book, we wish to bring out an important and frequently overlooked implication of Rawls's account, namely that the target of just savings in Rawls's theory is always specified in relation to the institutional and social capacity for justice. As he points out: "it should be kept in mind here that capital is not only factories and machines, and so on, but also the knowledge and culture, as well as the techniques and skills, that make possible just institutions and the fair value of liberty" (Rawls, 1971, p. 288). If Rawls is correct, a society can be just without being very wealthy but a society can also be wealthy without being just. This means that we should avoid approaching the question of just savings as accountants, by focusing narrowly on a comparison of what we receive from past generations and the living standard enabled by the wealth that we pass on to future generations. In considering whether a proposed design of social policies is consistent with the aim of preserving the material base of just institutions (Rawls, 1971) we need to take into account whether it is likely to promote (or harm) the institutional and social preconditions for the norms of social justice to viably take root and flourish over time.⁴ Of course, Rawls's view is not the only conception of justice between non-contemporaries but any reasonable approach to these issues will need to accept the strategic priority of such considerations.

One possible objection to the view that just savings for the future should be linked to the promotion of specific social outcomes is the lack of consensus on relevant indicators of welfare or the more exact requirements

of social justice and, therefore, on how to interpret the general aim of furthering just institutions. While a commitment to the general idea of social justice implies a concern for addressing the distribution of advantages and disadvantages from a relevantly impartial viewpoint (as opposed to brute force or bargaining power), there is of course a wide range of reasonable views on how to flesh out the notion of justice and its many dimensions. As argued by Sen, there is also a strong case for the view that a compelling account of justice between non-contemporaries should respect the members of each generation as “agents” rather than “patients”. Not only do people have interests, but they also have views about their interests, and we ought to respect the freedom “to decide what to value and how to pursue what we value” (Sen, 2009, p. 252).

However, in specifying the demands of intergenerational duties to build and preserve the long-term capacity of political communities to become and remain responsive to norms of social justice, there is no need to define the relevant target of that duty with reference to one very specific or complete conception of social justice. In the case of Rawls, we note that the content of just institutions is repeatedly defined with reference to especially fundamental requirements of justice, such as sustainably ensuring “the fair value of liberty” – including the political liberties – from one generation to the next (Rawls, 1971, pp. 288, 290, 298).⁵ In line with Sen’s emphasis on agency interests, this would require that citizens must not only have the formal freedom to define and pursue their own projects, and to participate as equals in political life, but also the resources to effectively exercise these fundamental liberties. In this view, formally equal political liberties – such as voting rights, liberties of thought and speech, the opportunity to hold office and influence democratic politics – are insufficient to ensure political equality. To realize such an agenda it is, for example, also essential that poverty is prevented to ensure that all citizens can actively and meaningfully participate in social and political life, and that inequalities are not allowed to concentrate social and political power in so few hands that the polity comes to serve sectional interests or the power of money (O’Neill, 2012, pp. 82–3; Rawls, 2001, p. 139; Schemmel, 2015).

Moreover, whatever specific conceptions of social justice we may have, it will be hard to make much progress unless there is a social climate that is open to justice-based ideals and an institutional capacity to act on the desired principles and objectives. The social and political foundations of just institutions are thus weak where social divisions paralyse the emergence of solidaristic relations across different groups in society, or where corruption and distrust stand in the way of effectively implementing the relevant policies (Rothstein and Uslaner, 2005). Thus, our interpretation of how (best) to act on the duty to promote and preserve just institutions

over time needs to be informed by empirical evidence about the actual impact of different generational welfare contracts on conditions of central importance for creating a cooperative environment that is hospitable to the idea of social justice. A social and political context of trustful relations is desirable in its own right (and likely to be of great importance to relational equality across groups). However, there is also much to suggest that trust, and particularly political trust (high confidence in political institutions), is indispensable for the capacity of political communities and institutions to effectively serve the ideals of social justice from one generation to the next.

In relating the requirements of just savings to our empirical purposes, it is thus crucial not to move directly from abstract principles of justice to practical policy prescriptions, or to focus efforts to leave enough for the future narrowly on the aggregate level of savings. In order to know how to act on intergenerational obligations, we need to connect the duty to promote and maintain just institutions to empirical research on the links between institutional arrangements and social outcomes of importance for the long-term capacity of political communities to support the ends of social justice. Even if there are widespread intentions of social justice, they will not get far if citizens lack the resources needed to effectively exercise their political liberties, if political communities are too divided to be receptive to such ideas, and if political institutions cannot effectively act to realize them. In this context, the impact of generational welfare contracts on social outcomes such as poverty (addressed in Chapter 5) and trust, both between citizens and in relation to political institutions (analysed in Chapter 7) are thus particularly relevant to take into account.

CONCLUSION

This chapter has situated the empirical contribution of this book in relation to three perspectives on generational justice that together constitute a normative starting point for our analysis of generational welfare contracts. One of the most influential contributions in scholarly debates about justice between age groups, Daniels's prudential lifespan account, focuses on how to facilitate stable intergenerational cooperation to enhance the life prospects of all successive generations as they move through the different stages of life. In order to make empirically informed decisions about which particular institutional set-ups may best help to achieve this objective, it is important to sort out the relationship between different kinds of generational welfare contracts and major socio-economic outcomes for age-related social risk categories, from childhood to old age.

A second source of arguments is the ideal of relational equality. The prudential lifespan account, and its emphasis on cooperation for improving people's life prospects, mainly directs us to study the overall outcomes in all age groups. The ideas of relational equality provide reasons to focus more strongly on inequalities between people in different life stages, especially with respect to goods that matter to their relative power and social status. From this point of view, it becomes important not only to examine the impact of generational welfare contracts on poverty in different age groups, but also to investigate whether other desirable social outcomes (such as high levels of well-being and trust) are distributed equally.

Finally, a third layer of considerations was derived from principles of justice between non-contemporaries, focusing on requirements of just savings for (or investments in) future generations. These principles demand us to pay close attention not only to the resources passed on to the future, but also how to support the social preconditions of just institutions from one generation to the next. Answers to such questions depend importantly on empirical evidence about the sustainability of welfare states, including the welfare-related outcomes associated with different generational welfare contracts. A central task is thus to shed further light on how the generational welfare state can prevent poverty and support trustful relations so that people are able to effectively exercise their equal political liberties in an environment of cooperation and cohesion.

NOTES

1. This account of justice between age groups is only meant to address one particular fragment of social justice (Daniels, 1988, p. 15). It focuses on the intra-personal redistribution between life stages (as distinct from inter-personal redistribution between rich and poor, that is, net redistribution between different persons that aims to make life prospects more equal). However, as Daniels rightly points out, the prudential lifespan account would not offer sensible policy prescriptions unless it is placed in the context of a wider notion of social justice where efforts to address inequality of people's life prospects plays a key role (Rawls, 1971). To enable a focused discussion, we do not analyse how justice between age groups relates to social justice in all its dimensions. Still, we certainly share Daniels's view – and find it important to emphasize – that prudential lifespan considerations must not be interpreted as providing anything near an exhaustive account of social justice and of when or why inequalities are objectionable.
2. To appreciate this point, Daniels's critics point out that the prudential lifespan account, and its case for focusing on prospects over complete lives, does not necessarily rule out a social order in which there are fundamental inequalities between age groups (Jecker, 2013; McKerlie, 2013). An example to illustrate this is a situation in which people access the normal opportunity range for their age but where this opportunity range is so very low that it will place them in a position of subordination in relation to other age groups. Assuming that these arrangements are stable and people will pass through all the stages of life, this is not necessarily rejected by the prudential lifespan approach provided that

those who live in subordination in one stage of life will be the dominant category in another life stage (see also Bidadanure, 2016; Lippert-Rasmussen, 2015).

3. Sustainable development has been specified as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 43), leaving for the next generation “whatever it takes to achieve a standard of living at least as good as our own and to look after their next generation similarly” (Solow, 1992, p. 15), or as encompassing “the preservation, and when possible expansion, of the substantive freedoms and capabilities of people today without compromising the capability of future generations” to have similar – or more – freedom (for a discussion of these different suggestions, see Sen, 2009, pp. 248ff.).
4. Interestingly, this is a particularly fundamental requirement in Rawls’s conception of justice because it offers an interpretation of the “natural” duty to uphold and further just institutions (Rawls, 1971, pp. 289, 293).
5. While Rawls’s account of this duty is clearly introduced within the wider framework of a complete and lexically ordered set of principles, this particular component of his theory – that is, on duties to promote and uphold just arrangements – should thus be acceptable to a great variety of conceptions of social justice.

3. The generational welfare contract

It is common to portray the development of social policies as reflecting underlying motives of political actors (Goodin, 1996), either actively pursuing particular social policy goals such as equality and justice, or responding to structural economic or demographic pressures. If the causal chain of the argument rests here, it may well suffice to characterize the distributive processes of welfare states in static terms, involving only a one-way effect of policy on the social and economic conditions of citizens. However, in reality the distributive processes of welfare states are of course likely to be much more complex and dynamic in character. Once in place, social policies do not only transfer economic resources between the rich and the poor, or between generations. They also define important frameworks for the formation of identities and interests in society (Korpi, 1983). The development of social policies is therefore intimately related to processes of interest formation among central actors in society. Thus, due to their social consequences, welfare states profoundly affect the ways in which citizens coordinate for collective action, shape interest group formation and affect various objectives of political actors.

Notwithstanding the tremendous fiscal challenges appearing along with population ageing, we believe that it would be a much too narrow approach to formulate questions about generational equity and welfare states only in demographic terms. The nature of the old-age crisis and its causes is not only defined by demographic factors, but answers should also be sought in political economy (Cremer and Pestieau, 2000). The capacity of welfare states to sustainably satisfy standards of social justice between generations, even as they are subject to changing circumstances and structural pressures, is likely to be closely intertwined particularly with the political economy of redistribution.

In this chapter we will advance arguments for a less static and more dynamic understanding of distributive processes in welfare states. The purpose is to provide a theoretical basis for our investigations of generational politics and welfare state institutions. In relation to age-related social risks, we will formulate a hypothesis about potential positive-sum solutions in the generational structure of social citizenship, with clear relevance for social justice. We here outline four ideal-typical generational

welfare contracts. Besides providing the theoretical framework that guides much of the empirical analyses in subsequent chapters, the discussion also contributes explanatory leverage for why welfare states in an era of ageing societies and structural change have developed fundamentally different types of generational welfare contracts.

GENERATIONAL CONFLICT AND POSITIVE-SUM SOLUTIONS

The reorganization of social policy in many affluent countries, coupled with structural economic and demographic shifts, have fueled discussions about generational justice in politics and academia alike. Much of this discussion concerns relations between overlapping generations, especially in politics. One illustrative recent example is Sweden, where a series of tax deductions on earned income initiated a heated debate about divergent tax treatment of income from earnings and pensions. Particularly the Swedish National Pensioners' Organization (PRO, 2009) was critical towards the higher tax rate levied on pension income than earnings. However, it is more common that the debate is tilted towards the other end of the age spectrum. One example is the fear expressed by the former German president Roman Herzog that older generations are about to plunder the younger ones (Vanhuysse, 2013).

Similar ideas about elderly people receiving benefits from the welfare state at the expense of the young have surfaced in scholarly debates (Beckett, 2010). This pro-elderly bias of welfare states is assumed to threaten the legitimacy and sustainability of social policies by tilting public efforts in favor of increasingly powerful elderly voters (Berry, 2012; Kotlikoff and Burns, 2012). Developments in the age-related distribution of social spending have also been framed in terms of an emerging "generational conflict" in social policymaking, a discussion that not least has been prevalent in the United States (Preston, 1984) and other English-speaking welfare states (Laslett and Fishkin, 1992; Thompson, 1998). Occasionally, the imagery used in the discussion has been even more dramatic, with reference being made to an impending "intergenerational war" (Binney and Estes, 1988; Wallace, 2001).

There are reasons to believe that the fears of unavoidable distributive conflicts between generations have been exaggerated, and that future developments are less deterministic. It is an undeniable fact that social spending on old-age benefits has increased alongside population ageing. Much of this increase in old-age benefit expenditure is also likely to be path dependent, caused by the maturation of old-age pension programs

implemented in decades long past. Long-term spending commitments of this kind have proved to be very difficult for governments to change in the short term, and as a consequence, substantial reforms to old-age pensions often involve a transitional stage where governments gradually move new retirees into separate schemes. The growth of pension expenditure is therefore intimately related to demographic change. As the numbers of pensioners increase, so does old-age benefit expenditure (Adema, 2001; Hemerijck, 2002). However, it is often neglected that increased government spending on pensions does not automatically mean that old-age benefits for retirees have improved and become more generous. When analyses are shifted from overall levels of pension expenditures to entitlements, the positive association between population ageing and old-age benefits disappears. If anything, population ageing often coincides with new pension benefits being lower than they were for earlier retirees (Tepe and Vanhysse, 2009).

Besides being heavily biased towards a discussion of social spending patterns, we also believe that contemporary debates about generational conflicts in social policymaking have been much too concentrated on the retirement issue, ignoring fundamental social risks associated with other phases of human life. The one-eyed focus on pension reform may severely distort conclusions about generational justice as it fails to recognize that increases in pension expenditures do not always come at the expense of younger generations and their access to adequate social protection. When research on generational equity is broadened beyond the US context and takes European developments into consideration, it is actually possible to find instances where population ageing goes hand in hand with increased welfare state efforts for both children and the elderly (Pampel, 1994). Thus, social policies targeting children and elderly citizens separately may not by necessity involve generational distributional trade-offs.

Possibilities of positive-sum solutions are seldom raised in the debate about generational justice. However, such processes play an important explanatory role in the social investment discourse. Particularly policies for families with the youngest children are often viewed as part of the solution to the problem of ageing societies, which often is seen as a main driver of generational conflict (Esping-Andersen and Sarasa, 2002; Lindh et al., 2005). With the aim to investigate potential positive-sum solutions in generational politics, we will in this book move empirical research beyond an analysis of spending patterns and focus instead on social citizenship rights, as discussed in the introductory chapter of this book. In addition, we will not only focus on pension reform, but address how welfare states have responded to a greater variety of age-related needs.

THE POSITIVE-SUM SOLUTION HYPOTHESIS

Social citizenship rights are more or less stable over time and subject to negotiation and change. We expect the terms of these rights not only to be conditioned by structural factors, but also that they are strongly linked to conflicting power relations among groups of actors. In this actor-oriented perspective, citizens are viewed as rational players in the democratic struggle, with potential to organize collectively to defend and pursue their interests (Korpi, 1985). Considerations about justice and sustainability of welfare states are central in this regard because any implicit agreement about the distribution of resources is likely to depend heavily on the perceived legitimacy of policies among key groups in society.

Not only class-based struggles and power relations related to gender have the potential to change already established policies. The extent to which overlapping generations believe that the distribution of age-related social citizenship rights is fair can also be expected to influence how welfare states and social policies are organized. Whereas the role of class-based conflict and cross-class alliances in social policy (Esping-Andersen, 1990; Kangas, 1991; Korpi, 1989; Palme, 1990), as well as the gendered distribution of social citizenship rights (Hobson, 1994; Lewis, 1992; Orloff, 2009), have received considerable scholarly attention, it has been less common to analyse welfare states from a generational perspective. Nonetheless, it is reasonable to assume that welfare states both structure, and are structured by, generational relations. From this perspective, age-related social citizenship rights also respond to different concerns of social equality and justice between generations, something that includes the willingness of citizens to accept or support various age-related resource claims.

In an influential study on strategies for equality in modern welfare states, Korpi and Palme (1998) showed that high levels of redistribution are achieved foremost in countries where social policies cut across interest groups and include all, or nearly all, citizens in one common risk pool. In countries where social policy is segmented across occupational lines or heavily reliant on market forces, the degree of redistribution is substantially lower (Nelson, 2004). If we apply this line of thinking to generational relations, we should expect a link between the distribution of social citizenship rights across overlapping generations and the overall comprehensiveness of the system.

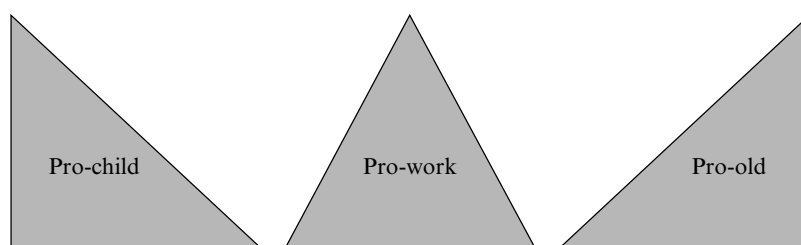
Welfare states that protect citizens against particular age-related social risks, while downplaying social rights related to other risk phases of the life cycle, are more likely to underpin conflicts of interest in society, particularly between age groups that benefit greatly from the welfare state and those who are left with weak protection. In the long term, interest

mediation, coalition making and public support for redistribution may thus be reduced, making it more difficult to expand the fiscal basis of the welfare state. Instead of positive-sum solutions, the likelihood of generational distributional conflict is substantially increased. In such scenarios, the gains of one age group occur at the cost of another, paradoxically also circumscribing the total amount of resources available for redistribution. The dynamics of such conflicts are likely to be a disadvantage for all major age-related risk groups.

It should be acknowledged that the political economy of redistribution has become increasingly complex and diversified in recent decades (Brady and Bostic, 2015). Many countries have entered vicious cycles in social development, where important complementarities between institutions of the labor market and in the political arena have gradually weakened (Barth and Moene, 2014). In this context of negative reciprocity, characterized in many countries by increased wage inequality and cutbacks to social spending, research on income distributions has recently suggested that the relationship between social policy and redistribution has changed. Welfare states that distribute resources more unevenly across risk pools seem nowadays to achieve higher levels of redistribution (Kenworthy, 2011; Marx et al., 2016; Whiteford, 2008). Although these new results urge us to reconsider earlier claims about the political economy of redistribution, there is evidence from more institutionally informed analyses that principles of universalism in policymaking are still fundamental for poverty reduction (Ferrarini et al., 2016; Jacques and Noël, 2017).

The confusion in the welfare state and poverty literature about the consequences of following different social policy principles and strategies is at least partly a result of theoretical and methodological misconceptions. Even though we will return to this issue in greater detail in Chapter 5, it is essential to stress at this point that analyses on income distributions seldom are appropriately designed to facilitate inferences on institutional designs and approach questions about the political economy of redistribution, where middle-class and cross-class political alliances are critical preconditions. Without proper consideration to institutional structures, analyses on policy outcomes based solely on income distribution data may be as much a result of population characteristics and volatility of market incomes – which in turn determines the role of social policies in the first place – as they are a consequence of how social policies are codified in legal frameworks and provide equal protection against age-related social risks.

In order to formulate specific hypotheses about welfare states and generational justice, it is fruitful to make a distinction between “unbalanced” and “balanced” contracts. Unbalanced generational welfare contracts are characterized by an uneven distribution of social citizenship rights across



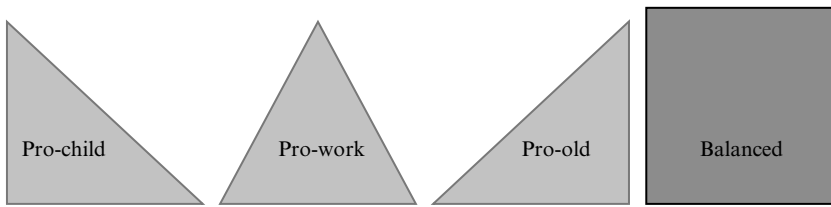
Note: The horizontal axis is divided into three age-related social risks: childhood, working age and old age. The vertical axis shows the extensiveness of social citizenship rights, ranging from high to low.

Figure 3.1 Ideal-typical configurations of three unbalanced generational welfare contracts

age-related risk categories, as shown in Figure 3.1. On the horizontal axis we have divided human life into three phases characterized by the different age-related social risks that we identified in the introductory chapter of this book: childhood, working age and old age. On the vertical axis we have a hypothetical measure showing the extensiveness of social citizenship rights for those risks.

Unbalanced generational welfare contracts come in the form of three ideal-typical subtypes: profiled to children (pro-child), to those of working age (pro-work), and to the elderly (pro-old). Discussions about generational conflict and distributional trade-offs in social policymaking are most often assumed to follow the profile described by the pro-old subtype, where ageing welfare states become increasingly supportive of retirees. The exact shape of the unbalanced contract will most likely differ across countries and over time, and exhibit a greater diversity of generational profiles than in the analytical simplifications we depict here. Nevertheless, the ideal-typical examples serve our analytical purpose by illustrating different scenarios where citizens in one age-related risk category benefit from the welfare state supposedly at the expense of others.

In Figure 3.2 we not only introduce a fourth ideal-typical profile – the balanced generational welfare contract – we also illustrate a scenario where the volume of resources available for redistribution is far from predetermined, but instead varies according to the overall design of the system. Our basic hypothesis should by now be discernible. Because the extensiveness of social citizenship rights hardly differs between age-related risk categories in balanced systems, it is reasonable to assume that the likelihood of positive-sum solutions in policymaking is enhanced. Interest coalitions cutting across age groups are here expected to increase the possibilities of



Note: The horizontal axis is divided into three age-related social risks: childhood, working age and old age. The vertical axis shows the extensiveness of social citizenship rights, ranging from high to low.

Figure 3.2 Ideal-typical configuration of the balanced generational welfare contract

improving social policies for all. We would thus expect social citizenship rights to be more fully developed across all age-related social risks in countries where social policies are more equally protective towards the needs of different overlapping generations, as is the case with balanced generational welfare contracts.

In the perspective of the political dynamics involved in policymaking and possibilities for cross-generational political coalition formation, it is reasonable to assume that countries with clearly unbalanced systems over the long term have greater difficulties sustaining extensive public commitments in areas of social policy for any age-related social risk. Unbalanced generational welfare contracts are therefore more likely to foster distributional trade-offs and conflicts that effectively undermine the possibilities of increasing the overall comprehensiveness of the system, even among those age groups that in relative terms are treated favorably.

STABILIZING GENERATIONAL JUSTICE

Our hypothesis about positive-sum solutions in the balancing of social citizenship rights across age-related social risks does not require that every generation should receive an equivalent share of social expenditures, either in single years or over the life course. Even in the presence of stable arrangements in place to redistribute resources and balance age-related claims, the allocation of social spending will inevitably vary across generations. One obvious reason, which serves to be repeated, is that aggregate needs are very much affected by demographic processes. Each generation may differ considerably in size, reflecting the combined effects of changes in birth rates and life expectancy. In this context of changing demographics, it is

important to acknowledge that there is already a well-developed scholarly literature concerned with the specific challenge of identifying equitable distributions of welfare in ageing societies. Particularly the question of how to ensure fair and sustainable pensions under circumstances of huge cohorts entering retirement has received much attention (Lindh et al., 2005).

Several important contributions to the discussion about justice and pension reform in the context of population ageing build on Musgrave's principles of a fair financing of social policy. Specifically, the idea of "fixed relative positions" (Musgrave, 1981, p.109) – sometimes referred to as the "Musgrave rule" – has been advanced as an attractive risk-sharing device between overlapping generations for sustainable pensions (Esping-Andersen and Myles, 2006; Myles, 2002, 2003; Schokkaert and Van Parijs, 2003). According to this principle, the additional costs of supporting the elderly that result from population ageing should be shared between the working population and the retired according to stable proportional shares, rather than allowing either workers (higher taxes) or retirees (lower pensions) to carry the greater share of the burden.

In this view, justice requires pension systems to be organized in ways that hold the ratio between per capita benefits (net of taxes) of the retired and per capita earnings (net of contributions) of the working population fixed, no matter what demographic changes there are. In other words, the relative economic positions of the working population and the retirees should remain unaffected by demographic developments. However, in the case of increasing life expectancies this can of course only happen if the retirement age is adjusted upwards. Mature Western welfare states are for such reasons already making different kinds of adjustments to their pension systems.

The principles stipulated by the Musgrave rule are clearly important to take into account when evaluating strategies for politically stable pension systems that prudently distribute resources between workers and retirees. Once again, however, we would like to stress that the particular problem of promoting sustainable pensions in ageing societies, despite its importance, only constitutes one aspect of the wider challenge of maintaining fair and politically stable welfare state institutions. The generational welfare state is more than just its pensions. If we are to promote and stabilize justice between age groups and support the willing cooperation of all generations in this endeavor, we should equally consider that modern societies do not only face demographic challenges. There are also other pressures of more immediate relevance for the social conditions pertaining to citizens that have not yet reached retirement age, including technological shifts and large-scale industrial restructuring, changes in productivity and slow-down

of economic growth, increased unemployment, changes in the work and family balance and so forth.

When such pressures affect the ways in which welfare states redistribute resources, for example, by causing major imbalances in how social policies respond to different age-related risks, the fairness and political stability of the whole system comes under threat. Under such circumstances of potential generational conflict, sustainable cooperation between generations requires that all citizens genuinely believe that they have good reasons to cooperate (Daniels, 1988). In line with the positive-sum solution hypothesis, the likelihood of fruitful generational cooperation depends not only on the extent to which the financing of social policy is shared, but also on the presence of stable and evenly shared protection against all major age-related social risks, no matter where in the life course those risks appear.

Although the criterion of “fixed proportional shares” may be considered reasonable, we have in this chapter argued that the debate about the generational welfare state also needs to take into account protection against age-related social risks in pre-retirement ages. One main motivation behind the Musgrave rule is to support an institutional context of generational solidarity, where the current working population may feel confident that they will access equivalent levels of protection when they are retired, thereby securing their willingness to contribute. In generalizing this logic of reciprocal support to other age-related social risks, it is reasonable to assume that balanced generational welfare contracts play an important role in strengthening trust and support for resource claims of overlapping generations, at different stages of life. We have good reason to believe that public responses to a particular age-related social risk are affected by the ways in which welfare states cater for other generational needs, including those of children and people of working age. It is therefore important not to detach specialized debates about fair and sustainable pensions from empirical research on broader aspects of welfare states, including the ways in which countries have organized social policies to cover a greater variety of age-related needs.

CONCLUSION

It is often argued that social policymaking is increasingly plagued by distributional conflicts between different overlapping generations – most often between retired and younger people. We have in this chapter advanced theoretical arguments to complement and, in some respects, challenge this view. Due to the pooling of risks and resources within welfare states, it is possible to expect scenarios where positive-sum solutions are operating.

The hypothesis of positive-sum solutions concerns the distribution of social citizenship rights across three major age-related risk categories: childhood, working age and old age. We outlined four ideal-typical generational welfare contracts. Three of those are unbalanced, where social rights are tilted in favor of a particular target group: children, those of working age or old age. In debates about welfare states and ageing societies it is particularly the unbalanced generational welfare contract of the old-age type that is assumed to foment generational conflict. The fourth ideal-typical category is the balanced generational welfare contract, where the structure of social citizenship rights treats all age-related risk categories more equally.

Balanced generational welfare contracts are particularly interesting from the perspective of positive-sum solutions because they provide favorable conditions for generational interest formation. Welfare states that respond more evenly to needs associated with each particular age-related social risk are here expected to improve the possibilities for interest mediation and coalition making, thus providing more favorable conditions for raising the overall comprehensiveness of social citizenship to the greater benefit of all age groups.

4. Profiling the generational welfare contract

Welfare states can be analysed in different ways. The research questions of this book require detailed institutional information on age-related social policy programs. In this chapter, we use new comparative data on legislated social citizenship rights covering social risks during different stages of human life. The following questions are addressed. Are welfare states becoming more generationally balanced? Which of the ideal-typical configurations of generational welfare contracts discussed in the previous chapter can be empirically discerned? Is there evidence of age-related trade-offs in policymaking, or can we find support for positive-sum solutions in generational politics?

To recapitulate the theoretical discussion from preceding chapters; we expect that the generational structure of social citizenship is closely tied to the extensiveness of public commitments in areas of social policy. Social citizenship rights that are generationally balanced (providing similar levels of protection for different age-related social risks) are hypothesized to also improve redistribution of state-legislated programs for all citizens irrespective of age, thus increasing the overall comprehensiveness of social policy. The reduced likelihood of generational trade-offs in the presence of such balanced welfare contracts suggests that more well-developed social citizenship rights for one particular age group do not necessarily imply weaker social protection for other age-related risks. Instead of fueling conflicting claims and social divisions across generations, balanced generational welfare contracts are expected to encourage coalition formation between age groups of relevance for the sharing of risks and resources in society.

In the following we discuss data on social citizenship rights and propose a way to measure and analyse positive-sum solutions in social policymaking. Thereafter, we initiate the empirical investigations of this book and analyse developments over time and between countries, first, by investigating changes in social citizenship rights from 1960 up to 2010; and second, by outlining the generational welfare contracts depicted by our data. We then perform regression analysis to further test our hypothesis about positive-sum solutions in generational politics.

SOCIAL POLICY INDICATORS

The social citizenship rights approach to comparative welfare state analysis was originally developed by scholars to improve the possibilities of causal inferences in policy and overcome analytical limitations associated with social expenditure data (Esping-Andersen, 1990; Korpi, 1989). The Social Policy Indicators Database (SPIN) used throughout this book has been developed within this tradition. SPIN is a major research infrastructure based on theories of social citizenship, established at the Swedish Institute for Social Research (SOFI), Stockholm University. The rights-based character of social citizenship implies that policies should at least be publicly mandated and recognized in legal frameworks, and SPIN data is thus explicitly developed to facilitate institutional analyses of welfare states (Ferrarini et al., 2013). Indicators are defined and measured in a coherent and consistent methodological manner to facilitate analyses between countries, over time and across program areas.

SPIN is a continuation of the internationally renowned Social Citizenship Indicator Program (SCIP) (Korpi, 1989), but extended to a broader set of social policy programs, more countries and further waves of data. SPIN includes detailed information on financing, eligibility and entitlements of major social benefits, quantified into empirical variables. The database includes up to 47 countries and, as noted in the introductory chapter, we draw on data for 18 long-standing welfare democracies from 1960 to 2010, which is the most recent wave of data. Data is available for every fifth year. For more information about SPIN, see www.sofi.su.se/spin.

SPIN is particularly well suited for generational analyses of welfare states because it includes core programs of immediate relevance for different age-related social risks. Conceptually, we share similarities with earlier studies on reciprocal support between generations (Bengtsson and Achenbaum, 1993; Walker, 1996), albeit our focus is on legislative institutional structures rather than informal redistribution based on kinship, which typically involves sharing of economic resources or services between members of the extended family.

Measurements

Notwithstanding the complexity and multidimensional nature of welfare states and social policy, we use income replacement in major age-related social insurance schemes to measure and analyse the generational structure of social citizenship. Income replacement is the only indicator of social citizenship that covers all our countries over a longer time period, and that also enables systematic comparisons of different programs that address

major age-related social risks. We do not deny that other facets of welfare states certainly may be important to consider as well, including how countries have organized care and other forms of public services. However, we believe that income replacement in social insurance to a certain extent also functions as a proxy for more general commitments of countries (and their underlying principles of justice) to provide welfare for their citizens. Income replacement in social insurance has previously been associated with a wide range of outcomes both at individual and societal levels, including poverty (Bäckman, 2009, Bäckman and Ferrarini, 2010; Nelson, 2003), material deprivation (Nelson, 2012), subjective health (Ferrarini et al., 2014), unemployment (Sjöberg, 2000), job insecurity and subjective well-being (Sjöberg, 2010), employment commitment (Esser, 2005), mortality (Ferrarini and Norström, 2010; Nelson and Fritzell, 2014; Palme and Norström, 2010), gender equality (Korpi, 2000; Korpi et al., 2013) and fertility (Billingsley and Ferrarini, 2014; Ferrarini, 2006).

To measure the degree of income replacement for each age-related social risk we use SPIN entitlements data, calculated on the basis of national legislation using model family techniques. In comparative research, model family techniques are commonly used to enable comparisons between countries and across social policy programs (Bradshaw and Finch, 2002; Bradshaw et al., 1993; Eardley et al., 1996). Model family techniques are also used by international organizations to monitor cross-national variation and long-term social policy developments. One example is the joint European Commission/Organisation for Economic Co-operation and Development (OECD) project to analyse the effects of taxes and benefits on household incomes and incentives to work (Carone et al., 2003).

For each age-related social risk, entitlements are calculated net of taxes and expressed as percentages of an average production worker's net wage. In cases where entitlements are established with reference to previous wages, benefits are calculated at the wage level of an average production worker. It should be noted that income replacement in social insurance not only reflects the ways in which benefit formulas are defined. The number of waiting days, duration and taxation of benefits may also influence the extent to which social insurance replaces work income. Table 4.1 summarizes the calculation of income replacement in social insurance for each age-related social risk. For the childhood risk category, we take into account a benefit package including child allowances, child tax allowances, child tax credits, post-natal parental leave benefits and maternity grants paid in relation to childbirth. We use the yearly net benefits paid to a family with two adults and two young children. One of the parents in this model family is assumed to work full-time. The other parent is expected to be out of employment performing care work in the home for the whole

Table 4.1 Measurements of income replacement in social insurance corresponding to three age-related social risks

Age risk category	Benefit programs (where applicable)	Model family	Duration	Index
Childhood	Child allowances, child tax allowances, child tax credits, post-natal parental leave benefits, maternity grants	Two adults (one in work and one on parental leave) and two children (one below 1 year and one aged 5 years)	52 weeks	No
Working age	Unemployment insurance, sickness insurance	Single person household	1 week and 26 weeks	Yes, additive four components index of unemployment and sickness net replacement rates, each measured for two periods of duration
Old age	Old-age retirement benefits	Single retired person and a retired married couple (one person receiving standard pension corresponding to 40 years of prior work, spouse only qualified for minimum pension if applicable)	52 weeks	Yes, additive two components index of a single retired person and a married retired couple

year. See Billingsley and Ferrarini (2014) for further discussion about the calculation of income replacement for families with children.

For working-age risks we include unemployment insurance benefits and sickness insurance benefits. Because income replacement sometimes varies over the duration in receipt of benefits, we assume two periods of unemployment and sick leave: 1 week and 26 weeks. In order to avoid confusion with other age-related needs, unemployment insurance and sickness insurance benefits are calculated solely based on entitlement structures of a single person model family. Income replacement for working-age risks

is an additive index of unemployment and sickness insurance net replacement rates over the two periods of duration. For further information concerning measurements of unemployment and sickness insurance benefits, see Ferrarini et al. (2012a).

For old-age risks we use the yearly pension benefit of two model families; a single retired person and a married retired couple. In both instances, the breadwinner is assumed to have a 40-year employment record. The non-working spouse only qualifies for a minimum pension, if applicable. Income replacement for old-age risks is an additive index of the net pension replacement rate of the two model families. Palme (1990) gives more details concerning measurements of pension entitlements.

Although we try to analytically avoid confusion of social citizenship rights across different age-related risks, for example, by including family benefits only in the childhood phase, it should be noted that many benefit programs have effects that go beyond their associated risk category. One reason is of course that households often include family members belonging to different overlapping generations. Unemployment insurance is one example where benefits are likely to be important not only for the economic position of jobless people of working age, but also for child well-being (Morris et al., 2005).

WELFARE STATE REGIMES

Our analyses on the generational structure of social citizenship rights cover the period 1960–2010. However, by the early postwar period most OECD countries had begun developing systems of protecting citizens against market failures. Because it is common to portray welfare states as being path-dependent, with institutional structures showing high degrees of stickiness over time (Pierson, 2001), it is useful to recapitulate some of the broad welfare state regime patterns that were already in place at the time our empirical investigation began. Regime-based analyses are widely used in comparative research, perhaps due to their simplicity. Typically, regime-based analyses are premised on Esping-Andersen's (1990) three-partite categorization of welfare states into social democratic, liberal and conservative regimes, sometimes including additional models for the Southern European countries (Ferrera, 1996) and Central and Eastern Europe (Fenger, 2007).

The strongest path dependency is found in countries where the first laws of social insurance followed state-corporatist lines, including the conservative regimes of Austria, Belgium, France, Germany, Italy, Japan and the Netherlands (Korpi, 2001). Eligibility in state-corporatist systems

is based on a combination of contributions and membership of specified occupational categories, with benefits often being clearly earnings-related. Sometimes there are no maximum earnings ceilings for benefit purposes, and social insurance may also lack minimum benefits for low-wage workers or people outside the labor force. The fragmentation of citizens into different occupational risk pools limits coverage of benefits. Groups positioned outside the labor market have historically been excluded from benefits.

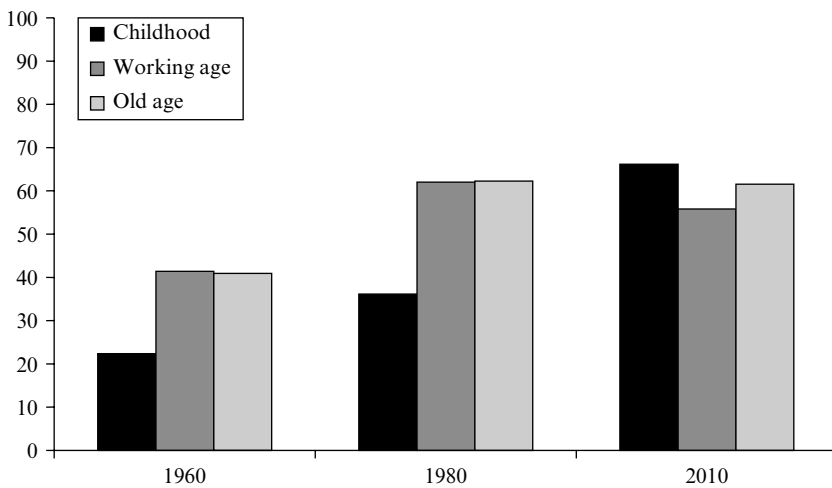
Other countries, normally associated with the liberal welfare state regime, rely on targeted approaches or comparatively meager flat-rate social insurance benefits.¹ While the former restricts eligibility to low-income families, the latter often includes all (or nearly all) citizens. Countries that in the early postwar period had organized social insurance mainly along targeted and flat-rate benefit principles include Australia, Canada, Denmark, Ireland, New Zealand, the United Kingdom and the United States. Many of these countries still operate such basic security systems (Korpi and Palme, 1998). Finland, Norway and Sweden reformed their social insurance systems in the late 1950s and 1960s when universal flat-rate benefits were combined with more generous earnings-related entitlements for the employed (Esping-Andersen and Korpi, 1986).

Although regime classifications may be useful in comparative research as heuristic devices to compare major country differences in policy designs, they nevertheless obscure changes over time that may alter the generational balance. Many of these changes are likely to be gradual rather than systemic in nature, and thus policy may change although regime labels remain static. Regime classifications often also conceal important institutional differences between policy programs within countries, something that makes it difficult to assess how welfare states respond to different age-related needs. Thus, a generational analysis of social citizenship rights requires that we instead begin our analysis of policy designs at program level.

EMPIRICAL ANALYSIS

Age-related Social Citizenship Rights 1960–2010

When shifting the analytical focus from broad regime types to our social policy indicators, detailing programmatic institutional designs, we can discern important developments in policymaking of relevance for the generational structure of social citizenship. Figure 4.1 shows income replacement in social insurance at three points in time; 1960, 1980 and 2010. Programs are separated by their age-related profile (childhood, working age and old age) and only averages for our 18 OECD countries are shown.



Source: The Social Policy Indicators Database (SPIN), own calculations.

Figure 4.1 Income replacement in social insurance for three age-related social risks (averages for 18 OECD countries)

Evidently, the generational structure of social citizenship became more balanced between 1960 and 2010, at the same time as levels of income replacement for the three age-related social risks increased. The continued development towards greater generational balance in social citizenship between 1980 and 2010 is foremost a consequence of family policy being raised higher up political agendas, in parallel with stabilized income protection for working-age and old-age risks. In the 1960s and up to 1980, income replacement for childhood-related social risks substantially lagged behind developments in other policy areas. However, by 2010 family policy had become more extensive and income replacement for childhood-related risks even slightly higher than those pertaining to working age and old age.

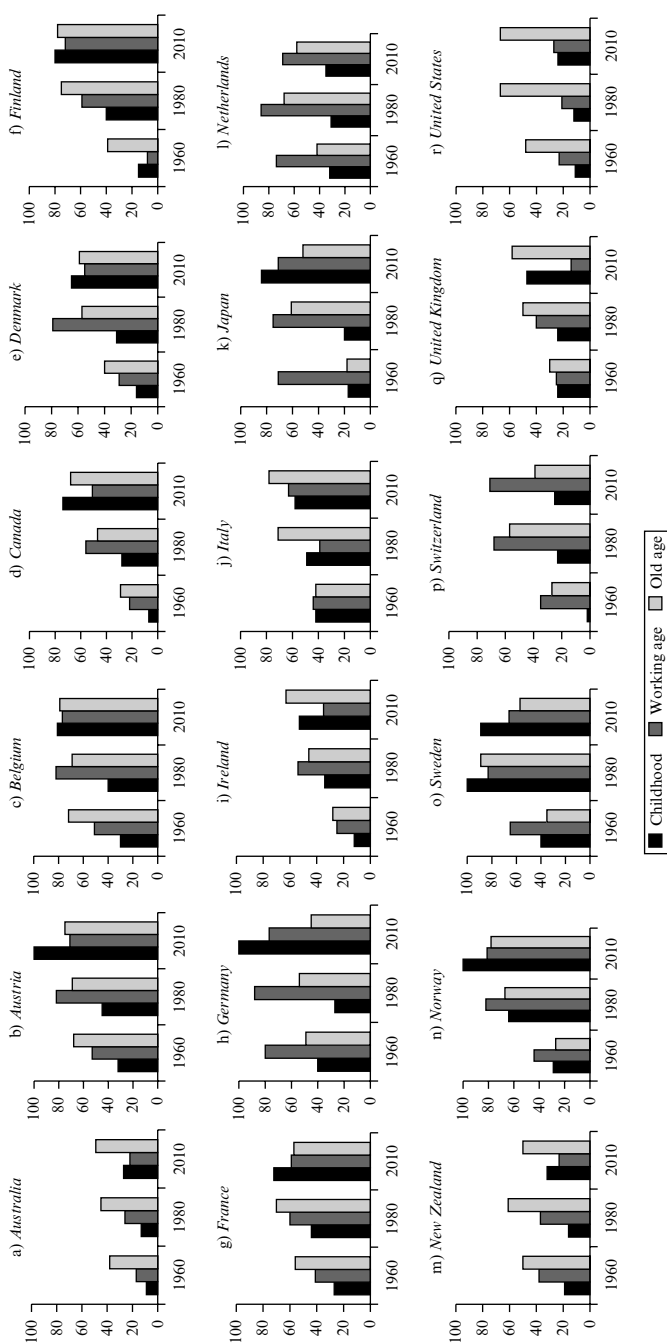
The striking expansion of family policy from 1980 is due to a series of reforms in paid parental leave, child benefits and tax deductions for economically dependent spouses. Whereas Nordic countries were pioneers in the introduction and development of paid parental leave (Ferrarini, 2006), so-called marriage subsidies have commonly been used in Continental European countries to subsidize families for caring needs (Montanari, 2000). A more recent tendency in the development of family policy concerns the fiscalization of child benefits, primarily in English-speaking countries. Transferring child benefits from social policy to the tax system has in several instances strengthened elements of selectivity in family

policy, transforming child benefit programs and making them more concerned with the provision of minimum subsistence levels among households in lower parts of the income distribution (Ferrarini et al., 2012b).

Benefits for unemployment and sickness have also changed in many countries, although reforms are somewhat less dramatic than in family policy. The expansion of sickness and unemployment insurance came to a halt in many countries in the mid 1970s, roughly at the same time as family policy was expanded. From 1980 and onwards, developments in unemployment and sickness insurance are in many countries characterized by stagnation, although it is possible to observe cutbacks primarily in unemployment insurance in some countries (Montanari et al., 2007). However, despite elements of retrenchment in social policy, income replacement in unemployment and sickness insurance has on average stabilized at levels far above those observed in the 1960s.²

Old-age pensions are also considerably higher in 2010 than they were in the 1960s. Nonetheless, retirement benefits have not been exempt from changes. Many countries have replaced pay-as-you-go systems with defined contribution plans, in which personal pension accounts determine retirement benefits. Sweden was a forerunner in this regard, with the defined contribution plan involving a funded component, something that was later introduced in other countries as well. Several countries have also tied benefits to changes in life expectancy (Whiteford and Whitehouse, 2006). Although not fully captured by our data due to maturation effects, all of these changes in old-age benefits are likely to have repercussions for the generational balance of social citizenship. This is not only due to the introduction of individual risk-taking in programs originally supposed to pool risks and resources between different generations and over the individual's life cycle (Palme, 2003), but also because pension benefits nowadays are more directly linked to macro-economic and demographic developments. The shift from defined benefit formulas to notionally defined contribution plans is also changing the generational contract in different ways by making each generation contribute the same proportion of their income to the pension system.

Although the overall trends analysed above show that income replacement in social insurance has become more generationally balanced and comprehensive, country averages of course conceal national differences. Four countries deserve further comment in this respect: Austria, Germany, Italy and the United Kingdom (Figure 4.2). In Austria and Germany, extensive reforms were introduced to paid parental leave benefits between 2005 and 2010, increasing age-related imbalances in social insurance. In Italy, it is rather the first year of observation that is extraordinary. In 1960, social insurance net replacement rates hardly varied across programs in



Source: The Social Policy Indicators Database (SPIN), own calculations.

Figure 4.2a-r Income replacement in social insurance for three age-related social risks in 18 OECD countries

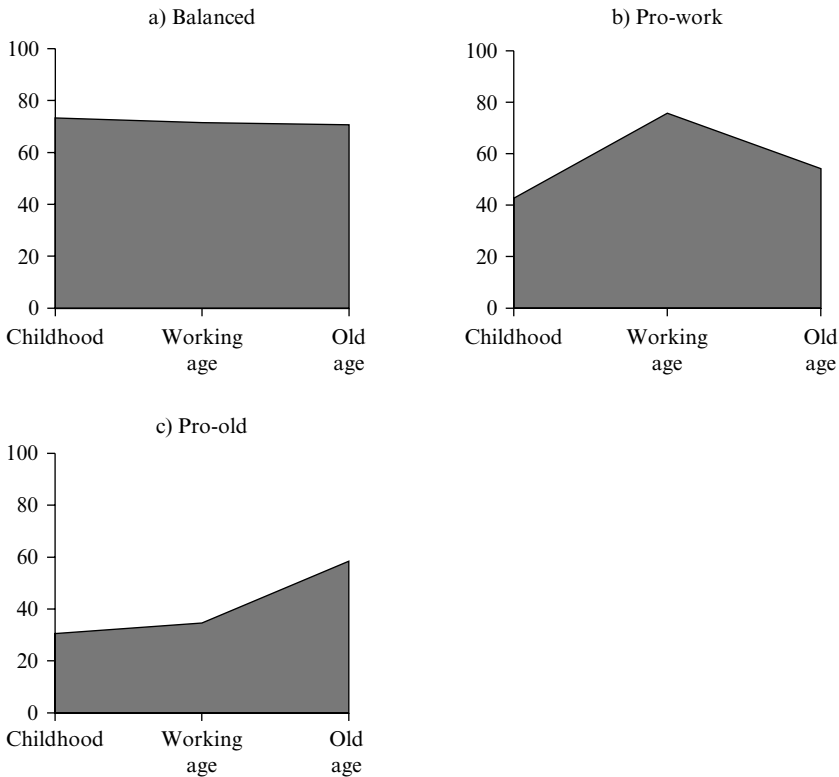
Italy, whereas up to 1980 they developed in a more unbalanced direction. In the United Kingdom, income replacement in age-related social insurance became more unbalanced mainly due to cutbacks in benefits for working-age risks, particularly under the Thatcher governments in the 1980s, but also during more recent decades.

Profiling the Generational Welfare Contract

Although we can observe different phases involving expansion, stagnation and stabilization in welfare state development, the overall patterns analysed show that social citizenship rights have become more generationally balanced. Protection for all major age-related social risks has also improved considerably since 1960. However, despite these developments, which would appear to support our main hypothesis of positive-sum solutions in generational politics, countries have organized social policy differently. We will now concentrate less on changes over time and more closely investigate major cross-country differences in the generational structure of social citizenship.

Figure 4.3 depicts the three broad types of generational welfare contracts that can be empirically observed in our data: balanced, pro-work and pro-old. We have pooled data for each country over the period 1980–2010. Several of the outcomes that we will study in subsequent chapters of this book are most likely manifestations of how generational policy has been carried out over a longer period of time, reflecting different values and priorities. By pooling data for different years we also improve validity of results by making our descriptive data analyses less sensitive to particularities of single measurements. The three age-related social risk groups (childhood, working age and old age) are shown along the horizontal axis, while the vertical axis designates the level of income replacement in social insurance. Countries are categorized as having different generational welfare contracts on the basis of the dominant shape of their generational profiles, and only country group averages of each contract are shown.

As discussed previously in Chapter 3, the distinction between balanced and unbalanced profiles is central for our analysis of generational welfare contracts. The cut-off used to determine whether social citizenship rights are balanced or not is of course to some extent arbitrary. We have for each country analysed differences in income replacement between the three age-related risk categories by calculating a straightforward statistical measure of dispersion. We decided that it is reasonable to categorize profiles of income replacement in age-related social insurance with a relative standard deviation below 20 percent as balanced.³ A higher relative standard deviation thus indicates that income replacement in social insurance differs



Note: The balanced contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

Source: The Social Policy Indicators Database (SPIN), own calculations.

Figure 4.3a–c *The generational welfare contract(s): income replacement in social insurance for three age-related social risks (averages for 18 OECD countries, 1980–2010)*

more extensively across age-related risk categories (i.e. that the generational structure of social citizenship is unbalanced).

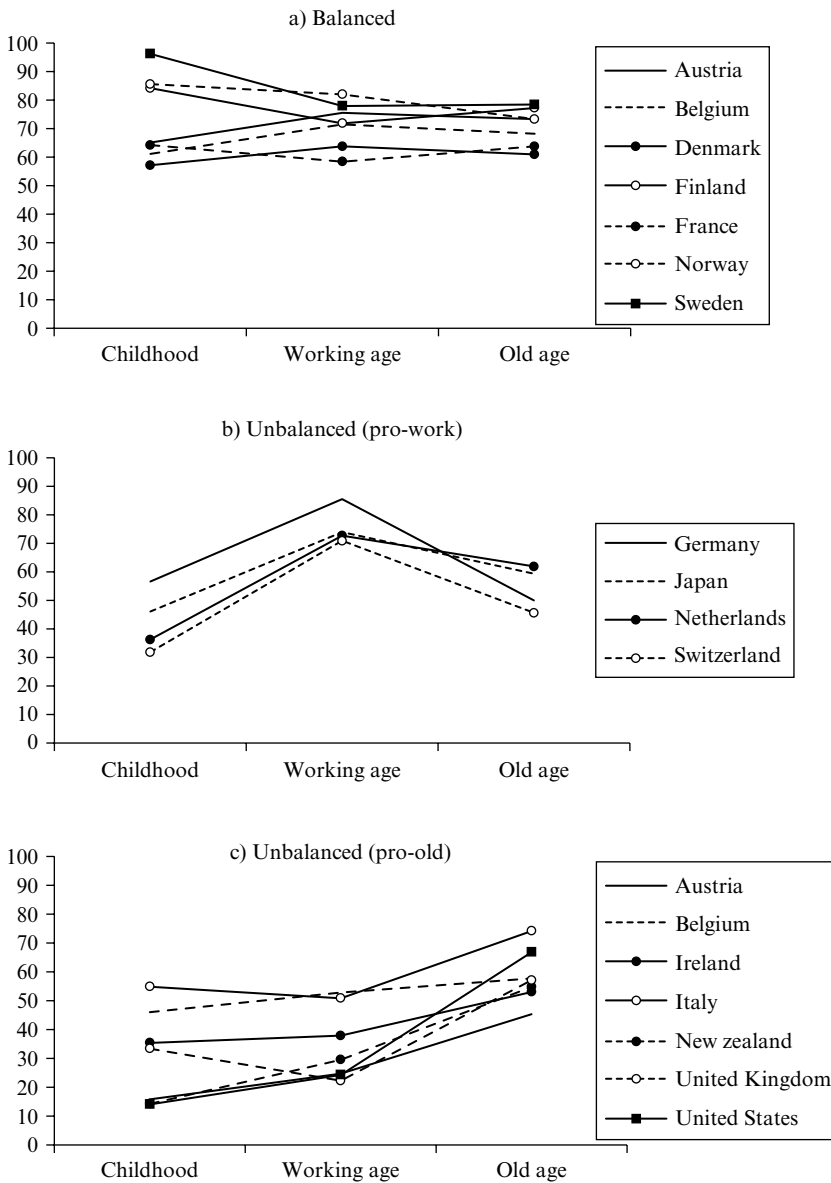
Our data clearly shows that there has not been a uniform development towards greater balance in the generational structure of social citizenship. To some extent, the equalization of social citizenship across age-related social risks has largely been driven by changes introduced to social insurance in countries where income replacement for an extended period of

time evidently has become more generationally balanced. Income replacement in social insurance over the period is balanced and fairly similar across age-related social risks in seven of our countries, which can be said to have balanced generational welfare contracts: Austria, Belgium, Denmark, Finland, France, Norway and Sweden. The slightly higher income replacement for childhood-related risks in this group of countries is mainly explained by family policy developments in some of the Nordic countries, where both paid parental leave and universal child benefits have been comparatively generous for a long time.

The remaining 11 countries have unbalanced generational profiles of either pro-work or pro-old types. A closer inspection reveals that we can empirically observe two of the three major variants of unbalanced generational welfare contracts that we theoretically outlined in Chapter 3: pro-work and pro-old contracts. Generational welfare contracts of the pro-work type are peak-shaped as income replacement is highest for working-age risks. The unbalanced profiles of Germany, Japan, the Netherlands and Switzerland are of this subtype. In systems of the pro-old type, income replacement increases with each subsequent age-related social risk, with profiles thus being positively tilted towards the retired. Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States have generational welfare contracts of the latter type.

Returning to our hypothesis of an association between the generational structure of social citizenship and the overall comprehensiveness of the system, the profiles of different generational welfare contracts provide further evidence. Income replacement is higher in countries where social insurance provides more even protection against age-related social risks. In these countries social insurance on average replaces about 70 percent of earnings (net of taxes) for all three age-related social risks. Income replacement is lower in countries with unbalanced profiles. One exception is for working-age risks, where the pro-work subtype reaches a level of income replacement that is slightly above that of the balanced generational profile. However, this pattern is largely explained by the single case of Germany, where unemployment and sickness insurance replacement rates are well above other countries in this group (Figure 4.4). It should be noted that the redistributive potential of the German system is somewhat reduced due to incomplete coverage of social insurance, similar to many other countries that have implemented state corporatist principles in their welfare states.

It is not possible to observe a generational profile that for an extended period of time can be categorized as pro-child, which was the third ideal-typical unbalanced generational welfare contract discussed previously in Chapter 3. In certain years, however, a few countries come closer to having unbalanced generational profiles of this pro-child subtype, including



Source: The Social Policy Indicators Database (SPIN), own calculations.

Figure 4.4a–c *Generational welfare contracts in 18 OECD countries: income replacement in social insurance for three age-related social risks (averages for the period 1980–2010)*

Austria, Germany, Japan and Sweden in 2010, France in 1995 and Norway in 2005 (not shown).⁴ We should also mention that Canada appears to be a borderline case between unbalanced and balanced generational profiles. Income replacement in Canada describes a flatter generational profile than other countries with pro-old generational welfare contracts, although replacement rates are substantially lower than in countries with clearly balanced contracts.

Regression Analyses

The generational profiles described above are certainly valuable for identifying broad, long-term patterns in the generational structure of social citizenship. To further test our hypothesis on positive-sum solutions in generational policymaking, we will now move beyond categorizations of countries into different groups, and carry out a more detailed empirical analysis on the same data. For this purpose, we perform a series of statistical regressions. Besides taking greater advantage of cross-country variations and changes over time in individual countries, we can control for confounding factors that may influence the results. We may thus evaluate whether the link between generational balance in social citizenship and overall comprehensiveness characterizing the generational welfare contracts is statistically spurious or not.⁵

Table 4.2 shows the results from a series of pooled cross-sectional and time-series regressions.⁶ Due to the different phases in the development of social citizenship noted above, we analyse two time periods; 1960–2010 and 1980–2010. In the methodological appendix, we provide a short explanation of how to interpret results from regression tables. The degree to which income replacement in social insurance is balanced across the three age-related risk categories depicts the generational structure of social citizenship and constitutes the main explanatory variable. To make the results more accessible and easier to interpret, throughout this book we simply invert the relative standard deviation (see above). Higher values on this inverted measure of dispersion show that income replacement in social insurance is generationally more balanced.⁷ The overall level (arithmetic mean) of income replacement in social insurance for the three age-related risk categories is used to measure the comprehensiveness of social citizenship and is the dependent variable.

Several of the confounding variables are noted in the literature on generational justice. The gross domestic product (GDP) per capita is measured in thousands of purchasing power adjusted US dollars. A variable measuring the size of the civilian labor force is used, expressed as a percentage of the population 15–64 years. We also include the unemployment rate,

Table 4.2a–b Balance and levels of income replacement in age-related social insurance; country-fixed effects regressions for 18 OECD countries

a) 1960–2010

	Levels of income replacement			
	Overall	Childhood	Working age	Old age
Balance of income replacement	0.224** (0.071)	0.419** (0.145)	0.303* (0.111)	0.139* (0.056)
GDP per capita	0.307 (0.537)	0.850 (1.003)	–0.494 (0.476)	0.597 (0.416)
Unemployment	0.269 (0.473)	0.262 (0.680)	–0.097 (0.552)	0.541 (0.542)
Service sector employment	0.094 (0.377)	0.312 (0.675)	0.405 (0.406)	–0.404 (0.307)
Old-age dependency ratio	0.162 (0.249)	0.873 (0.565)	–0.348 (0.413)	–0.298 (0.231)
Civilian labor force	0.021 (0.402)	0.103 (0.568)	–0.274 (0.492)	0.113 (0.350)

b) 1980–2010

	Levels of income replacement			
	Overall	Childhood	Working age	Old age
Balance of income replacement	0.193* (0.081)	0.442* (0.164)	0.075 (0.116)	0.063 (0.072)
GDP per capita	0.203 (0.542)	0.813 (1.075)	–0.507 (0.438)	0.303 (0.427)
Unemployment	0.035 (0.481)	0.326 (0.794)	–0.172 (0.479)	–0.049 (0.542)
Service sector employment	–0.093 (0.366)	0.136 (0.774)	–0.041 (0.465)	–0.373 (0.333)
Old-age dependency ratio	0.341 (0.237)	1.049 (0.784)	0.402 (0.451)	–0.427 (0.318)
Civilian labor force	–0.070 (0.300)	0.165 (0.654)	–0.255 (0.419)	–0.122 (0.282)

Note: * $p < 0.05$; ** $p < 0.01$ using cluster robust standard errors (in parentheses). Constants are not shown.

measured in civilian labor force and expressed as a percentage. Two other factors are the old-age dependency ratio and service sector employment (indicating the degree of deindustrialization). The former is defined as the population older than 65 years in percent of the population aged 15–64, while the latter is measured as a percentage of the civilian labor force. All confounding factors are from the OECD.

The regression results basically confirm our descriptive data analysis above. Balance in the generational structure of social citizenship and overall comprehensiveness of the system are indeed associated, also in the presence of confounding factors. In countries where income replacement in social insurance is more evenly distributed across age-related social risks, the overall level of income replacement tends to be higher. Notably, for the period 1960–2010 this positive association also appears when analyses on income replacement in social insurance are disaggregated by age-related risk category (childhood, working age and old age), thus providing clear support for our hypothesis about positive-sum solutions in generational politics.

Although the generational structure of social citizenship continued to develop in a more balanced direction after 1980, it is evident that many countries now had entered a second and more mature phase in welfare state development when further expansion of social citizenship rights was mainly for families with children. For the period 1980–2010, generational balance in the system of social insurance is positively related only to income replacement for childhood-related risks. For working-age and old-age risks, the corresponding estimates are also positive, but not statistically significant. However, it is important to note that improvements in social protection of families with children from 1980 did not necessarily come at the expense of people in other age groups, whose citizenship rights by this time had stabilized at fairly high levels. In fact, results from the regression analyses mirror those of the descriptive data analysis above. Protection against working-age and old-age risks was hardly affected by changes to family policy in this latter period, something that added to the generational balance of social citizenship.

The presence of generational trade-offs in policymaking would severely reduce the likelihood of observing such developments in social citizenship. If people in different age groups indeed have competing interest concerning how social entitlements are distributed across generations, we would expect a slower process of catching-up in the area of family policy, or alternatively more substantial reductions in other types of policies. However, none of the latter scenarios are supported by our analyses. Instead, we find clear evidence of positive-sum solutions in generational politics from 1980 brought about by the combination of substantially increased income

replacement for childhood risks and stabilized protection for working-age and old-age needs. Notably, none of the confounding variables have any statistically significant effects on income replacement in social insurance. The absence of an association between the old-age dependency ratio and income replacement is particularly noteworthy. Evidently, population ageing appears to be unrelated to developments in social citizenship in our analysis, something that raises additional doubts in relation to claims about unavoidable generational conflicts in social policymaking.

Social assistance and social minimums

Our analysis on the generational structure of social citizenship concentrates on developments in major age-related social insurance schemes. However, even in the most comprehensive welfare states, social insurance does not cover every person in need. In studying how the generational structure of social citizenship is related to levels of social protection available for people of all life stages, we also need to consider the role of social assistance and other forms of means-tested minimum income benefits that are often triggered when social insurance fails to meet its objectives. Although these benefits are not part of the age-related social citizenship rights that we focus on in this book, they are important to take into account in a discussion of how generational welfare contracts may affect levels of income support available for low-income groups. The aim of establishing a solid and adequate income floor for persons who lack any other sources of income speaks to values and concerns expressed in all the three perspectives on generational justice discussed previously in Chapter 2, including aims of providing access for all citizens to the normal opportunity range for their life stage (the prudential lifespan approach); to guarantee the resources needed to walk tall and interact as equals with other citizens at all times (relational equality); and – if sustainable over time – to maintain a social minimum to enable current and future generations to effectively exercise their basic liberties and political agency (just savings for future generations).

Guaranteeing social assistance as a strategy for the provision of a social minimum also plays a central role in more general debates on social justice and fairness (Schaller, 1998), including Rawls's (1971) second principle of justice – the so-called difference principle. Rawls's influential idea that socio-economic inequalities should be permitted only to the extent that they improve (via economic incentives for productive activities) the prospects of the least advantaged brings a natural focus to means-tested social assistance. One common interpretation of the difference principle in comparative research is that welfare states should be primarily evaluated in terms of their pro-poorness and needs of the least advantaged (Kangas, 2000).

Table 4.3 *Income replacement in age-related social insurance and social assistance; country-fixed effects regressions for 17 OECD countries 1990–2010*

	Social assistance
Overall level of income replacement in age-related social insurance	0.684* (0.310)
GDP per capita	–1.320 (0.694)
Unemployment	–0.136 (0.491)
Service sector employment	0.055 (0.610)
Old-age dependency ratio	1.078 (0.533)
Civilian labor force	0.329 (0.551)

Note: * $p < 0.05$; ** $p < 0.01$ using cluster robust standard errors (in parentheses). Constant is not shown. Italy is excluded from analysis.

In this discussion about social assistance and social minimums we believe that it is important to recognize the wider policy context defined by social insurance (an issue that we will return to in Chapter 5).⁸ Due to the pooling of risks and resources in welfare states, it is reasonable to expect that countries with extensive social citizenship rights in social insurance not only achieve high degrees of income redistribution via contributory benefits, but that legitimacy is also increased for spending on means-tested benefits outside the social insurance system (Nelson, 2006). Income replacement in social insurance may therefore be closely entwined with the amount of money provided exclusively to the poor.

Table 4.3 shows the results from regression analyses that use income replacement in social assistance as the dependent variable and the overall level of income replacement in social insurance as the main explanatory variable.⁹ Thus, we analyse here whether income replacement in social insurance more formally can be linked to social assistance. Availability of social assistance data restricts the empirical analysis to the period 1990–2010. The results are quite clear. Income replacement in social insurance is positively related to social assistance. Thus, countries with more extensive systems of social insurance tend to also have more comprehensive social assistance benefits. Conversely, countries with less developed social citizenship rights not only perform poorly in terms of income replacement

in social insurance, but also tend to have more modest social assistance benefits. There is thereby no empirical evidence suggesting that meager social insurance payments are compensated for by higher social assistance benefits. Quite the contrary, our empirical findings lend support to the idea of positive-sum solutions in policymaking outside social insurance.

CONCLUSION

In this chapter we have empirically investigated the generational structure of social citizenship using new comparative data on income replacement in social insurance directed at three different age-related social risks: childhood, working age and old age. Greater balance in the generational structure of social citizenship seems to improve the overall comprehensiveness of the system as well as levels of income replacement in social insurance for each separate age-related social risk; thus supporting our hypothesis of positive-sum solutions in generational politics. Even in the presence of the challenges raised by population ageing, we find a general development towards greater balance in the generational structure of social citizenship, as levels of income replacement in social insurance over time have become more evenly distributed across age-related risks. However, cross-country differences are substantial and largely correspond to the ideal-typical configurations of generational welfare contracts that were outlined in Chapter 3.

Based on income replacement data in major age-related social insurance schemes for the period 1980–2010, three types of generational welfare contracts have been empirically discerned among our 18 OECD countries. Balanced generational welfare contracts are found in seven countries where income replacement in social insurance is fairly similar across age-related social risks. Austria, Belgium, Denmark, Finland, France, Norway and Sweden are included in this category of balanced generational welfare contracts. Unbalanced contracts of a pro-work type are found in four countries. The generational structure of social citizenship is here tilted in favor of protecting working-age risks. Germany, Japan, the Netherlands and Switzerland are included in this pro-work category. In the remaining seven countries, generational welfare contracts of a pro-old type have been developed. Income replacement in age-related social insurance is most extensive for the retired in such pro-old contracts. Included here are Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States. The main task for the coming chapters of this book is to examine how the different types of generational welfare contracts identified above and their underlying institutional structures are empirically

linked to various social outcomes of importance for generational justice and welfare state sustainability.

NOTES

1. In cases where entitlements are formally earnings-related, the income ceilings for benefit purposes are often so low that benefits in practice become flat-rate in character.
2. The cutbacks introduced to social insurance have attracted considerable attention in academia. Not only has the magnitude of retrenchment been intensively discussed, but also its nature (Nelson, 2007; Pierson, 1996). The exact causes for the turnaround in welfare state development, with stagnation and in some countries also retrenchment in social insurance beginning in the 1980s, have been continuously debated in comparative research. Among the various factors explored are partisan politics (Korpi and Palme, 2003; Montanari and Nelson, 2013), globalization (Garrett and Mitchell, 2001; Tanzi, 2002), deindustrialization and slow economic growth (Iversen, 2001; Iversen and Cusack, 2000; Pierson, 2001) and population ageing (Castles, 2004).
3. The relative standard deviation is equal to the absolute value of the coefficient of variation. The latter is obtained by multiplying the coefficient of variation by 100. The coefficient of variation is defined by the ratio of the standard deviation to the arithmetic mean.
4. In these years, income replacement for childhood-related social risks was higher than income replacement for working-age and old-age risks, while the relative standard deviation of income replacement in major age-related social insurance schemes was above (or close to) 20 percent.
5. In statistics, a spurious relationship exists when two variables are falsely related to each other due to the presence of a third unrecognized factor.
6. All analyses include country-fixed effects and cluster robust standard errors. Country-fixed effects in pooled cross-sectional time-series analyses are commonly used when we suspect that omitted variables may cause biased estimates. Bias is the difference between the expected value of an estimate and the true value of the parameter being estimated. Panel data allows us to control for variables that we fail to measure or cannot observe. The basic idea is that bias caused by omitted variables will not vary across time, and hence its effects on our results will be constant or fixed (in our case picked up by the country dummies used in all pooled cross-sectional time-series regressions in this book). Fixed effects regressions are only suitable to analyse the impact of variables that vary from each point in time to the next, largely ignoring any long-term effects and cross-country difference in levels. Robust standard errors are commonly used when we might suspect that some underlying assumptions of the regression models are violated. In cases where residuals are independently distributed, standard errors obtained from robust estimation are consistent even in the presence of heteroscedastic residuals, which are common in cross-sectional and time-series data. In statistics, the residual of an observed value is defined in relation to the estimated value. If not appropriately adjusted for, heteroscedastic residuals may invalidate statistical tests of significance that assume modeling errors to be uncorrelated and uniform, thus making us falsely accept or reject hypotheses. When observations are clustered on panels (in our case on countries), cluster robust standard errors are also autocorrelation consistent. This means that our estimates are adjusted for the fact that many of our variables are correlated with themselves at different points in time (i.e. levels of income replacement in social insurance at time 2 are likely related to income replacement at time 1).
7. The inverted relative standard deviation is obtained by calculating the difference between 100 and the relative standard deviation.
8. Comparative research on social assistance has steadily grown, in part due to the strengthened role of minimum income benefits in the European social inclusion process (Bahle et al., 2011; Bradshaw and Finch, 2002; Bradshaw et al., 1993; Eardley et al., 1996; Frazer

and Marlier, 2009; Guibentif and Bouget, 1997; Holsch and Kraus, 2006; Immervoll, 2010; Kemp, 1997; Matsaganis et al., 2003; OECD, 1998a, 1998b, 1999; Palme et al., 2009; Van Mechelen, 2009). However, most large-scale comparative investigations on social assistance and other forms of minimum income benefits are descriptive in nature, with little or no reference to political dynamics or wider policy contexts.

9. Data on social assistance is from the Minimum Income Protection module included in the SPIN database. This data on minimum income benefits is also based on model family techniques and for social assistance we use two model families, a single person and a two-parent family with two children. None of the model families are assumed to have any work income or access to contributory benefits, such as social insurance. Besides social assistance, the benefit package of each model family includes child benefits, housing benefits and refundable tax credits, where applicable.

5. Contracts against poverty

The capacity of the welfare state to reduce poverty is one of the most classical goal dimensions of social policy. The development of social citizenship and income replacement in major age-related social insurance schemes are in this context likely to play a pivotal role. Compared to many other outcomes of the welfare state, the causal links between institutional structures and outcomes of relevance for generational justice are expected to be fairly straightforward here.

The nature and seriousness of age-related social risks have varied over the course of history, not only following profound structural transformations, but also reflecting the role of institutions for redistribution (Lenski, 1966). Differences in institutional designs of welfare states and adjustments to social policy have contributed to a diversity of contexts for how issues around generational justice are played out. Nevertheless, the stages in life when citizens have to cope with elevated risks for poverty have remained surprisingly stable, even in the presence of substantial structural change (Elder et al., 2003, Leisering, 2003; Mayer, 2004, 2005).

In this chapter, we initiate our empirical investigation of outcomes linked to generational welfare contracts by studying economic vulnerabilities that citizens are exposed to from birth to the very end of their lives. The purpose is to analyse how generational welfare contracts are related to poverty. Our main focus is on the direct pathways between income replacement in social insurance and poverty. Potential indirect effects that may arise in the intersection of social and labor market policy, through the ways in which policies create incentives or disincentives for employment, are addressed in Chapter 8. As outlined previously in this book, our main expectation is that balanced generational welfare contracts make citizens better equipped to handle periods of financial difficulties that appear in different stages of life. Balanced generational welfare contracts are thus expected to decrease poverty, not only overall, but also in each age-related risk period. The reason for these expectations relates to the political economy of the welfare state, an issue we will return to below.

The chapter is organized as follows. Next, we situate our analysis on generational welfare contracts and poverty in the context of the political economy of redistribution. Then, we discuss our poverty measurements and review

poverty trends in different age-related risk groups. The following sections are devoted to an analysis of links between policy and poverty, first, based on a descriptive data analysis and second, by performing statistical regressions.

WELFARE STATES AND INCOME DISTRIBUTIONS

How should we analyse distributional outcomes of the welfare state? Our main argument rests on the recognition that dominant approaches in recent scholarly and policy discourse are not adequately equipped to evaluate the role of institutional designs and conditions attached to the generational welfare contract. The problem is certainly not that issues related to inequality are ignored. Quite the contrary, the distribution of income is not only a recurrent theme in the social sciences but it also receives considerable attention in public debates.

The OECD (2011) recently showed that income inequality has been on the rise in most affluent countries since the mid 1980s, not surprisingly in tandem with rising poverty in some countries. The reasons for these changes to income distributions have been subject to intense discussion and several possible explanations have been brought forward, including demographic transformations, labor market change and the return of mass unemployment. Another partial explanation is the rapid growth of top incomes, not least for wider income inequalities (Atkinson and Piketty, 2007). In this explanatory framework some researchers view the role of welfare states and social policies as being of minor importance. In an analysis on the determinants of income inequality in Sweden for the period 1970–2009, Björklund and Jäntti (2011, p. 50) concluded that the contribution of transfers to the Gini coefficient had remained stable and at a low level.¹ This is indeed a very surprising finding against the background of recent changes introduced to the Swedish welfare state, where several studies report substantial cuts in cash benefit programs (Bäckman and Nelson, 2017; Fritzell et al., 2013; Kuivalainen and Nelson, 2011).

One reason for the difficulties in observing any substantial impacts of changing welfare states on income inequality is related to restrictions in standard analytical techniques, which seldom facilitate a sound separation between policy designs (i.e. welfare state institutional structures) and social risks (i.e. child bearing, unemployment, sickness, old age and so on). Decompositions of inequality indices may provide good descriptions, but also say very little about causal effects (i.e. whether inequality is affected by changes in the design of policy or changes in social risks, or a particular combination thereof). If income replacement in social insurance is reduced as the number of beneficiaries increase, the contribution of social transfers

to income inequality may actually be quite stable, although the institutional mechanisms surrounding redistribution have completely changed. Standard procedures of analysing income inequality are therefore poorly adapted to address institutional effects, whether in relation to issues of social class, gender, ethnicity or generational relations.

Failure to separate policy and social risks also characterizes a related branch of research on the distributive welfare state that relies heavily on the concentration of transfer income in an income distribution.² The confusion of social policy and social risks in such analyses is similarly easily illustrated. Let us for the sake of argument imagine a universal benefit that covers nearly every citizen in a particular risk group (e.g. an unemployment benefit). If risks of becoming unemployed are equally distributed in society, every segment of the income distribution would receive more similar shares of transfer income. However, in reality, many social risks are unequally distributed. In effect, even a universal policy may concentrate transfer income among the poor, thereby resembling the distributive profile of a means-tested and low-income targeted program, simply because benefits to a larger extent are received by people in the lower part of the income distribution.

By comparing the reduction of income inequality against the concentration of transfer income in the income distributions of a large number of countries, both Kenworthy (2011) and Marx et al. (2016) argue that transfer programs that reach further up the income ladder have become less relevant for income redistribution, which now appears to be explained more by the degree of low-income targeting in social policy (Whiteford, 2008). These new results may be interpreted in a way that has far-reaching policy implications, potentially harking back to the ideas of income redistribution that were embedded in the old poor-relief programs, and that still also tend to characterize modern forms of means-tested social assistance.

It is easy to understand the relevance of means-tested minimum income benefits, especially in periods characterized by financial crisis and fiscal constraints. However, for reasons stated above, we believe that it is problematic to analyse the concentration of transfers in an income distribution and low-income targeting without proper consideration to institutional structures and changes in social risks. Nor should low-income targeting in policymaking be analysed in isolation from the broader policy context in which social assistance and other forms of means-tested minimum income benefits belong (see our analysis on the institutional design of social insurance and social assistance in Chapter 4). One reason that we have already touched upon is the difficulty in theoretical terms in separating anti-poverty strategies in policymaking from the political economy of the welfare state (Marx et al., 2016). An exclusive reliance on low-income targeting is here likely to increase distributional trade-offs in policymaking of relevance not only for class-

based inequalities (Korpi and Palme, 1998), but also for generational equity. The political sustainability of the redistributive welfare state ultimately relies on broad interest coalitions that are formed around social policy.

The dynamic perspective on institutional change outlined in this book provides a sound basis for questioning the idea of low-income targeting as a powerful, stand-alone strategy for effective redistribution, also in a generational perspective. Rather than accepting at face value recent interpretations about the negligible role of changing social policy for income inequality and the significance of low-income targeting for effective redistribution, we will highlight the need for more institutionally informed analyses of income distributions that facilitate inferences on policy designs. Instead of relying on standard approaches that cannot adequately address questions about welfare state institutional structures, we will in this chapter apply analyses more aligned with theories on the political economy of redistribution. We give closer attention to imbalances in age-related social citizenship rights, thus providing new evidence of positive-sum solutions in generational politics. Empirically, we will analyse how poverty rates vary across age-related risk groups in countries that have defined their generational welfare contracts differently.

EMPIRICAL ANALYSIS

Poverty Trends

The empirical analyses in this chapter are based on comparative income data from the Cross-National Data Center in Luxembourg (LIS), which is an international research infrastructure that collects nationally representative micro-level income datasets that are harmonized to improve analyses across countries.³ LIS data is organized in different waves that roughly correspond to the five-year interval used in our institutionally oriented analyses of generational welfare contracts in Chapter 4. We use the LIS waves most closely corresponding to our measurements of income replacement in social insurance.⁴

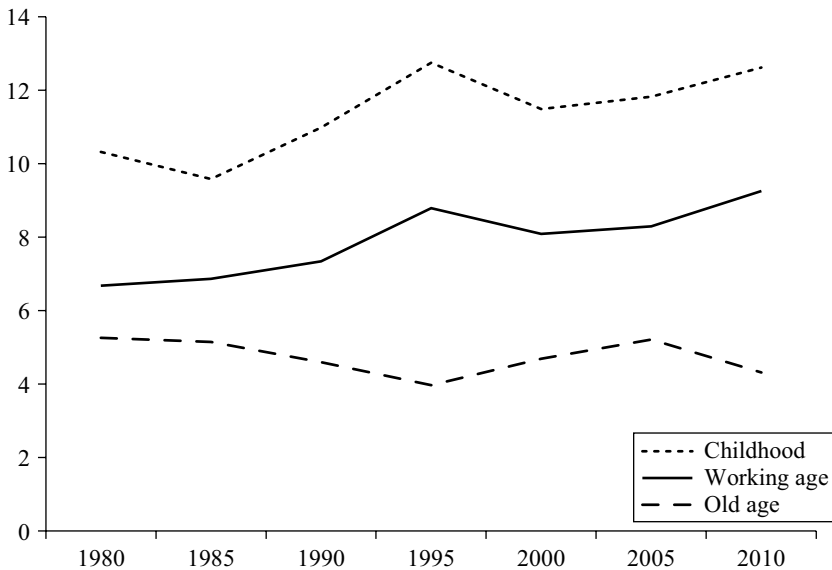
We follow common procedures in research on income distributions and conceptualize poverty in relative terms. Although it may be justified for some research purposes to focus on more absolute aspects of poverty, the relative income thresholds used in this chapter provide poverty measures that are both highly valid and relevant in comparative assessments of policy impacts. Our focus on relative poverty is clearly motivated from the perspective of relational equality discussed in Chapter 2. Recall that relational equality implies that people should be able to appear in public without shame, including access to resources necessary for full

participation on equal terms according to prevailing standards and conditions in society (Satz, 2010; Sen, 1991; Marshall, 1950).

Our basic benchmark is a poverty line of 50 percent of national median disposable household income in the whole population. The procedure of setting relative poverty thresholds is often characterized by various degrees of arbitrariness. Because policy impacts are sometimes sensitive towards the exact definition of the poverty line, in parts of the empirical analyses we will use alternative thresholds set at 40 and 60 percent of median disposable household income. Poverty counts are at the individual level, although income to begin with is measured at the household level. To adjust for the economy of scale within families, household-level income is divided by weights that vary according to household size and composition. Based on expert judgments about actual costs of additional family members, we use the so-called old OECD scale, which assigns a value of 1 to the first household member, 0.7 to each additional adult and 0.5 to each child.⁵ For example, household income of a family with two adults and one child is thus divided by a value of 2.2, before poverty counts are made at the individual level.

Figure 5.1 shows poverty rates in three age-related risk categories as averages of 17 OECD countries in 1980–2010, using the 50 percent poverty threshold. LIS does not provide data for New Zealand, which consequently is excluded from analysis in this chapter. Poverty rates are calculated for three age-related risk categories roughly corresponding to those analysed in the previous chapter: families with dependent children, households headed by working-age individuals without dependent children, and elderly people aged 65 and over. In parts of the subsequent analyses we refer to these age-related risk groups as childhood, working age and old age as abbreviated forms.

Poverty rates vary quite substantially across our age-related risk groups, and differences grew somewhat larger in the 1990s and after the global financial crisis around 2010. Although we have observed different phases involving expansion, stagnation and stabilization in the development of social citizenship rights, it is evident that the rank order of age-related poverty risks has been fairly unaffected by these changes to the generational welfare contract. The general pattern indicates that poverty decreases with age, no matter the time period in focus. Poverty is lowest among the elderly, where poverty rates have fluctuated quite steadily around 5 percent throughout the period. At the other end of the poverty spectrum we have families with dependent children, where poverty increased from around 10 percent at the beginning of the period to 12 percent a few years into the new millennium. Working-age households without dependent children take an intermediate position, but in relative terms we here find the most marked increase in poverty, from slightly above 6 percent in the early 1980s to slightly above 8 percent around 2010.

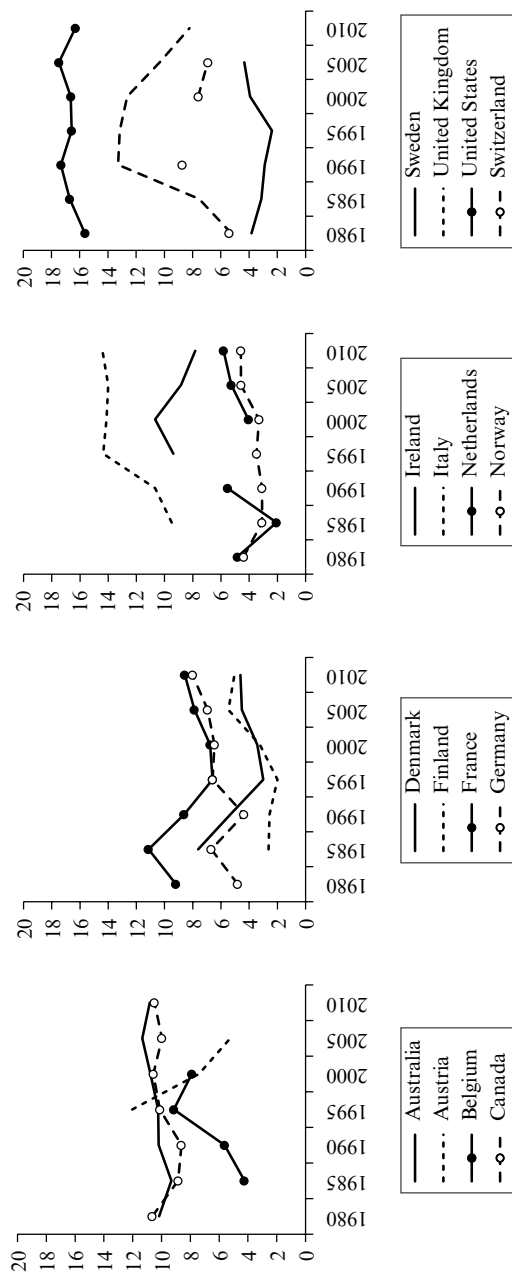


Note: The poverty threshold is 50 percent of median equivalized household disposable income. New Zealand is excluded due to missing data. The childhood risk category includes families with dependent children. The working-age risk category includes childless persons in working age. The old-age risk group includes people 65 years and older.

Source: The Cross-National Data Center in Luxembourg (LIS) and the Social Policy Indicators Database (SPIN), own calculations.

Figure 5.1 Poverty rates disaggregated by age-related social risk 1980–2010 (averages of 17 OECD countries)

A few individual countries deviate from the overall patterns above. One example is Austria, where poverty rates declined substantially between the mid 1990s and the mid 2000s (Figure 5.2), partly as a result of markedly reduced poverty among families with children (country-specific poverty rates disaggregated by age-related risk category are found in the Appendix, Table A.1). Although relative poverty rates at aggregate level are caused by a multitude of factors besides social policy (e.g. the functioning of labor markets and demographic changes), it is worth recapitulating that Austria substantially increased parental leave benefits over this period. Income distribution developments have been quite exceptional also in the United Kingdom, where poverty rates describe somewhat of an inverse U-turn pattern. Poverty increased dramatically in the 1980s, foremost as a consequence of developments in the incomes of families with children, but also as



Note: The poverty threshold is 50 percent of median equivalized household disposable income. New Zealand is excluded due to missing data. Japan is not shown since we only have data for one single cross-section.

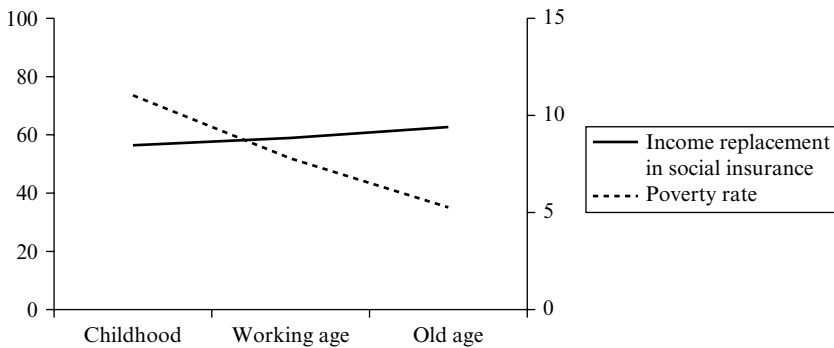
Source: The Cross-National Data Center in Luxembourg (LIS) and the Social Policy Indicators Database (SPIN), own calculations.

Figure 5.2 Poverty rates in 16 OECD countries 1980–2010

a result of increased poverty among childless persons of working age and the elderly. For the period 1990–2010, this trend in poverty is reversed, partly due to improvements in the relative income position of families with children. Our institutional data for the United Kingdom also shows that benefits for families with children were substantially strengthened from the mid 1990s.

Generational Welfare Contracts and Poverty

Although it would be exaggerated to expect perfect symmetry; based on our previous institutional analysis of the generational structure of social citizenship we expect policy to be reflected in poverty outcomes. Figure 5.3 shows income replacement in social insurance and poverty disaggregated by type of age-related social risk, corresponding to childhood, working age and old age. For ease of presentation, averages for the 17 OECD countries in 1980–2010 are shown.



Note: The poverty threshold is 50 percent of median equivalized household disposable income. New Zealand is excluded due to missing data. Income replacement is measured on the left axis, poverty on the right.

Source: The Cross-National Data Center in Luxembourg (LIS) and the Social Policy Indicators Database (SPIN), own calculations.

Figure 5.3 *Income replacement in social insurance and poverty in three age-related risk categories (averages of 17 countries 1980–2010)*

Without overstressing the causal ties between social policy and poverty, it is interesting to note that data lends evidence to our theoretical expectations. More extensive income replacement in social insurance is related to lower poverty rates. Although the generational structure of social citizenship has changed in many countries over the last decades, the overall pattern for the

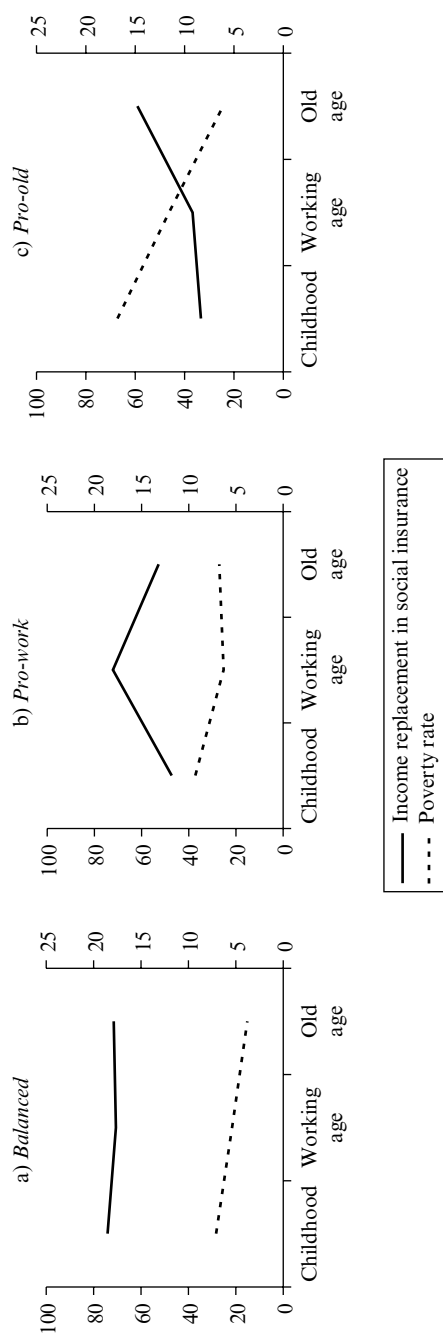
period shows that income replacement in social insurance for families with children for a long time lagged behind protection for other age-related risk groups. Income distribution data also shows that poverty has been highest among families with children.⁶ Childless people of working age have typically been granted less extensive income replacement than the elderly, which consequently is reflected in higher poverty risks.

Our analysis above on links between social policy and poverty is quite elementary, but nevertheless motivates us to further explore how the generational structure of social citizenship is mirrored in income distribution statistics. Figure 5.4 shows income replacement in social insurance and poverty in different age-related risk categories disaggregated by type of generational welfare contract. Only country averages for the years 1980–2010 are shown. Based on our empirical findings in Chapter 4 we distinguish between countries with balanced, pro-work and pro-old generational welfare contracts. Countries with balanced contracts have relatively flat profiles, with fairly small differences in age-related income replacement and in poverty (Figure 5.4a). In these particular countries, poverty is comparatively low in all three age-related risk groups. France is a notable exception, where poverty rates among families with children, childless persons of working age and elderly people are closer to those observed in countries with pro-work contracts (Figure 5.5).

In countries with pro-work generational welfare contracts, peak-shaped income replacement in age-related social insurance is mirrored in slight valley-shaped age-related poverty rates. Poverty is not only lower among childless people of working age than among families with dependent children, but also somewhat lower than among the elderly (Figure 5.4b). However, this pattern is largely explained by poverty rates in Japan (Figure 5.5). In both Germany and Switzerland, there is hardly any difference in poverty between childless persons of working age and the elderly. In the Netherlands, poverty rates among the elderly are even slightly lower than among working-age people without dependent children. It is worth noting that both the Netherlands and Switzerland have universal basic pensions, which are otherwise only found in countries with balanced generational welfare contracts. In countries with generational welfare contracts of the pro-old subtype, income replacement in social insurance tends to increase with each age-related risk category, something that is reflected in income statistics by successive reductions in age-related poverty risks (Figure 5.4c).

Regression Analysis

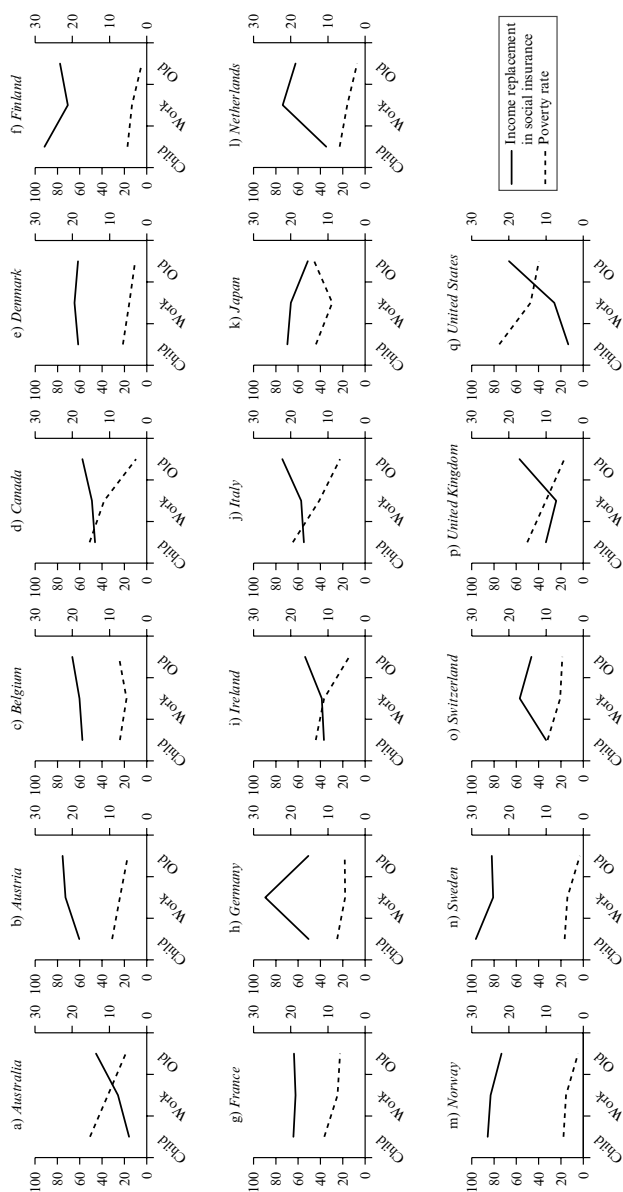
The descriptive analyses above provide important clues about how welfare states and social policy is related to age-related poverty risks. Yet, when



Note: The poverty threshold is 50 percent of median equivalized household disposable income. New Zealand is excluded due to missing data. The balanced contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

Source: The Cross-National Data Center in Luxembourg (LIS) and the Social Policy Indicators Database (SPIN), own calculations.

Figure 5.4a–c *Income replacement in social insurance and poverty in three age-related risk categories by type of generational welfare contract (country averages for the period 1980–2010)*



Note: The poverty threshold is 50 percent of median equivalized household disposable income. New Zealand is excluded due to missing data. Child = childhood, Work = working age, Old = old age.

Source: The Cross-National Data Center in Luxembourg (LIS) and the Social Policy Indicators Database (SPIN), own calculations.

Figure 5.5a–q *Income replacement in social insurance and poverty in three age-related risk categories in 17 OECD countries (averages 1980–2010)*

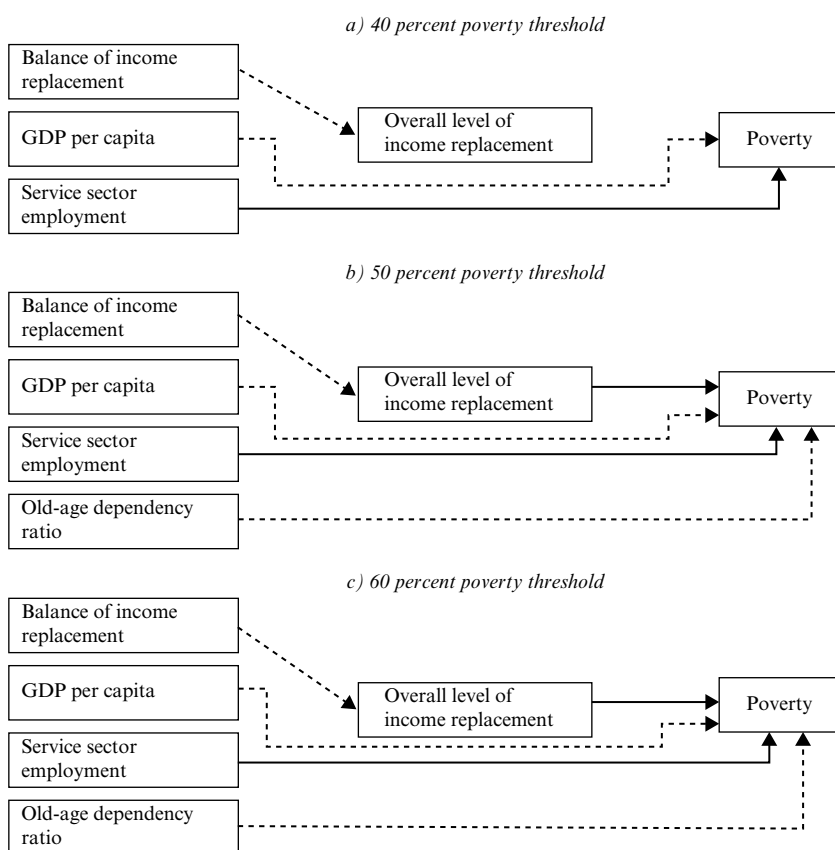
exploring our overall hypothesis about generational balance in the institutional structure of social citizenship, a further question concerns whether the relationship between income replacement in social insurance and poverty holds when we move beyond descriptive statistics and control also for other relevant confounding factors. Thus, we next carry out a regression analysis where the link between income replacement and poverty is analysed in greater detail. Because we expect the generational structure of social citizenship to play a key role for the anti-poverty effects of the welfare state, not directly but rather indirectly through increased levels of income replacement in social insurance, we are essentially interested in possible mediating effects. We have therefore estimated a series of Structural Equation Models (SEMs).

The degree to which income replacement in social insurance is balanced across age-related risk categories constitutes our central explanatory variable. The overall level of income replacement in age-related social insurance is our main mediating variable. These two explanatory institutional variables are defined and measured in the same way as in Chapter 4, and we include the same set of confounding variables: the GDP per capita, the civilian labor force, the unemployment rate, the old-age dependency ratio and service sector employment. Some of the confounding variables may be interpreted as fairly straightforward structural factors, while others are more or less closely related to political economy, something that we will return to below.

Figure 5.6 shows SEM models of pathways between income replacement in social insurance and poverty in 17 OECD countries in 1980–2010.⁷ For ease of interpretation, we graphically illustrate these results in the form of so-called path diagrams. Single-headed arrows show the direction of observed relationships, solid arrows for negative associations and dashed arrows for positive associations. All direct and mediating effects are analysed, but only statistically significant paths are depicted graphically with arrows. Separate SEM models are estimated using poverty thresholds of 40, 50 and 60 percent. Complete regression results are shown in the Appendix, Table A.2.

The results confirm our theoretical expectation of an indirect association between the generational structure of social citizenship and poverty – with levels of income replacement in social insurance as mediator – in particular when higher income thresholds are used in poverty measurement. Social insurance systems that are less balanced and thus differ in their treatment of different age-related social risks tend to exert a downward pressure on the overall level of income replacement, with higher poverty rates as a consequence. Conversely, more balanced systems are associated with a higher overall level of income replacement, thus contributing to lower poverty rates.

Although confounding effects are not our primary concern, some results deserve brief comments. Since our income replacement variables



Note: New Zealand is excluded from analysis. All models include the full set of confounding factors, including the unemployment rate, GDP per capita, the old-age dependency ratio, civilian labor force and service sector employment. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

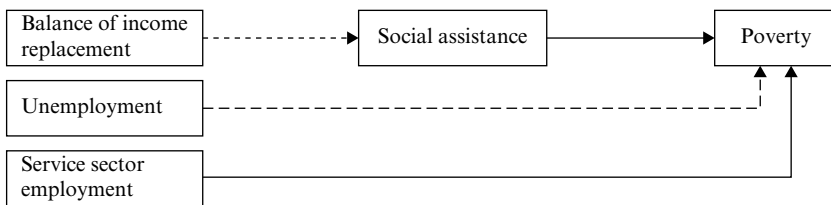
Figure 5.6a–c Pathways between balance and overall level of income replacement in age-related social insurance and poverty at various income thresholds after confounding adjustment. Country-fixed effects structural equation models of 17 OECD countries 1980–2010

are included among the independent variables, any associations between confounding factors and poverty are net of policy effects and thus difficult to interpret. This applies to the positive relationship between the old-age dependency ratio and poverty at higher income thresholds. Here it can be

noted that while redistribution within families tends to go from older to younger persons (Kohli, 1999; Lindh et al., 2005), our results in Chapter 4 showed that population ageing is unrelated to levels of income replacement in age-related social insurance at societal level. Also, GDP per capita and service sector employment are statistically associated with poverty. Surprisingly, GDP per capita is positively associated with poverty in this analysis and service sector employment is negatively associated. Further analyses of the data (not shown) indicate that these results appear foremost in country-fixed effects models, suggesting that impacts are mainly short term in character.⁸

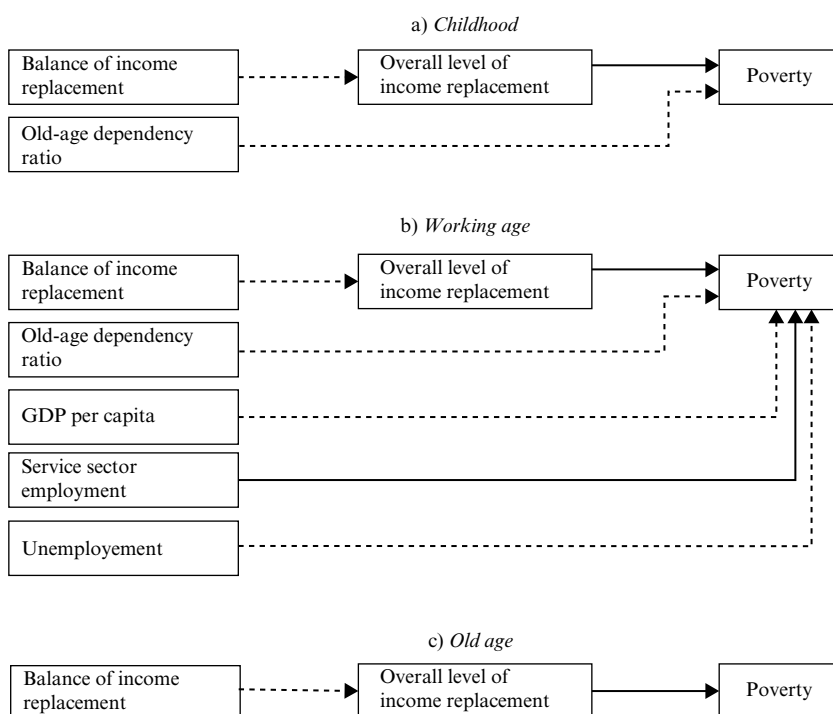
The lack of a statistical association between income replacement in social insurance and poverty at the lowest 40 percent threshold may at first glance seem surprising. However, at these low poverty thresholds it is likely that the institutional analysis needs to be complemented by an investigation of more targeted forms of income protection, such as means-tested social assistance. Social assistance rarely provides an income level that makes it possible for poor families to reach the 50 percent poverty threshold, at least on a yearly basis, and they almost never reach the 60 percent threshold (Palme et al., 2009). However, in most countries, social assistance (together with other forms of minimum income benefits) is often sufficient to lift poor families above the 40 percent poverty threshold (Marx and Nelson, 2013; Nelson, 2013).

In the previous chapter we showed that the institutional structure of social insurance is closely tied to the ways in which countries have



Note: Italy and New Zealand are excluded from analysis. All models include the full set of confounding factors, including the unemployment rate, GDP per capita, the old-age dependency ratio, civilian labor force, and service sector employment. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

Figure 5.7 Pathways between balance of income replacement in age-related social insurance, social assistance and poverty (40 percent income threshold) after confounding adjustment. Country-fixed effects structural equation model of 16 OECD countries 1990–2010



Note: The childhood risk category includes families with dependent children. The working-age risk category includes childless persons in working age. The old-age risk group includes people 65 years and older. New Zealand is excluded from analysis due to missing data. All models include the full set of confounding factors, including the unemployment rate, GDP per capita, the old-age dependency ratio, civilian labor force and service sector employment. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

Figure 5.8a–c Pathways between balance and overall level of income replacement in social insurance and poverty (50 percent income threshold) in different age-related risk categories after confounding adjustment. Country-fixed effects structural equation models of 17 OECD countries 1980–2010

organized their minimum income benefits. In Figure 5.7 we have therefore exchanged our mediating variable. Instead of using the overall level of income replacement in age-related social insurance, we include the level of social assistance, the same variable used in the previous chapter. Italy

is excluded from analysis because it lacks a national framework for social assistance. All regression coefficients are shown in the Appendix, Table A.2. Now, an association between generational balance in social insurance and poverty also appears at the lowest poverty threshold, mediated by the level of social assistance.

So far we have analysed poverty rates in total populations. To check how sensitive our results are to differences between age-related risk groups, we performed separate regressions on poverty among families with children, childless persons of working age and elderly persons. In Figure 5.8 we show these structural equation models of pathways between income replacement in social insurance and age-specific poverty rates in 17 OECD countries in 1980–2010. Social insurance is modeled as above, with the overall level of income replacement as the mediating variable linking balance in age-related institutional structures and poverty. The full regression models with all coefficients are shown in the Appendix, Table A.4. Notably, the age-related structure of income replacement in social insurance is indirectly related to poverty in each risk category. In terms of poverty risks that people face in different periods of life, all our age-related risk groups (families with children, childless persons of working age and elderly persons above 65 years) seem to be financially better off and have lower poverty rates in social insurance systems that are generationally more balanced.

CONCLUSION

In this chapter we focused on poverty risks from a generational perspective, thereby commencing our empirical analysis on generational welfare contracts and outcomes of immediate relevance to our discussion about generational justice. A main question has been whether generational welfare contracts are linked to relative poverty. The empirical analyses in this chapter clearly show the answer to this question being in the affirmative.

The institutional structures shaping generational welfare contracts are to a large extent mirrored in poverty statistics. Poverty tends to be lower in countries with balanced generational welfare contracts. Differences in poverty between our three age-related risk categories – families with children (childhood), childless persons of working age (working age) and elderly persons (old age) – are also comparatively small in this particular group of countries with balanced generational welfare contracts.

The degree to which social insurance is balanced and provides for similar levels of protection for different age-related social risks appears to be crucial for the anti-poverty effects of welfare states. At higher poverty thresholds, age-related imbalances in social insurance exert a downward

pressure on levels of income replacement, with higher poverty rates as a consequence. This pattern is observed both in analyses of poverty in total populations and in analyses of poverty in each age-related risk category. At the lowest poverty threshold, the mediating factor is shifted from levels of income replacement in social insurance to more targeted forms of means-tested social assistance.

NOTES

1. The Gini coefficient is a measure of statistical dispersion and probably the most widely used measure of income inequality. Mathematically, the Gini coefficient indicates the proportion of total income earned in different parts of the income distribution. Gini decompositions show how much a specific source of income contributes to inequality (Shorrocks, 1982).
2. Analyses on the concentration of transfers in an income distribution are often based on so-called concentration coefficients or concentration indices (Kakwani, 1977).
3. Each country data file includes a representative sample of national populations, ranging from around 2900 households in Germany in 1981 to 34,000 households in Canada in 1997.
4. The following countries and LIS data waves are used in our empirical analyses: Australia (1981, 1985, 1989, 1995, 2001, 2003, 2010), Austria (1987, 1995, 2000, 2004), Belgium (1985, 1992, 1995, 2000), Canada (1981, 1987, 1991, 1997, 2000, 2004, 2010), Denmark (1987, 1992, 1995, 2000, 2004, 2007, 2010), Finland (1987, 1991, 1995, 2000, 2004, 2010), France (1978, 1984, 1989, 1994, 2000, 2005, 2010), Denmark (1981, 1984, 1989, 1994, 2000, 2004, 2007, 2010), Ireland (1987, 1995, 2000, 2004, 2007, 2010), Italy (1986, 1991, 1995, 2000, 2004, 2008, 2010), Japan (2008), the Netherlands (1983, 1987, 1990, 1999, 2004, 2010), Norway (1979, 1986, 1991, 1995, 2000, 2004, 2010), Sweden (1981, 1987, 1992, 1995, 2000, 2005), Switzerland (1982, 1992, 2000, 2004), the United Kingdom (1979, 1986, 1991, 1995, 1999, 2004, 2010), the United States (1979, 1986, 1991, 1994, 2000, 2004, 2010).
5. In comparative research it has become increasingly common to divide household income by the square root of household size instead, partly because of its simplicity. It is well known that different scales of equivalence affect poverty measurements (Buhmann et al., 1988), particularly when analyses are disaggregated by population subgroups. Equivalence scales that assume very high economies of scale within households, such as the square root of household size, seriously underestimate poverty particularly in larger families. The old OECD scale is based on a more solid ground about economies of scales within households, particularly in analyses on child poverty. Sensitivity analyses using the square root scale do not alter our main findings of policy impacts (see the Appendix, Table 9A.3).
6. The focus here is on country averages for the whole period 1980–2010. In 2010, income replacement for childhood risks (as an average of our 18 OECD countries) was slightly higher than income replacement for working-age and old-age risks (see Chapter 4). Such age-related patterns in social citizenship are only found in a few countries in earlier years.
7. All SEM models include country-fixed effects and are estimated using cluster robust standard errors (methodology further explained in Chapter 4).
8. Random effects models take into consideration long-term effects and cross-country differences in levels, but increase the possibilities of omitted variable bias. As explained in Chapter 4, bias is the difference between the expected value of an estimate and the true value of the parameter being estimated.

6. Contracts for life satisfaction and happiness

The poverty outcomes that we analysed in the preceding chapter are undeniably crucial for individual capabilities and life chances. However, favorable material conditions may not automatically translate into high levels of subjective well-being. If citizens have ample material resources but feel miserable, a narrow focus on people's economic conditions does not provide a satisfactory account of how generational welfare contracts are related to quality of life in a wider sense. In order to provide a more nuanced analysis of how people fare under different generational welfare contracts, we also need to address other, more subjective aspects of citizens' well-being.

While the moral, social and economic foundations of subjective well-being are recurrent themes in philosophy, dating back to classical thinkers, systematic empirical investigations are much more recent. Quantitative research on subjective well-being was introduced to the social sciences by psychologists, but in recent years a mounting research interest has also emerged in other disciplines, not least in economics (Argyle, 2009; Frey and Stutzer, 2010; Kahneman and Deaton, 2010). Although the majority of studies have ignored the role of policy and institutions, some attempts have been made to evaluate the relationship between welfare states and subjective well-being. Questions have so far mostly been framed in relation to aggregate spending patterns (Haller and Hadler, 2006; Oishi and Diener, 2014; Ono and Lee, 2013; Veenhoven, 2000) or broad welfare state regimes (Deeming and Hayes, 2012; Radcliff, 2001), on the whole with quite ambiguous results. Pacek and Radcliff (2008) is one of the few studies that directly addresses institutional effects, using a generic measure including a great variety of legislative dimensions to link welfare states to different levels of happiness. Yet possible relationships between the generational structure of social citizenship and quality of life remain underresearched.

To determine how welfare states may facilitate welfare-enhancing cooperation for the mutual benefit of all age groups, our purpose in this chapter is to analyse generational welfare contracts and subjective well-being. We will thereby complement our previous analysis of objective poverty outcomes. However, when evaluating links between policy and subjective

well-being, we approach the latter mainly as an unintended consequence of social policy, with potential causal pathways being far from clear-cut. Following the overall hypothesis of positive-sum solutions in the generational structure of social citizenship, we expect subjective well-being to be higher and more evenly distributed in countries that have more balanced generational welfare contracts. Thus, it is not only expected that the age-related structure of social citizenship is reflected in objective outcomes such as income statistics, but also in social surveys covering subjective facets of individual well-being.

The chapter is organized as follows. Next, we briefly introduce the vivid academic debate on the role and relative importance of subjective and objective aspects of well-being. Then, we situate research on subjective well-being in relation to our analysis on generational welfare contracts. The next section is devoted to measurement issues and then we turn to the empirical analysis, first, providing descriptive findings and second, reporting the results from the regression analysis. The final section summarizes our overall findings.

QUALITY OF LIFE: SUBJECTIVE AND OBJECTIVE DIMENSIONS

According to some philosophical views, including many forms of utilitarianism, it is obvious that subjective well-being carries great moral significance. Indeed, contemporary followers of Bentham (1789 [1970]) even propose that the pleasure and pain resulting from different policies should guide political decision-making, if we could only measure such outcomes accurately (Bok, 2010). It is clear that happiness and life satisfaction is important to people, and few would deny the desirability of high levels of subjective well-being in their own lives. Although it has become more common to discuss subjective well-being as a direct political goal (Layard, 2006), objectives of creating happier or satisfied citizens are sometimes treated with suspicion in academia. In some branches of sociology (Johansson, 1973) and in many conceptions of social justice (Dworkin, 2000; Nussbaum, 2008; Rawls, 1971) it is more accepted to discuss quality of life in terms of objective resources that enable citizens to pursue a wide spectrum of opportunities in life than to focus on happiness or life satisfaction.

The reasons for this close focus on objective conditions are not only based on challenges of measuring subjective well-being in reliable ways, but also on normative views about the relevant metric of advantage or quality of life (Cohen, 1989). Specifically, whether a person converts objec-

tive resources, such as wealth and income, into subjective well-being or not may depend on circumstances that seem to have no moral relevance when assessing whether people are equipped as equals, including so-called adaptive preferences (Sen, 1980) and expensive tastes (Dworkin, 2000). To illustrate this point, compare an economically poor person who has managed to adapt to dire living conditions, to that of a wealthy person who is very easily frustrated by minor inconveniences due to a silver spoon background. Supposing that these two individuals are equally satisfied with their lives despite socio-economically different backgrounds, an exclusive focus on subjective well-being (i.e. instead of objective resources) suggests that there is no relevant inequality between them. When levels of subjective well-being reflect differences in aspirations and expectations just as much as objective conditions, measurements may thus provide misleading information about people's quality of life (Erikson, 1993).

Another important dimension in the normative debate about subjective well-being as a political goal concerns worries that trusting the state to promote or even distribute subjective well-being might open up political attempts to publicly define and impose on each individual citizen-specific ideas about the true meaning of life (Van Parijs, 1995). Tensions may therefore exist between the idea of subjective well-being as an overriding political aim and respecting the individual freedom to live by different conceptions of a good life.

While these normative reservations may be perfectly valid, they should not prevent us from recognizing the relevance of analysing empirical links between welfare states and subjective well-being, alongside more objective indicators of quality of life. In this context, it should be noted that welfare states are not exogenous to the formation of aspirations, preferences and subjective well-being. By organizing collectively to defend certain interests, citizens mobilize to push forward their particular political agendas and inform policymaking, affecting not only resource deprivation, but also aspirations (Esping-Andersen, 1990; Korpi, 1985). It is reasonable to assume that similar processes of collective action, aspirations and institutions for redistribution also involve age-related claims.

It has been empirically demonstrated that subjective well-being is related to a wide range of factors at the individual level, including not only personal characteristics (Di Tella et al., 2003; Diener, 1984; Wolfers, 2003), but also several outcomes whose desirability and significance are widely supported, including health and sustainable economies. These connections are of general interest, and have potential policy relevance, even for those who think that social development goals or political concerns about inequality should mainly focus on objective conditions (Diener and Chan, 2011; Steptoe et al., 2015). Although the strength and robustness of these

relationships can be debated, they nevertheless indicate that measurements of subjective well-being are far from arbitrary. Research on subjective well-being has in fact made substantial progress in recent years and today data allows for systematic quantification (Kahneman et al., 1999). In many instances, subjective well-being also contains additional information not captured by other indicators (Oswald, 1997). For such reasons, the Stiglitz-Sen-Fitoussi commission, which was appointed by the French government to widen the traditional focus on financial prosperity in research on economic performance and social development, clearly vouched for a stronger emphasis on subjective well-being in research on quality of life, for example, in terms of developing a better understanding of its many determinants.

Quality of life depends on people's objective conditions and capabilities. Steps should be taken to improve measures of people's health, education, personal activities and environmental conditions. In particular, substantial effort should be devoted to developing and implementing robust, reliable measures of social connections, political voice, and insecurity that can be shown to predict life satisfaction. (Stiglitz et al., 2009, p. 15)

Our ambition in this chapter to address subjective well-being from a generational perspective is thus well motivated, and highly consistent with the type of research agenda proposed by the Stiglitz-Sen-Fitoussi commission.

WELFARE STATES AND SUBJECTIVE WELL-BEING

How then can we understand the role of welfare states for subjective well-being? In terms of theoretical pathways, a few insights are provided by research in social epidemiology, where different frameworks are used to explain how health inequalities are generated and sustained. Perhaps the most elaborated arguments are formulated within the "social determinants perspective" (Marmot et al., 2008, 2012). Here, a range of conditions across the whole life course are supposed to generate inequality through accumulation of advantage and disadvantage. Included are material and psycho-social conditions, as well as certain lifestyle factors that are tied to social positions. The distinction between materialist and psycho-social explanations is central in this context.

The materialist perspective is based on the assumption that financial assets can be easily transformed into goods and services, thereby improving health (Kaplan and Lynch, 1997; Kaplan et al., 1996; Lynch et al., 1998, 2000). The explanation seems plausible in view of the fundamental role in capitalist democracies of financial resources, which can be used

to increase the command over resources in diverse areas of life, thus also positively contributing to quality of life in the sense of subjective well-being. In terms of income, the material perspective has received some support in analyses of subjective well-being, where results generally report positive but diminishing returns (Dolan et al., 2008). The materialist perspective suggests a direct pathway whereby generational balance in social citizenship – via higher income replacement in major age-related social insurance schemes – may impact on subjective well-being at the individual level. Still, it should be noted that the corresponding macro-level relationship between economic prosperity and subjective well-being is anything but clear-cut, at least when analyses are confined to rich countries.

The psycho-social perspective may provide important clues on why economic development at country level is not directly transmitted to similar improvements in aggregate levels of subjective well-being in rich countries – the so-called Easterlin paradox (Easterlin, 1973; Easterlin et al., 2010). The psycho-social perspective places emphasis on status differentials (Marmot, 2004; Preston, 1975; Rodgers, 1979; Wilkinson, 1992, 1996), where the mere level of resources is less relevant for quality of life than how resources are distributed. The role of status differentials has revived public and scholarly attention recently due to Wilkinson and Pickett's (2009) seminal work on income inequality and well-being in rich democracies. The causal mechanisms involved are somewhat opaque, but reference is typically made to various feelings of anxiety and stress, including a perceived inability to achieve autonomy and control of one's life. In this theoretical perspective, social policy should affect subjective well-being by reducing status differences attached to social positions, including those that are defined by age.

At the individual level, the psycho-social perspective has also received some support in the literature on subjective well-being, particularly in relation to the role of relative income positions (Clark et al., 2008; Frank, 2008; Helliwell, 2008; Luttmer, 2005). Although evidence at the country level is mixed, analyses of developments in single countries, including Germany (Schwarze and Härpfer, 2003) and the United Kingdom (Clark, 2003) provide evidence of a corresponding macro-level relationship between income inequality and subjective well-being.

EMPIRICAL ANALYSIS

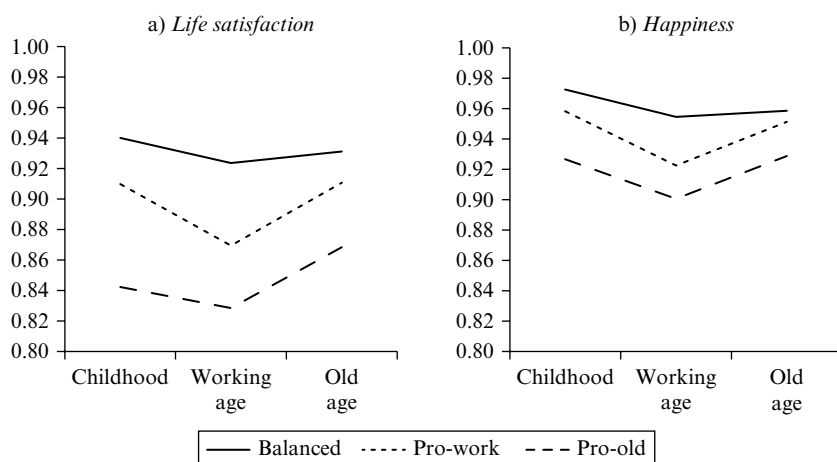
Generational Welfare Contracts and Subjective Well-being

Subjective well-being can be approached empirically in different ways. One approach is to measure subjective well-being by including at least two

separate aspects: life satisfaction and positive affect (Diener, 1984). The former aspect shows how people evaluate their life in general, often with reference to past experiences. The latter aspect captures more immediate pleasant (or unpleasant, in terms of negative affect) sensations, often shortly after an event has occurred. At the individual level the statistical correlation between life satisfaction and positive affect is of moderate strength (Krueger and Schkade, 2008). Studies on subjective well-being are often based on survey data where respondents are asked to make a judgment about their own situation, using predefined scales with explicit reference points. For life satisfaction, analyses are commonly based on a single direct question asking respondents how satisfied they are with life. For positive affect, scholars typically rely on a single direct question on how happy the respondent is. Thus, in the literature on subjective well-being, it is more common to see references to happiness rather than positive (or negative) affect.

Unfortunately, there is no single comparative social survey that includes information about life satisfaction and happiness for all 18 OECD countries covered by this book. For the European countries we thus use data from the 2010 European Social Survey (ESS), and for the non-European countries we draw on data from the sixth wave (2010–14) of the World Values Survey (WVS).¹ The ESS is based on face-to-face interviews of respondents and includes data on attitudinal and behavior patterns in more than 30 European countries.² In the ESS we use the following questions: “All things considered, how satisfied are you with your life as a whole nowadays?” and “Taking all things together, how happy would you say you are?” For each question, respondents were asked to pick a score between 0 (extremely dissatisfied/unhappy and 10 (extremely satisfied/happy). The WVS consists of nationally representative surveys conducted in nearly 100 countries using a common questionnaire.³ We used the following questions: “All things considered, how satisfied are you with your life as a whole these days?” and “Taking all things together, would you say you are: very happy, rather happy, not very happy, or not at all happy?” For life satisfaction, respondents were asked to judge their score on a 10-point scale varying between 1 “completely dissatisfied” and 10 “completely satisfied”.

In order to increase cross-national comparability between datasets, we have dichotomized both life satisfaction and happiness.⁴ Thus, respondents are either satisfied/dissatisfied with their lives or happy/unhappy. Figure 6.1 shows life satisfaction and happiness in three age-related social risk categories by type of generational welfare contract in 18 OECD countries around 2010. Similar to our analyses of poverty in Chapter 5, people with dependent children constitute the first age-related social risk category



Note: The balanced contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

Source: The European Social Survey and the World Values Survey.

Figure 6.1a–b *Life satisfaction and happiness in three age-related social risk categories by generational welfare contract around 2010 (averages of 18 OECD countries)*

characterizing the period of childhood. We thus assume that subjective well-being is strongly transmitted from parents to their dependent children. The second category includes working-age people without children, whereas the third age-related risk category comprises elderly people (65 years or older).⁵

The first thing to note is that in all countries, a majority of persons report that they are satisfied with life and feel happy. Although country differences often are somewhat compressed, the U-shaped distribution of subjective well-being over age-related social risk categories is another general empirical pattern. Families with children and the elderly seem to be somewhat happier and more satisfied with life than childless respondents of working ages. Notwithstanding the positive testimonial of subjective well-being described above, where the clear majority of respondents are both satisfied with life and happy, there are differences between countries that appear to be related to type of generational welfare contract. Notably, variation across countries is often larger than differences between individuals within countries. However, most important for our research question,

both life satisfaction and happiness are higher in countries with balanced generational welfare contracts. These cross-national differences in subjective well-being are slightly larger for life satisfaction than for happiness.

A closer inspection of the data also reveals that subjective well-being is more equally distributed across age-related risk categories in countries where social citizenship rights are more balanced across generations. Thus, countries with balanced generational welfare contracts tend to achieve higher levels of life satisfaction and happiness and a more equal distribution of subjective well-being across age-related social risk categories. A few countries depart from these overall patterns. Both the Netherlands and Switzerland report levels of subjective well-being close to those observed in countries with balanced generational welfare contracts, while people in France are less satisfied with life than what might be expected on the basis of their balanced generational welfare contract (Figures 6.2 and 6.3).

Regression Analysis

Similar to the empirical investigations in previous chapters, we present results from regression analyses, which enable more detailed evaluations of links between social insurance and subjective well-being. We already know from Chapter 4 that balance in the generational structure and overall comprehensiveness of social citizenship are closely related. Our focus here is on the latter, once again defined by the overall level (arithmetic mean) of income replacement in social insurance for our three age-related social risks (childhood, working age and old age). Table 6.1 shows a series of multilevel logistic regressions of subjective well-being on the overall level of income replacement in age-related social insurance in 18 OECD countries around 2010. In multilevel models, variables measured at two levels of observation are combined into a single statistical regression, in our case individual level and country level. Logistic regressions are commonly used when the dependent variable only has two values, 0 and 1. Coefficients are reported as log odds, which are interpreted roughly as in the regressions of previous chapters.⁶

In order to capture the extent to which people differ in their likelihood of being satisfied with life or happy we created three dummy variables representing each of the age-related social risk categories outlined above.⁷ Childless respondents of working age (the working-age risk category) are used as the reference category, which means that generational effects are evaluated against the benchmark of subjective well-being in this particular group. At the individual level we added a few confounding adjustments: education, gender and family status (couple or single person). Due to the limited number of country observations, we only

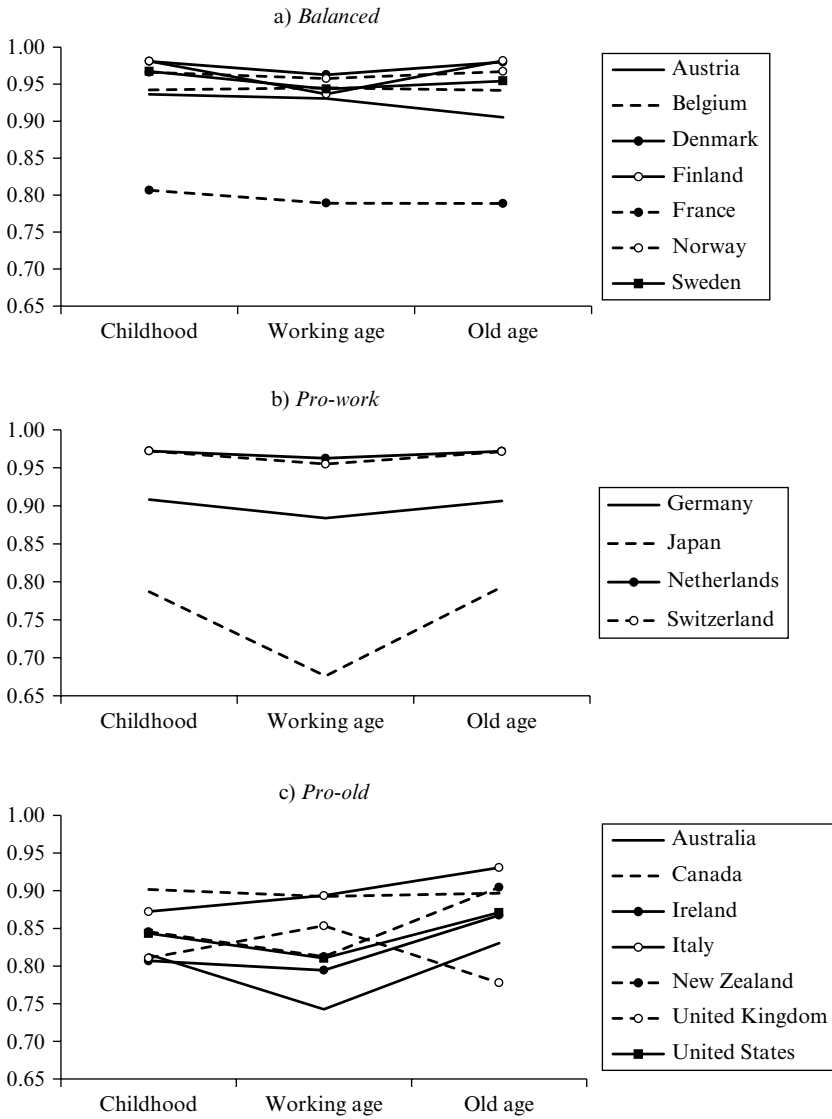


Figure 6.2a–c Life satisfaction in three age-related social risk categories in 18 OECD countries around 2010

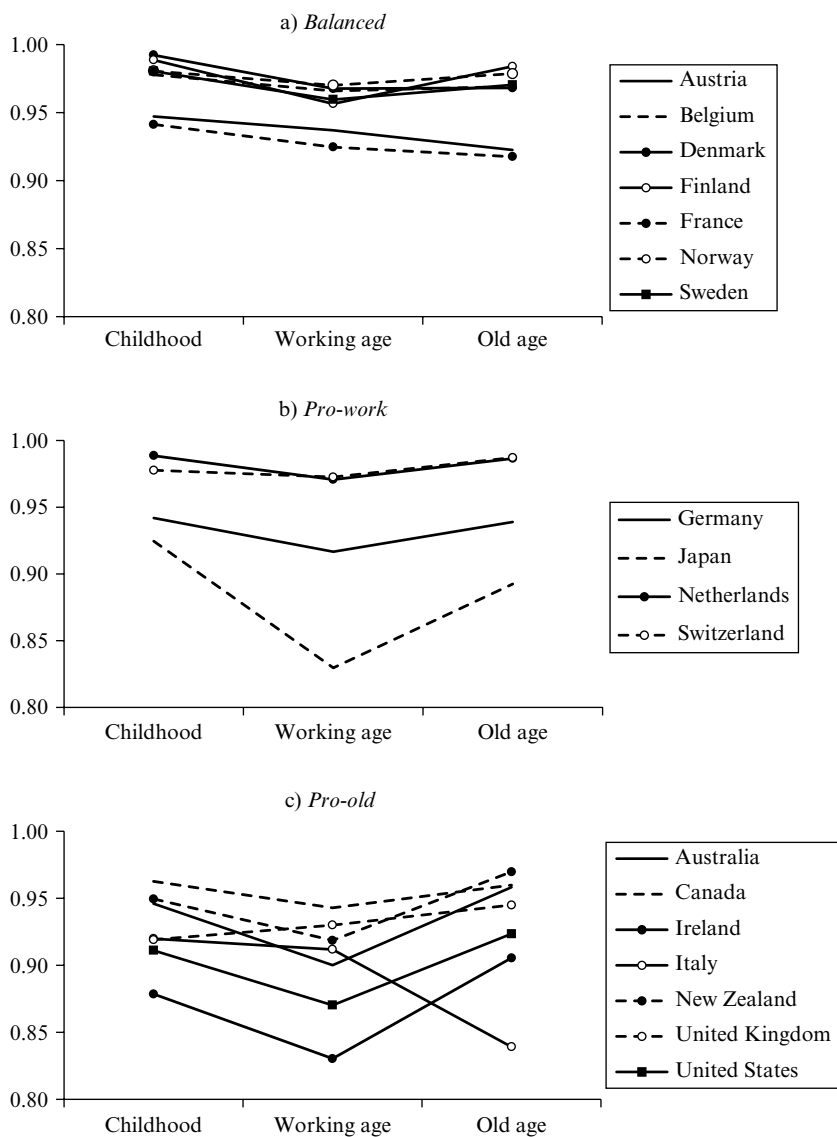


Figure 6.3a–c Happiness in three age-related social risk categories in 18 OECD countries around 2010

Table 6.1 Multilevel logistic regressions of life satisfaction and happiness on the overall level of income replacement in age-related social insurance in 18 OECD countries around 2010

Model	Life satisfaction			Happiness	
	S:I	S:II	S:III	H:I	H:II
<i>Individual-level variables</i>					
V1. Childhood risk category	-0.157** (0.054)	-0.241 (0.184)	-0.152** (0.053)	0.010 (0.067)	0.016 (0.066)
V2. Old-age risk category	0.363** (0.135)	0.362** (0.134)	0.953* (0.418)	0.439** (0.167)	1.294** (0.364)
V3. Male	-0.101** (0.041)	-0.101** (0.041)	-0.105** (0.041)	-0.058 (0.060)	-0.065 (0.062)
V4. Couple	0.790** (0.062)	0.789** (0.06)	0.792** (0.062)	1.021** (0.080)	1.024** (0.080)
V5. Primary education	-0.882** (0.102)	-0.882** (0.102)	-0.887** (0.107)	-0.800** (0.220)	-0.807** (0.226)
V6. Secondary education	-0.528** (0.063)	-0.527** (0.062)	-0.530** (0.063)	-0.413** (0.111)	-0.415** (0.110)
<i>Country-level variables</i>					
V7. GDP per capita	0.030 (0.024)	0.030 (0.024)	0.030 (0.024)	0.009 (0.022)	0.009 (0.022)
V8. WVS	-0.233 (0.288)	-0.232 (0.288)	-0.231 (0.288)	0.151 (0.364)	0.156 (0.365)
V9. Overall level of income replacement	2.205** (0.790)	2.156** (0.809)	2.426** (0.775)	2.223* (0.964)	2.531** (0.981)
V1*V9		0.163 (0.323)			
V2*V9			-1.112 (0.682)		-1.592** (0.569)
ΔBIC		9.96	-2.27		-5.52

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown. Reference categories: working-age risk category, female and tertiary education. BIC = Bayesian Information Criterion.

adjust for GDP per capita at the country level, and whether data is from the WVS or not, thus controlling for sensitivity of results due to choice of survey.

The regression results show that social citizenship indeed is related to subjective well-being at the individual level. In all regression models, the overall level of income replacement in social insurance is positively associated with subjective well-being. Thus, respondents are more likely to be satisfied with life and happy in countries where age-related social

citizenship rights are more extensive (and thus more often generationally balanced). We also find clear generational gradients in subjective well-being at the individual level, even after controlling for gender, family status and educational attainment. Respondents with children (childhood risk category) tend to be less satisfied with life than childless persons of working age (working-age risk category), whereas elderly respondents (old-age risk category) are generally more satisfied.

The former finding may at first glance seem to contradict our earlier descriptive data analysis of macro-level relationships, where life satisfaction was higher among families with children than among childless persons of working age. However, further analyses (not shown) indicate that there is an intricate individual-level interplay between our childhood-related risk category and family status, where respondents in two-parent households are more likely to be satisfied in life than single parents. If we exclude family status from the regression analysis, the result is perfectly congruent with our descriptive data analysis, showing that respondents with dependent children are indeed more likely to be satisfied with life than childless persons of working age. Finally, in terms of happiness, elderly persons tend to be happier than respondents in the working-age risk category. For respondents with children, we find no clear association with happiness.

In order to analyse whether social citizenship is related to the generational gradients in subjective well-being noted above, we introduced statistical cross-level interactions as independent variables, measuring the association between age-related risk categories at the individual level and income replacement in social insurance at the country level. We only included cross-level interactions for risk categories that statistically could be linked to subjective well-being at the individual level, including respondents with children and elderly persons for life satisfaction, as well as elderly respondents for happiness.

Because the standard errors of coefficients corresponding to an interaction term and its main effects are often inflated due to multicollinearity, we tested for statistical significance using the Bayesian information criterion (BIC).⁸ This criterion is used in statistics for selection among a finite set of regression models. The model with the lower BIC is preferred (Kass and Raftery, 1995). Differences in the BIC statistic from the baseline models (excluding interaction terms) are shown at the bottom of Table 6.1. Only the regression models including interactions of elderly respondents provide better fit to the data and are worth further comments. Notably, the signs of these interaction terms are negative, indicating that a higher overall level of income replacement in age-related social insurance reduces generational gradients in subjective well-being associated with old age at the individual level. Thus, differences in subjective well-being

between elderly persons and childless working-age respondents tend to be reduced in countries where income replacement in social insurance is higher.

CONCLUSION

Subjective well-being is seldom found among the explicit goal dimensions of policy, and may thus best be viewed as an unintended consequence of social policymaking. Scholarly debates on the importance of subjective facets of well-being are far from settled. This chapter has been guided by the holistic perspective of the book, and the idea that subjective well-being may provide important clues to our investigation of generational welfare contracts. Using new comparative attitudinal data on happiness and life satisfaction, our analyses indicate that the generational structure of social citizenship indeed is related to subjective well-being.

In all countries, the clear majority of citizens are happy and satisfied with life. However, people tend to be somewhat happier and satisfied with life in countries with balanced generational welfare contracts, although cross-national differences are somewhat compressed. An important institutional mechanism appears to be the overall level of income replacement in age-related social insurance, which tends to be higher in countries with balanced generational welfare contracts.

We also showed that elderly people often are more satisfied and happy in life than childless persons of working age. Interestingly, the extensiveness of social citizenship appears to have the potential to reduce these age-related gradients in subjective well-being. Our analyses on individual-level survey data indicated that differences in subjective well-being between elderly respondents and childless working-age respondents are reduced in countries where levels of income replacement in age-related social insurance are higher, thus once again providing evidence of virtuous circles of balanced generational welfare contracts.

NOTES

1. The only exceptions are Italy and Canada. Italy is not included in the ESS, and similar to Canada it is not included in the sixth wave of the WVS. For both these countries, we therefore use data from the fifth wave of the WVS. The questions on life satisfaction and happiness are the same in the fifth and sixth waves of the WVS. The WVS data correspond to the following years: Australia (2012), Canada (2005), Italy (2005), Japan (2010), New Zealand (2011) and the United States (2011).
2. The ESS minimum response target rate is 70 percent, while the maximum non-contact target rate is 3 percent. For most countries, these targets were achieved for the fifth round

(2010) of the ESS (Matsuo and Loosveldt, 2013). The national samples vary between about 1500 individuals in Cyprus up to about 10,000 individuals in Denmark.

3. The WVS sample sizes roughly vary between around 850 individuals in New Zealand and 2200 individuals in the United States. Response rates vary between about 25 and 70 percent. Due to high non-response in some countries, all descriptive analyses based on ESS and WVS data include sample weights.
4. For the EES, response categories 0–4 are coded as 0, and response categories 5–10 are coded as 1. For life satisfaction in the WVS, response categories 1–5 are coded as 0, and response categories 6–10 are coded as 1. For happiness in the WVS, response categories “very happy” and “happy” are coded as 1, and response categories “not very happy” and “not at all happy” are thus coded as 0.
5. The second category, used to capture working-age social risks, is to some extent subject to selection bias that could affect our results. Selection bias typically appears in quantitative research when some members in a population are more likely to end up in the sample than others. In order to ensure that the age-related categories obtained are representative of the population we intend to analyse, we made some further analyses. These analyses show that selection bias is not substantial. The share of single persons is slightly higher among childless adults than in the working-age population as a whole, but in terms of gender composition, age and educational attainment, the two groups are nearly identical.
6. Positive coefficients (log odds) show that high values on one of the independent variables increase the likelihood of respondents being satisfied with life and happy. Conversely, negative coefficients indicate that high values on one of the independent variables reduce the likelihood of respondents reporting high levels of life satisfaction/happiness.
7. A dummy variable only has two values (zero and one) and is used in regression models to represent subgroups of the sample being analysed.
8. Multicollinearity is present when two or more independent variables in a statistical regression model are moderately or highly correlated. Multicollinearity may increase the size of standard errors, making it more difficult to observe statistically significant regression coefficients.

7. Contracts for trust

Citizens' trust in each other as well as their trust in political institutions has been subject to quite intense academic debate. Low levels of trust may not only have adverse consequences for how individuals can cope with various aspects of their lives. It may also destabilize democratic government and make economic markets less efficient. With low trust, people are also more likely to abstain from mutually beneficial cooperation that underpins our ideas about positive-sum solutions in the generational structure of social citizenship. Bringing trust into the theoretical framework of comparative welfare state analysis is central for our analysis on generational welfare contracts, but it also gives rise to intricate questions about how institutional structures influence people's willingness to rely on the actions of other citizens and of government. While these issues have received increased empirical scrutiny, perspectives that more explicitly focus on trust and generational aspects of welfare states remain unexplored.

Research on welfare states and trust has flourished, in part due to increased availability of comparative data for a large number of countries. Most studies tend to discuss trust in relation to the socio-economic position of individuals in the social structure, including the role of social class. By contrast, less is known about trust and age (Kocher, 2015). In this chapter, we will move into this largely uncharted terrain and analyse trust in relation to the generational welfare contracts discussed in previous chapters of this book. More specifically, we will investigate whether trust in other people and in governmental institutions reflect how countries have organized their generational welfare contracts. Are balanced generational welfare contracts associated with higher levels of trust, thus providing further evidence of positive-sum solutions in policymaking and cooperative exchange between people of different ages?

Besides adding another important piece of the puzzle to our understanding of central distributive processes in welfare states, the analyses presented in this chapter are relevant to the wider discussion about the long-term feasibility of social citizenship in an era of population ageing and structural change. In this context, strengthening relations of trust enjoys strategic priority in promoting and maintaining the social preconditions of just institutions from one generation to the next, precisely because it is so

intimately linked to state capacity in matters of social justice. Arguments about possible links between age-related social citizenship rights and trust speak directly to this concern. Where trust is low, the state's capacity to balance social citizenship across generations, prevent poverty and combat social inequalities more broadly is likely to be seriously restricted.

The chapter is organized as follows. Next, we introduce the concept of trust and distinguish its different forms. We then discuss the ways in which beliefs in governmental institutions and fellow citizens may be related to the generational welfare contract. In the subsequent empirical sections we first carry out descriptive analyses. Thereafter we use multilevel regressions to further investigate possible links between the generational structure of social citizenship and trust.

SOCIAL AND POLITICAL TRUST

Trust is usually described as an attitude or judgment concerning the reliability of other people or institutions. When people trust other citizens (or government institutions), they may confidently leave control over decisions in the hands of others, and anticipate sensible judgments. Trust is thus associated with expectations of honesty, fairness or benevolence. Discussions of trust are often developed around the idea that people build up expectations about future scenarios that include actions of other persons, groups or governmental institutions towards oneself (Sztompka, 1999). Expectations of actions that are likely to yield positive, fair or beneficial outcomes for oneself are accordingly associated with higher levels of trust (Gambetta, 1988).

It is reasonable to believe that positive-sum solutions in the development of social citizenship depend on sufficiently strong and widespread trust in other people and society. Thus, in highlighting how mutual (positive or negative) expectations are formed and reproduced, questions about trust are likely to play a central role in understanding the sustainability of generational welfare contracts. The idea that trust is crucial for a cohesive society that works towards the well-being of all its members is of course not new to the social sciences. A century ago, Simmel pointed out the central role of trust for social development, in a well-cited quote identifying trust as "one of the most synthetic forces in society" (Simmel, 1950, p. 326). Conceptually, trust has more recently also become closely linked to the wider academic discussion about social capital (Coleman, 1990). Although social capital in itself lacks a clear and undisputed meaning, it is often used in sociology and political science to address the value of vibrant social networks, as well as the virtues of bridging social ties between people of different backgrounds and identities (Dekker and Uslaner, 2001). While

trust refers to people's attitudes, social capital concerns the nature and value of social networks. Fukuyama (1995, p. 26) illustrates the close affinity between trust and social capital, describing the latter as "a capability that arises from the prevalence of trust in a society or in certain parts of it". In quantitative empirical analyses trust is also the most frequently used indicator of social capital (Torpe, 2003). Thus, questions about trust (and social capital) very much concern the extent to which individuals can relate to each other and to society in a spirit of civility and solidarity, irrespective of (for example) age, gender or socio-economic background.

While trust is inherently multidimensional, a key distinction can be made between social (or horizontal) trust and political (or vertical) trust. Broadly speaking, social trust concerns beliefs in the actions of other people, whereas political trust is linked to expectations of the functioning of governmental institutions, such as people's confidence in parliaments, voting systems or in the legal system (Newton, 2001).¹ While being conceptually distinct, trust between citizens and trust in institutions are often connected: if citizens do not trust a particular institution to enforce contracts, they may not trust persons to fulfill agreements, and vice versa. Thus, social trust and political trust are likely to feed into each other and may also contribute to virtuous or vicious cycles in generational politics. Such processes may either encourage gainful cooperation across age groups and reinforce mutual understanding for the common good or, on the contrary, cause divisions, hostility and lack of cooperative actions that cut across generational interests.

In view of potential positive-sum solutions and generational trade-offs in politics, it is important to acknowledge that questions about the exact causal relationship between political and social trust are far from settled, despite considerable scholarly efforts (Uslaner, 2002). It is beyond the scope of this book to deeply engage in the complex chicken-and-egg question about which type of trust that tends to appear first and feeds into the other. However, it should be noted that both Levi (1998) and Rothstein (2000) argue that political trust, reflecting beliefs that governmental institutions are trustworthy and non-corrupted, is a key factor for establishing cooperative behavior and strengthening social trust between citizens. Some recent empirical studies also support the idea that political trust promotes social trust (Rothstein and Eek, 2009; Sønderskov and Dinesen, 2016).

UNIVERSALISM, GENERATIONAL RELATIONS AND TRUST

There is much to suggest that citizens need to have sufficient belief in the functioning of government and in the fair operation of the state's legal and

administrative institutions in order to also develop social trust, and it seems to be precisely here that the welfare state and social policy become highly relevant to the discussion. The idea that social trust may be promoted vertically from above, for example, by the ways in which welfare states reinforce cooperative exchange between people, has inspired research that takes on a cross-national perspective (Gelissen et al., 2012; Kääriäinen and Lehtonen, 2006; Kumlin and Rothstein, 2005; Larsen, 2007; Rostila, 2013). Several of these studies indicate that social policymaking is closely intertwined with issues of trust, including beliefs in government institutions as well as expectations of honesty and fairness of fellow citizens.

The exact causal pathways linking welfare states and social policies to different types of trust are complex. Despite numerous studies investigating how trust varies between welfare states, explanations remain indistinct. Nonetheless, a few studies have tried to pinpoint important principles in the design of social policy that may explain why some welfare states generate not only high levels of political trust, but also why they are successful in building up social trust. Universalism appears to be a key institutional feature, affecting trust by means of transparency and efficacy of institutional arrangements (Kumlin and Rothstein, 2005), as well as equality of their outcomes (Uslaner, 2002). It should be noted that universalism is a tricky concept in social policy research. Often it quite narrowly refers to programs where eligibility is based on citizenship, while in other cases universalism more loosely refers to programs that adequately cover the needs of a large majority of citizens (Beland et al., 2014). Universalism in the debate on trust is mostly used in the latter, broader sense.

Coalition-building and risk-sharing in welfare states come in different forms and are intimately connected to institutional designs. State-corporatist principles in social policymaking (as further discussed in Chapter 4) may create high levels of solidarity within professions, but segmentation of interest is likely to form around status differences originating in occupational positions. In addition, conflicting interests may be expected to appear between “insiders” and “outsiders” on the labor market. Stratification associated with more market-oriented welfare states – with stronger elements of selectivity and means-testing in social policy – may instead reinforce conflicting interests between poor (net receivers) and better off (net contributors) citizens. Universalism, however, carries great potential to support patterns of solidarity that transcend both status and class differentials.

Universalism is widely associated with a particular form of benign cooperation resembling Levi’s (1998) ideas about contingent consent, where high levels of political and social trust play crucial roles for enabling stable majorities to embrace relatively high taxes and social spending to equal-

ize life chances and create more egalitarian societies (Rothstein, 1998). The basic idea is that citizens more willingly will accept an expansion of government (including social policy) when they are confident that people receive their fair share of public commitments, and that burdens are shared equitably through impartial and non-corrupted institutions.² It is reasonable to think that universalism can play an important role in satisfying and reproducing these conditions by providing all (or most) members of a society protection against various types of social risks without heavy reliance on the discretionary power and bureaucratic involvement associated with means-tested benefits (Rothstein and Uslaner, 2005). Universal welfare states may therefore sustain the everyday experience of well-functioning and impartial government institutions (political trust), thereby also supporting mutual cooperation between members in society (social trust). In this way, universalism can be expected to reinforce a sense of solidarity in society, supporting coalition-building and risk-sharing, with consequences for both political and social trust.

In line with our hypothesis about positive-sum solutions in generational politics, we suggest that similar processes and virtuous cycles of universalism, equality and trust also may appear in relation to the age-related structure of social citizenship. The basic idea is that generational welfare contracts guided by a reciprocity-based rationale matter greatly to the generational patterning of trust, and that this is important for understanding when and why universal programs are associated with higher levels of political and social trust (White, 2003). Balanced generational welfare contracts may here support beliefs about the impartiality and fairness of government institutions more generally by signaling that no age group is left behind, and that social needs and risks of all life stages are addressed equitably. Political trust in the functioning of governments (i.e. social policy) may also create and support virtuous policy feedbacks of high social trust and cohesion between people of all ages, where no age group attempts to benefit from the welfare state at the expense of another, even when they for demographic reasons constitute a larger part of the voter constituency.

A universalistic strategy of smoothing social citizenship rights across major age-related social risks, similar to what we have observed in countries with balanced generational welfare contracts (see Chapter 4), not only offers a promising basis for mutually supporting the welfare of all citizens irrespective of age and promoting relational equality between current, overlapping generations. It may also be viewed as a major investment in the common assets of trust and state capacity to provide public goods, with repercussions for the long-term sustainability of welfare states and social justice. In this perspective, distributing social citizenship rights evenly across age groups serves the double role of supporting the social and

institutional bases of trust between citizens and in relation to the political community. In the following, we empirically investigate the relationship between generational welfare contracts and trust, and examine whether data supports our claims about possible links between the generational structure of social citizenship and people's confidence in government institutions as well as fellow citizens.

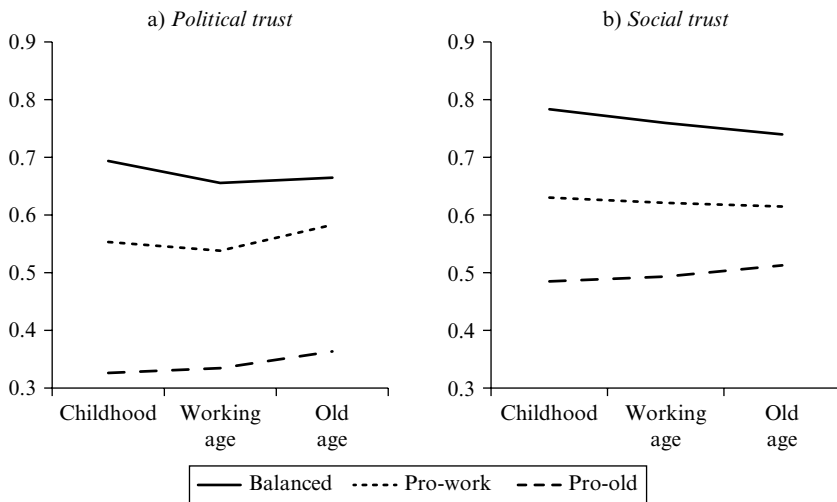
EMPIRICAL ANALYSIS

The Generational Patterning of Trust

There are several ways to measure social and political trust. To increase country coverage, we use data from the same social surveys as in Chapter 6. For the European countries we use the 2010 European Social Survey (ESS), and for the non-European countries we rely on data from the sixth wave (2010–14) of the World Values Survey (WVS). In the ESS we use the following question for social trust: “Generally speaking, would you say that most people can be trusted, or that you can’t be too careful in dealing with people?” Respondents were asked to choose between a score of 0 (cannot be too careful) up to a score of 10 (most people can be trusted). In the WVS we use the following question: “Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?” Respondents could choose to answer, “Most people can be trusted” or “Need to be very careful”. In order to harmonize the two datasets, we dichotomized the response categories in the ESS (scores 0–5 = cannot be too careful, and scores 6–10 = most people can be trusted).

For political trust we use the following question in the ESS, “How much do you personally trust each of the following institutions? Parliament, political parties and the legal system.” Also here, a response scale between 0 and 10 was used for each item (ranging from no trust at all to complete trust) and responses were dichotomized as above. In the WVS we rely on the following question, “For each of the following organizations, could you tell me how much confidence you have in them: parliament, political parties and the courts.” The WVS applies a four-point scale, ranging between a great deal of confidence to none at all, and responses thus again were dichotomized to achieve comparability with the ESS (scores 1–2 = no trust at all and scores 3–4 = complete trust). For both datasets, political trust is a dichotomized index of trust in the parliament, political parties and the legal system.

Our variables on political and social trust are thus dichotomized at the individual level and vary between 0 and 1 at the country level. Values



Note: The balanced contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

Source: The European Social Survey and the World Values Survey.

Figure 7.1a–b Social and political trust in three age-related social risk categories by generational welfare contract in 18 OECD countries around 2010

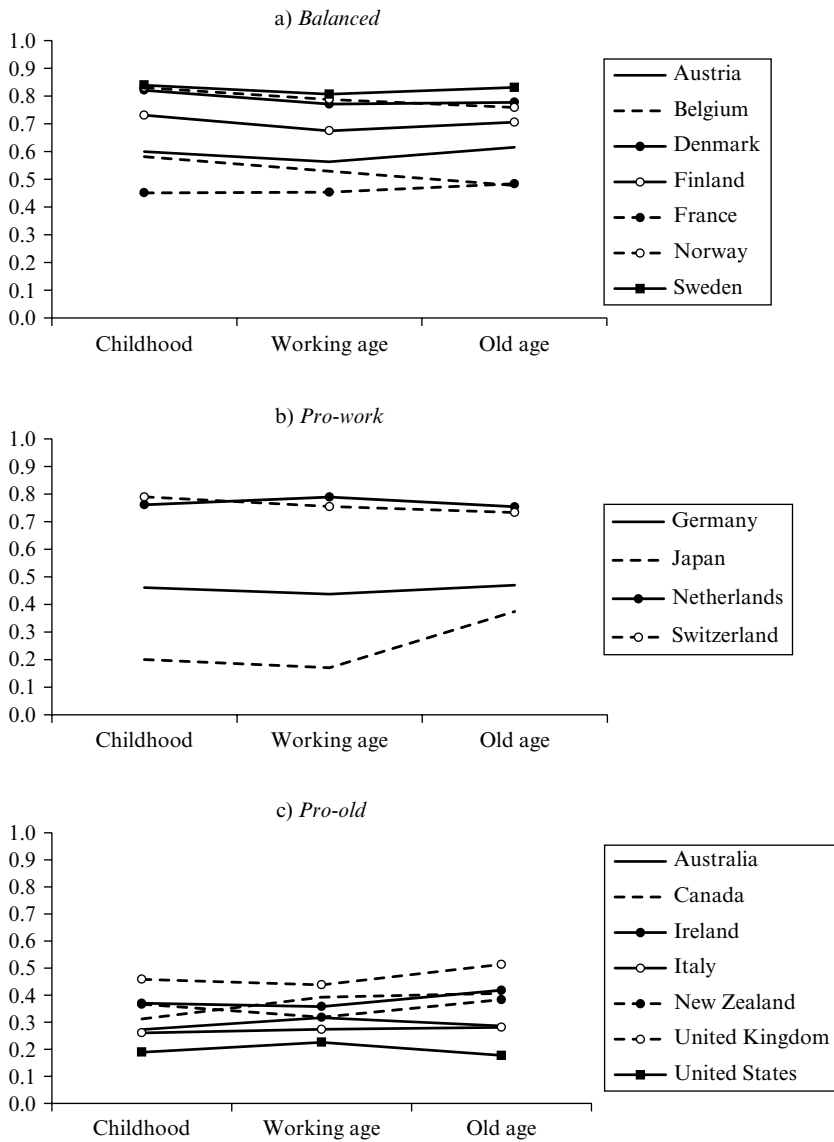
close to zero indicate lack of trust, whereas values close to 1 show almost complete trust. Figure 7.1 shows levels of political and social trust in three age-related social risk groups by type of generational welfare contract in 18 OECD countries around 2010. Only country averages for each generational welfare contract are shown. Similar to our analyses in preceding empirical chapters, the first category, characterizing the period of childhood, includes people with dependent children; the second category, comprising working-age risks, includes childless people aged 18 to 64; the third category of old-age risks contains elderly people (65 years or older).

Social and political trust differs quite extensively across countries. For each age-related social risk, political and social trust is higher in countries with balanced generational welfare contracts, followed by welfare states of the pro-work type. Countries with unbalanced generational welfare contracts of the pro-old orientation achieve by far the lowest levels of political and social trust, even among the elderly. A closer inspection of data also

reveals that political trust is more evenly distributed across age-related risk categories in countries with balanced generational welfare contracts, although differences in this regard are small in comparison with countries that have pro-work contracts. Social trust diverges somewhat from this pattern. In countries with balanced contracts, and to a lesser extent also in countries with unbalanced contracts of the pro-work type, there is a slight negatively skewed generational gradient in social trust. In these countries, social trust is slightly lower among childless people of working age than among families with dependent children, even going down a little further among people in old age. It is difficult to provide a sound explanation for such a generational decline in social trust, but we will return to this issue in the upcoming regression analysis.

Our general understanding of how age is related to trust is limited. Earlier studies based on large cross-national social surveys, like the ones we use in this chapter, provide somewhat inconclusive evidence. Li and Fung (2012) observe that social trust tends to increase with age, while Fehr et al. (2003) and Naef et al. (2008) demonstrate a decline of trust in older age groups. In another study Fehr (2009) suggests that there is a U-shaped relationship, where social trust tends to decline among middle-age people. From a sociological perspective, we would assume levels of social trust to be positively associated with the number of close interactions of an individual, and that social trust (people's attitudes) is closely linked to social capital (types of networks). To address whether our results reflect real differences in access to social capital of older citizens vis-à-vis younger ones would require other types of data than those we have at our disposal. However, it is important to point out – in the context of exploring potential positive-sum solutions in the generational structure of social citizenship – that social trust among elderly persons in countries with balanced welfare contracts by far exceeds that of countries with unbalanced contracts. The latter includes countries with generational welfare contracts that we categorize as pro-old.

A few countries depart from the main patterns above. Both the Netherlands and Switzerland, two countries with generational welfare contracts of the pro-work type, have levels of political and social trust that are on par with countries in the balanced group (Figures 7.2 and 7.3). Levels of political trust in Switzerland have previously been shown to be relatively high (Bühlmann et al., 2013), which may have to do with particularities in the Swiss political system, not least related to direct voting procedures. The relatively high levels of social trust in the Netherlands have in earlier studies been directly linked to fairly strong civic engagement and volunteering among citizens (de Hart and Dekker, 1999). Notably, both countries also have universal systems of old-age pensions.



Source: The European Social Survey and the World Values Survey.

Figure 7.2a-c Political trust in three age-related social risk categories in 18 OECD countries around 2010

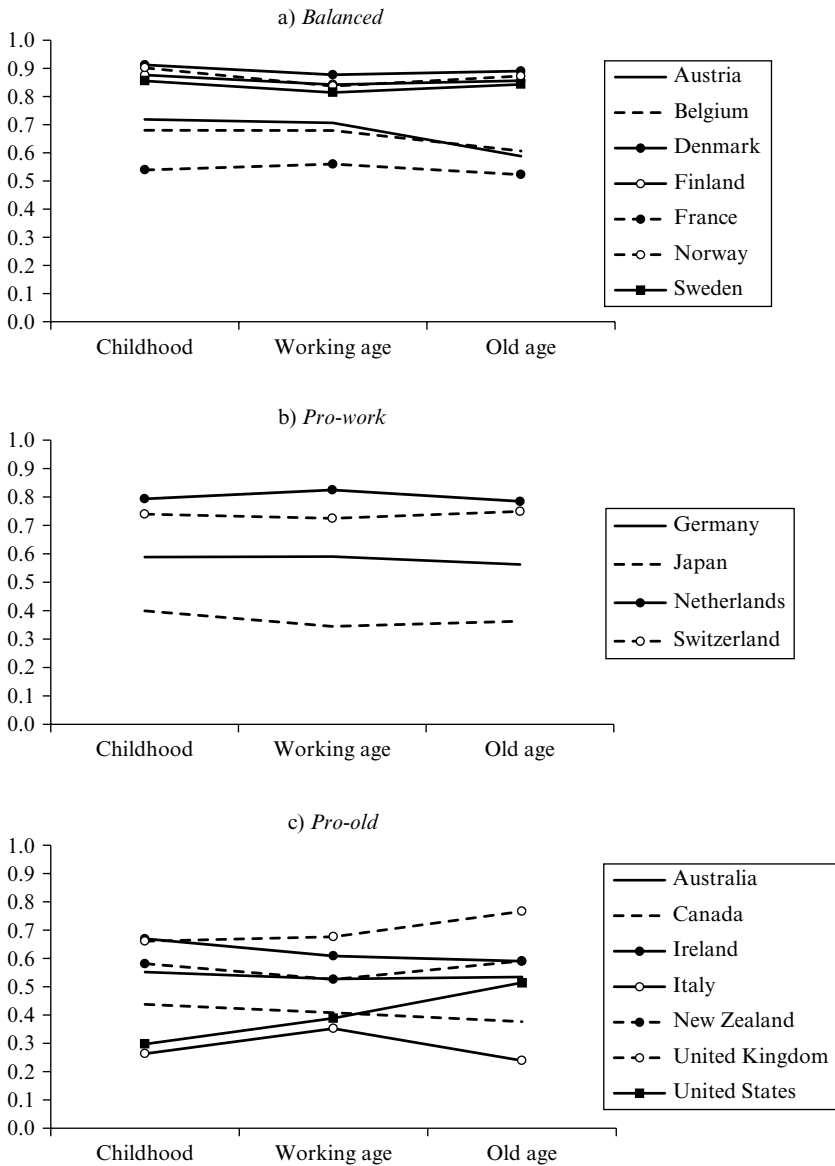


Figure 7.3a–c Social trust in three age-related social risk categories in 18 OECD countries around 2010

Regression Analysis

The analysis above indicates that countries with different generational welfare contracts also have different levels of political and social trust. Countries with unbalanced generational welfare contracts (i.e. age-related social citizenship rights are disproportionally distributed, with lower levels of income replacement in major social insurance schemes) tend to perform less well in terms of political and social trust than countries with more balanced contracts. Next, we investigate whether this pattern also holds in more elaborate statistical analyses combining data at both country and individual levels.

Table 7.1 shows multilevel regressions of income replacement in major age-related social insurance schemes on levels of political and social trust in 18 OECD countries around 2010. The methodological approach is the same as in Chapter 6, and the focus is thus on the overall level (arithmetic mean) of income replacement in social insurance for our three age-related social risks (childhood, working age and old age). In order to capture whether people differ in their likelihood of having high levels of political and social trust, we again use dummy variables for each age group, with childless persons of working age as reference (working-age risk category). At the individual level we use the same adjustments for confounding factors as in Chapter 6: education, gender and family status (couple or single person). Due to the small number of country observations, we once again only adjust for GDP per capita at the aggregate level, and whether survey data is from the WVS or not.

The multilevel regressions clearly show that social citizenship is associated with trust at the individual level. People are more likely to develop high levels of both political and social trust in countries where the overall level of income replacement in age-related social insurance is higher. At the individual level, some interesting generational associations are observed. Compared to childless respondents in working age (reference category in the regression), elderly respondents (old-age risk category) tend to have greater trust in political institutions, whereas respondents with children (childhood risk category) are inclined to have somewhat lower levels of social trust. For similar reasons as in Chapter 6 on subjective well-being, the latter result deviates somewhat from the preceding descriptive data analysis due to the inclusion of family status as an individual-level variable in the statistical regressions.

When investigating whether the overall level of income replacement in major age-related social insurance schemes is linked to the generational gradients in trust noted above, we followed a similar procedure to the previous chapter and introduced a number of cross-level interactions as

Table 7.1 Multilevel regressions of political and social trust on the overall level of income replacement in age-related social insurance in 18 OECD countries around 2010

	Political trust		Social trust	
	P: I	P: II	S: I	S: II
<i>Individual-level variables</i>				
V1. Childhood risk category	-0.018 (0.037)	-0.017 (0.037)	-0.122** (0.050)	-0.324 (0.245)
V2. Old-age risk category	0.133* (0.056)	0.340 (0.187)	0.109 (0.087)	0.108 (0.087)
V3. Male	-0.003 (0.031)	-0.004 (0.031)	-0.051 (0.059)	-0.051 (0.059)
V4. Couple	-0.002 (0.068)	-0.003 (0.068)	0.225** (0.050)	0.223** (0.050)
V5. Primary education	-0.491** (0.146)	-0.493** (0.148)	-0.944** (0.107)	-0.940** (0.109)
V6. Secondary education	-0.510** (0.089)	-0.511** (0.089)	-0.681 (0.085)	-0.679** (0.086)
<i>Country-level variables</i>				
V7. GDP per capita	0.023 (0.025)	0.023 (0.025)	0.002 (0.028)	0.002 (0.028)
V8. WVS	-0.950** (0.270)	-0.950** (0.270)	-1.056** (0.198)	-1.055** (0.198)
V9. Overall level of income replacement	2.090** (0.615)	2.160** (0.603)	1.097* (0.559)	0.968 (0.559)
V1*V9				0.367 (0.388)
V2*V9		-0.360 (0.304)		
ΔBIC		-7.03		5.46

Note: * $p < 0.05$, ** $p < 0.01$. Coefficients shown as log odds. Constants are not shown. Cluster robust standard errors in parentheses. Reference categories: working-age risk, female and tertiary education. BIC = Bayesian Information Criterion.

independent variables in the statistical regressions. The BIC statistic (see Chapter 6) shows that only the regression model including interactions of elderly respondents provides better fit to the data. Notably, the sign of the interaction term between elderly respondents (old-age risk category) and the overall level of income replacement in major age-related social insurance schemes is negative. Thus, the overall comprehensiveness of social citizenship is not only related to the likelihood of individuals reporting high

levels of political trust more generally, but also linked to the generational gradient in political trust that is associated with old age at the individual level. The difference in political trust between elderly persons and childless working-age respondents tends to be lower in countries where income replacement in age-related social insurance is higher.

CONCLUSION

This chapter moved our analytical spotlight to social and political trust. Whereas social trust is often considered to be an important factor in shaping social ties between citizens, political trust has more to do with the perceived legitimacy of the state and its institutions. Both facets of trust and their relationships to different generational welfare contracts contribute important pieces to the puzzle of understanding how generational politics can receive broad popular support, as well as to how just welfare state institutions can be promoted and maintained for the sustainable future.

We observed clear relationships between type of generational welfare contract and both forms of trust, lending further empirical evidence for the presence of positive-sum solutions in generational politics. Balanced generational welfare contracts are related to higher levels of political and social trust. Differences in political trust between age-related risk groups also tend to be smaller in countries with balanced generational welfare contracts.

We also showed that elderly people tend to develop higher levels of political trust than childless persons in working age. However, this age-related gradient in political trust is closely entwined with how countries have organized their generational welfare contracts. Our analyses on individual-level survey data showed that in countries where the overall level of income replacement in age-related social insurance is higher – as is often the case in countries with balanced generational welfare contracts – the difference in political trust between elderly and childless respondents of working age tends to be lower.

NOTES

1. Sometimes reference is also made to a third type of trust, so-called thick (or particularized) trust, which is primarily formed between close family members and others with whom we share strong ties through daily contact (Putnam, 2000; Williams, 1998). Thick trust has less direct relevance for our present concerns of addressing positive-sum solutions in generational politics.
2. An interesting illustration of the importance of political trust in attitudes towards

redistribution is provided by Svallfors (2013). People with a preference for economic equality are less likely to support high taxes or social spending if they do not trust in the fairness and efficiency of government agencies. Thus, when people disapprove of increased taxes and social spending, we should not jump to the conclusion that they necessarily reject economic equality and poverty prevention as desirable objectives. Instead, the likely explanation is often that people have low trust in the functioning of governments, and therefore lack sufficient assurance that their contribution to institutions of redistribution will be reciprocated or that it will be used for its intended purposes (rather than ending up elsewhere, for example, due to corruption or inefficiency).

8. Contracts for or against employment?

The labor market is a central arena for the structuring of individual life chances in modern welfare states. Social inequalities are often generated in the labor market. Not only are class-based inequalities molded and reinforced here, but inequalities based on age, gender and ethnicity have close ties to employment. It is likely true that the effectiveness of welfare states to reduce social inequalities more broadly depends on how well labor markets perform. The combination of well-functioning labor markets and effective redistribution also plays a central role for the possibility of positive-sum solutions in generational politics.

With the return of mass unemployment in the mid 1970s, the cash benefit programs legislated in the twentieth century to protect citizens from economic vagaries in the labor market, and forming an important pillar of the generational welfare contract, came under increasing criticism of being economically counterproductive in the new economy of sluggish economic growth. Although ideas about excessive social policy commitments causing labor market rigidities and poor employment outcomes remain today, it is evident that countries have reorganized their welfare states differently to serve various objectives. This variety of institutional approaches has, amongst other things, provided fertile soil for debates about the role of welfare states in relation to social investment goals and economic productivity (Cantillon, 2011; Esping-Andersen, 2002; Hemerijck, 2011; Morel et al., 2012; Vandenbroucke and Vleminckx, 2011). The social investment perspective in social policymaking very much concerns the idea of supporting people to participate fully in society and secure financial viability of welfare states well into the future. It is reasonable to assume here that positive-sum solutions in generational politics would become severely undermined if effective redistribution comes at the price of substantially raising barriers to labor market participation and employment.

The purpose of this chapter is to analyse the link between generational welfare contracts and employment. We will subject the labor market rigidity hypothesis of extensive social citizenship rights to empirical test. Are balanced generational welfare contracts – with their high levels of income

replacement in age-related social insurance – related to adverse employment outcomes? Or can greater balance in the generational structure of social citizenship be regarded as an important social investment that improves labor market performance? Although we mainly address employment outcomes from the perspective of macro-economic sustainability, it should be acknowledged that for most citizens of working age, gainful employment constitutes an important precondition for full participation in society. Thus, for the individual citizen, employment not only provides important financial rewards, but it can also be valued for broader social reasons.

As discussed in Chapter 2, balanced generational welfare contracts would partly fail to support relational equality – and people's capacity to walk tall – if extensive social insurance schemes indeed turn out to support people's financial security at the expense of access to contexts where they are wanted, valued and respected. Gainful employment may provide citizens with tasks and challenges that are personally rewarding, offering possibilities for friendship and social esteem by being recognized as productive contributors to society (Arneson, 1990; Gallie and Paugam, 2000; Gheaus and Herzog, 2016; Jahoda, 1982; Phelps, 1997). We should, of course, be careful not to idealize waged work, or equate employment *per se* with meaningful work tasks. Some jobs may be “deadening to human thought and sensibility” (Rawls, 1971, p. 529), an observation that has been central in recent debates about the freedom from toil (Goodin et al., 2008; Van Parijs, 1995), meaningless work (Paulsen, 2014) and the precarization of labor markets, including the growth of discontinuous, fragmented and insecure forms of employment (Standing, 2011). Thus, without implying that all forms of employment produce valuable social outcomes, assessing labor market and employment outcomes of social insurance is clearly important not only from the perspective of the macro-economic sustainability of generational welfare contracts, but also in our endeavor to shed new light on how generational politics may affect opportunities for relational equality and gainful participation.

This chapter is organized as follows. Next, we discuss the labor market rigidity hypothesis in greater detail and alternative perspectives on the social policy and employment nexus. Then, we empirically assess whether there is a trade-off between pursuing generational balance in social citizenship and employment. Thereafter, we present a descriptive data analysis of labor market and employment outcomes of countries that have different generational welfare contracts, and subsequently perform a more rigorous test applying statistical regression analysis.

THE LABOR MARKET RIGIDITY PERSPECTIVE AND ITS CRITICS

It is widely acknowledged that welfare states and social policy influence labor markets in different ways, where some effects are believed to be detrimental for both the demand and supply of labor, and thereby also hampering economic growth (Bean, 1994). The assumption of core welfare state institutions causing major labor market rigidities regained influence in the 1980s, when the rise in unemployment following the oil shocks in the 1970s turned out to be more persistent than initially expected (Bruno and Sachs, 1985). Most large programs of the welfare state came under fire of such critique, but unemployment and sickness insurance benefits were often considered to be particularly problematic.

Welfare state interference with market principles may affect labor markets and employment in various ways. By introducing moral hazards, government programs for redistribution are often considered to contribute to fraud and misuse. Unemployment benefits particularly are often claimed to reduce job search intensity and willingness of the unemployed to accept available job offers. Due to increased wage claims, redistributive policies are also thought to reduce labor demand and the willingness of employers to hire, something that may further be accentuated by taxes imposed on employers and employees to finance social policy. In this context of potential trade-offs between the goals of income protection and social inclusion, concerns have likewise been raised in connection with so-called unemployment duration or scarring effects, which refer to the deterioration of skills, motivation and well-being of the unemployed over the longer term (Darity and Goldsmith, 1993; Layard et al., 1991; Turon, 2003; Rogerson et al., 2005). Ljungqvist and Sargent (1998) have specifically linked the size of these unemployment duration or scarring effects to the generosity of out-of-work benefits.

Over the years, numerous studies using a great variety of statistical techniques claim that out-of-work benefits may be harmful for well-functioning labor markets and contribute to poor employment outcomes (Bassani and Duval, 2006; Elmeskov et al., 1998; Nickell and Layard, 1999; Nickell et al., 2005; OECD, 1994; Siebert, 1997). Some of these studies are based on micro-level data on individual behavioral outcomes, while others rely on macro-comparisons at the country level. Although critical voices have been raised concerning the robustness of cross-country evidence of supposedly employment-unfriendly welfare state institutions (Baker et al., 2005), the rigidity perspective outlined above is still figurative in contemporary debates on the employment situation of Western societies

(Messacar, 2014), To give one prominent example, in their reassessment of the 1994 Jobs Study, the OECD concluded that

changes in policies and institutions appear to explain almost two-thirds of non-cyclical unemployment changes over the past two decades. A consistent finding is that generous unemployment benefits, high tax wedges and stringent anti-competitive product market regulation increase aggregate unemployment. By contrast, highly centralized and/or coordinated wage bargaining systems reduce it. Likewise, spending on certain active labor market programs, such as labor market training, is associated with lower unemployment. Extensive sensitivity analysis shows that these findings are robust across specifications, datasets and econometric methods. (OECD, 2006, p. 208)

Several studies diverge from the common view of portraying the welfare state and its institutions as a major culprit in the rise and persistence of unemployment since the mid 1970s. Besides the countercyclical effects of tax and transfer systems (Andersen and Svarer, 2011; Bougrine and Seccareccia, 1999; Darby and Melitz, 2008; Dolls et al., 2012), redistributive policies may in various ways improve labor market performance. Earnings-related benefits, for example, may strengthen work incentives via the strong link between eligibility and previous work history. Welfare states may also help to secure a workforce with suitable skills of relevance for work transitions in an era of rapid economic transformation, increasing labor market mobility and improving macro-economic performance more generally (Sjöberg, 2008).

The feminist critique of mainstream comparative welfare state research in the late 1980s and early 1990s also underscored the role of social policies for well-functioning labor markets in relation to gender-based inequalities (Fraser, 1989; Gordon, 1990; Hernes, 1987; Hobson, 1990; Leira, 1992; Lewis, 1992, 1997; O'Connor, 1993, 1996; Orloff, 1993; Pateman, 1988; Sainsbury, 1996; Shaver, 1989; Williams, 1995). One important issue concerned the emancipation of women and how welfare states could be more or less supportive of female employment and encourage gender equality, foremost through the ways in which countries have organized their family policies and reduced gender employment gaps (Crompton, 2006; Koven and Michel, 1993; O'Connor et al., 1999; Orloff, 2009). In particular, dual-earner/dual-carer models of family policy are often considered effective in promoting gender equality in paid and unpaid work (Gornick and Meyers, 2008; Korpi et al., 2013). Countries that have followed this tradition in the development of family policy combine generous earnings-related parental leave benefits and extensive public child care arrangements to enable full-time work of both parents. Although our focus is primarily on cash benefits, the overall extensiveness of gender egalitarian family benefits

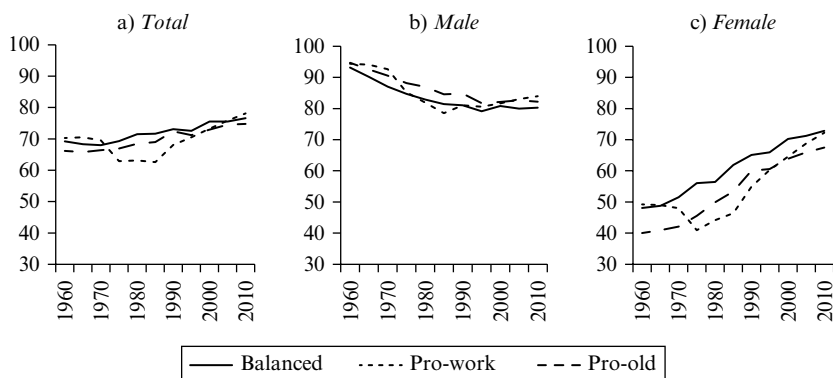
has previously been used as a proxy of countries' broader family policy models, including publicly provided child care (Ferrarini, 2006).¹

In the following we will investigate employment outcomes of countries that have organized social policy and their generational welfare contracts differently. As we are mostly concerned with employment outcomes among people in economically active ages, we will not study how welfare states relate to employment of elderly people. Nor will we analyse whether welfare states support employment of young adults. Although questions about entries into and exits out of employment at these vulnerable phases in the life course are important to address in future research, we shall here restrict our focus to the particular issue of whether balanced generational welfare contracts are subject to poor employment outcomes in the whole working-age population, thereby weakening possibilities of positive-sum solutions in generational politics. Specifically, we address whether high levels of income replacement in social insurance (i.e. a typical trademark of the balanced generational welfare contract) affect employment outcomes negatively.

EMPIRICAL ANALYSIS

Employment can be measured in different ways. In this analysis we focus on labor force participation rates and unemployment rates, both in total and disaggregated by gender. Figure 8.1 shows labor force participation rates by type of generational welfare contract in 18 OECD countries in 1960–2010. The former is calculated as the civilian labor force divided by the working-age population (15–64 years), averaged across countries for each contract type. The data is from the OECD. Countries are classified in accordance with our institutional analyses of age-related social citizenship rights in Chapter 4. Balanced generational welfare contracts are thus present in Austria, Belgium, Denmark, Finland, France, Norway and Sweden. Germany, Japan, the Netherlands and Switzerland have unbalanced contracts of the pro-work type. Unbalanced pro-old contracts characterize Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

For large parts of the period, labor force participation rates in countries with balanced generational welfare contracts have been slightly higher or on par with those of other countries. Labor force participation has risen in most countries, particularly from the 1980s and onwards. Much of the rise in participation is due to women entering the labor market in increasing numbers, lowering the gender gap in employment. All countries have experienced a dramatic surge in female labor force



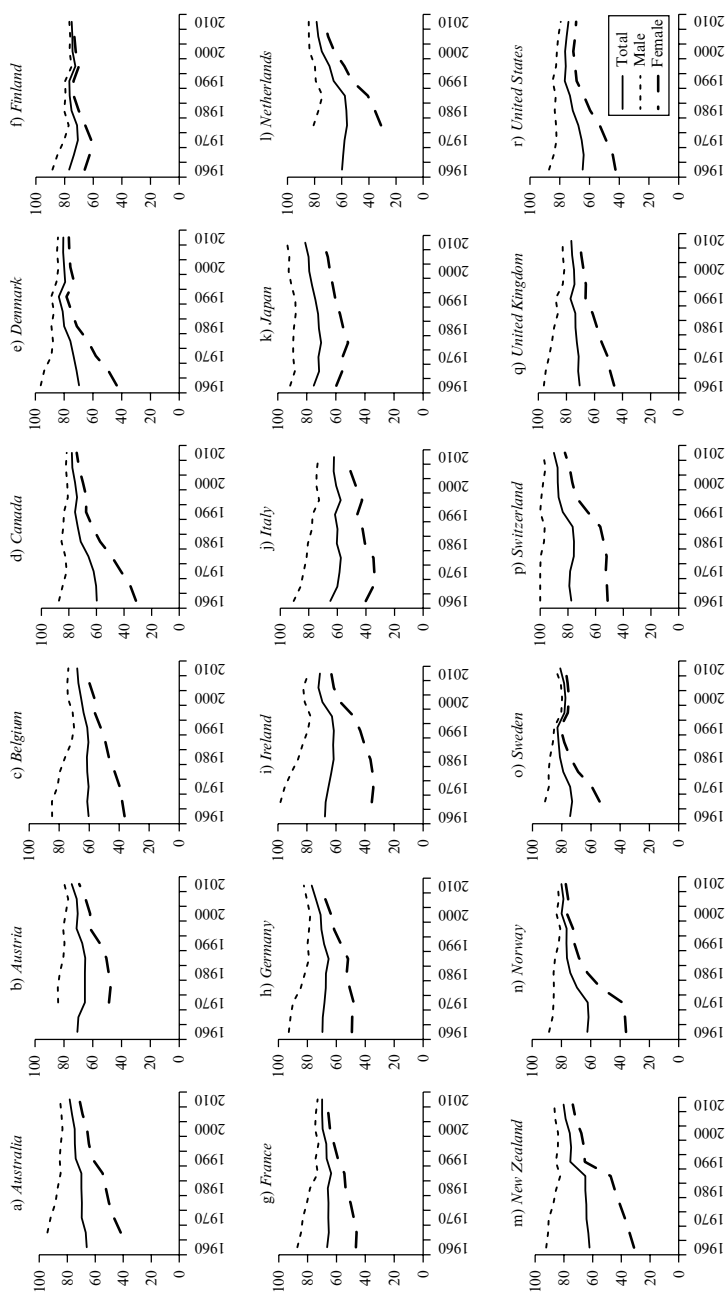
Note: The balanced generational welfare contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

Source: OECD.Stat.

Figure 8.1a–c Labor force participation rates by type of generational welfare contract in 18 OECD countries 1960–2010

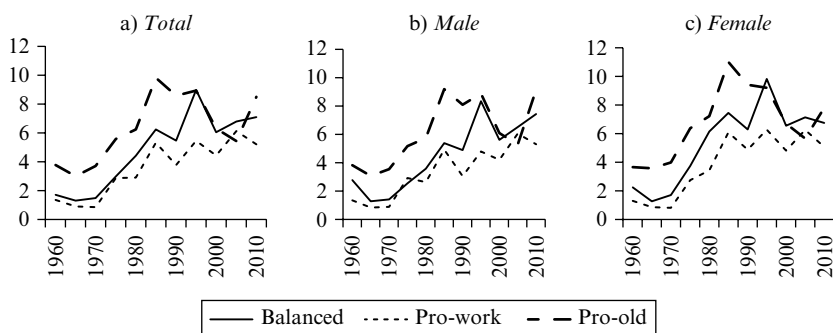
participation, but for most of the period the highest rates are found in countries with balanced generational welfare contracts. In the 1960s, it was not exceptional to find countries with female labor force participation rates of 40 percent or less. In 2010, female labor force participation is more commonly found in the range of 60 to 80 percent. Meanwhile, labor force participation has declined somewhat among men, from rates over 90 percent in the 1960s, down to rates slightly above 80 percent in the 1990s and onwards. The decline in male labor force participation, particularly in parts of Continental Europe, was to some extent driven by processes of deindustrialization and heavy reliance on pre-retirement and disability benefits to facilitate early exits from labor markets (Ebbinghaus, 2000; Esping-Andersen, 1996).

Developments deviate from the main patterns in a few countries (Figure 8.2). Finland and Italy experienced a slight but empirically noticeable decline in labor force participation between 1960 and 2010. In both countries, the rise in female labor force participation was not large enough to compensate for the downward trend in male labor force participation rates. Whereas Finland in comparison had very high female labor force participation rates in the 1960s, female labor force participation in Italy has been persistently low throughout the whole period. Since the 1960s Austria,



Source: OECD.Stat.

Figure 8.2a-r Labor force participation rates in 18 OECD countries 1960–2010



Note: The balanced generational welfare contract includes Austria, Belgium, Denmark, Finland, France, Sweden and Norway. The pro-work contract includes Germany, Japan, the Netherlands and Switzerland. The pro-old contract includes Australia, Canada, Ireland, Italy, New Zealand, the United Kingdom and the United States.

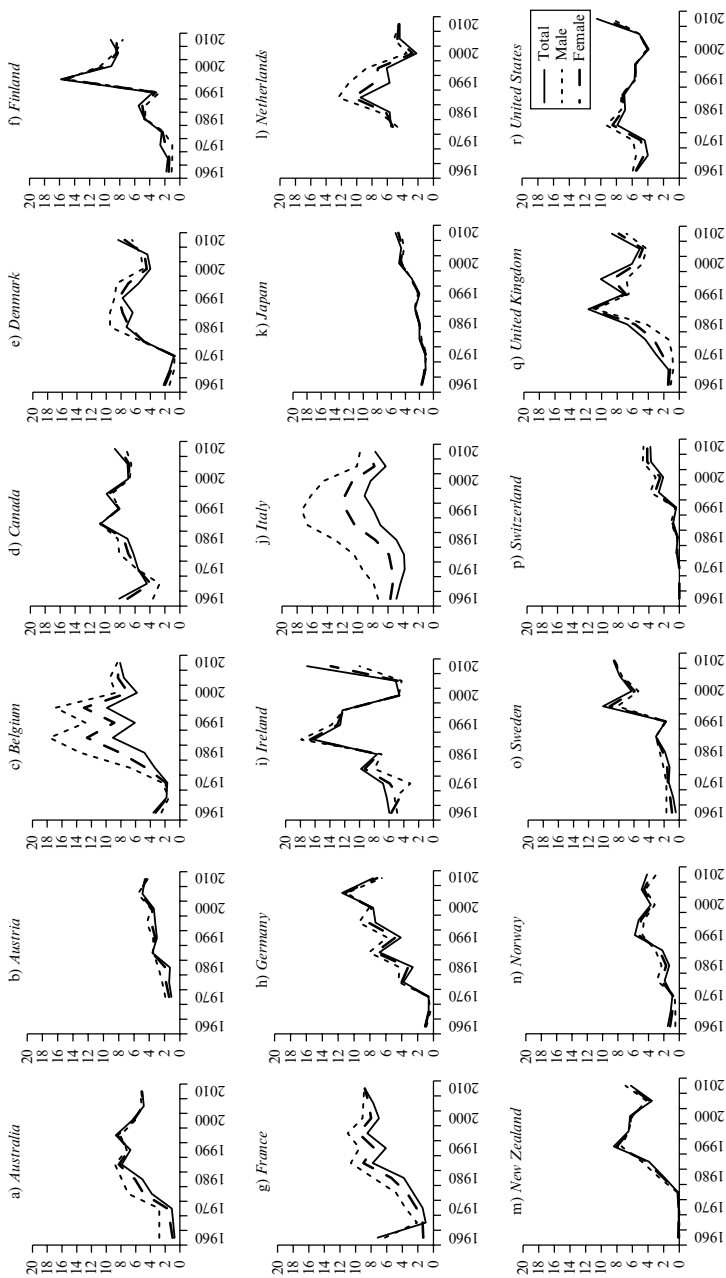
Source: OECD.Stat.

Figure 8.3a–c Unemployment rates by type of generational welfare contract in 18 OECD countries 1960–2010

Japan, Norway and Switzerland stand out in terms of maintaining levels of male labor force participation (in Japan even a slight increase).

Figure 8.3 shows unemployment rates by type of generational welfare contract in 18 OECD countries in 1960–2010. The unemployment rate is calculated as the ratio of the unemployed to the labor force (the total number employed plus all unemployed people). This data is also from the OECD. As may be expected, unemployment shows more of a cyclical roller coaster pattern than our previous figures on labor force participation. However, a few general trends are discernable. The return of mass unemployment in the 1970s is clearly visible in the data, in many countries followed by reduced unemployment rates in the 1990s and up to the great recession of 2008, when unemployment typically rose again.

For most of the period, the highest unemployment rates are observed in countries with unbalanced generational welfare contracts of the pro-old type. One exception to this pattern is in the mid 2000s, when unemployment declined in several countries that we categorize as pro-old, including Australia, Italy, New Zealand and the United Kingdom (Figure 8.4). During the most recent decades, female unemployment rates have sometimes been slightly higher than those of men in several countries. The gender gap in unemployment is not that well studied, especially in comparative research where most analyses have focused on differences in activity rates of men and women. However, a few studies indicate that



Source: OECD.Stat.

Figure 8.4a-r Unemployment rates in 18 OECD countries 1960–2010

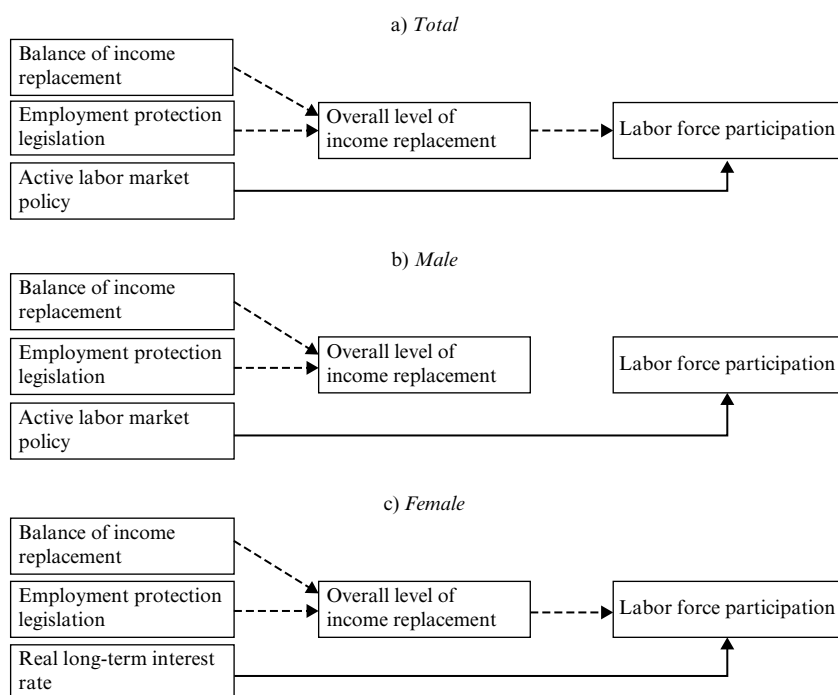
gender differences in industry composition during recessions are the main explanatory factors for sudden shifts in unemployment between men and women (Albanesi and Sahin, 2013).

The country averages fail to provide any conclusive evidence of extensive labor market rigidities in countries that have more balanced age-related social citizenship rights. Labor force participation rates are not consistently lower in countries with balanced generational welfare contracts, and considering unemployment these countries seem to take an intermediate position. For large parts of the period, unemployment rates in countries with balanced generational welfare contracts are somewhat higher than in countries with pro-work contracts, but lower than in countries that we categorize as pro-old. Thus, in terms of labor force participation and unemployment it is not possible to observe strong evidence of countries with balanced generational welfare contracts performing substantially worse, although individual countries may deviate from this pattern.

Regression Analysis

In order to subject the labor market rigidity hypothesis to further empirical tests and assess the extent to which generational balance in social citizenship can be regarded as an important social investment, we next perform a series of structural equation models examining possible links between income replacement in social insurance and employment outcomes. As labor market performance is affected by numerous factors besides the organization of social policies, we adjust our estimates for confounding factors typically used in macro-comparisons of labor market outcomes, including macro-economic (monetary) policy (Baccaro and Rei, 2007; Howell, 2005; Schettkat, 2005), globalization (Rhodes, 1997; Wood, 1998), labor costs (Hemerijck and Schludi, 2000; OECD, 1994), employment protection (Bentolila and Bertola, 1990; Bertola, 1990) and active labor market policy (Heckman et al., 1999; Kluve, 2010; Nickel, 1997; Scarpetta, 1996). Among these factors, employment protection legislation and active labor market policy in particular are often considered to have ambiguous effects on labor market performance.

In order to measure how countries use macro-economic and monetary policies to affect employment performance we use the real long-term interest rate. The real long-term interest rate includes government bonds that mature in ten years, adjusted for inflation. Globalization is tricky to conceptualize and measure (Carroll, 2003). We follow Kenworthy (2008) and use imports in percent of GDP. Labor costs are calculated per unit of output. For employment protection we use an index capturing procedures involved in dismissing workers and hiring people on fixed-term or



Note: Country-fixed effects and cluster robust standard errors. All models include a full specification of confounding effects, including employment protection legislation, active labor market policy, unit labor costs, the real interest rate and imports. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

Figure 8.5a–c Pathways between balance and overall level of income replacement in age-related social insurance and labor force participation after confounding adjustment. Structural equation models of 18 OECD countries 1985–2010

temporary work contracts. Active labor market policy is measured as total expenditure in percent of GDP. All of the data is from the OECD, including the index of employment protection legislation.

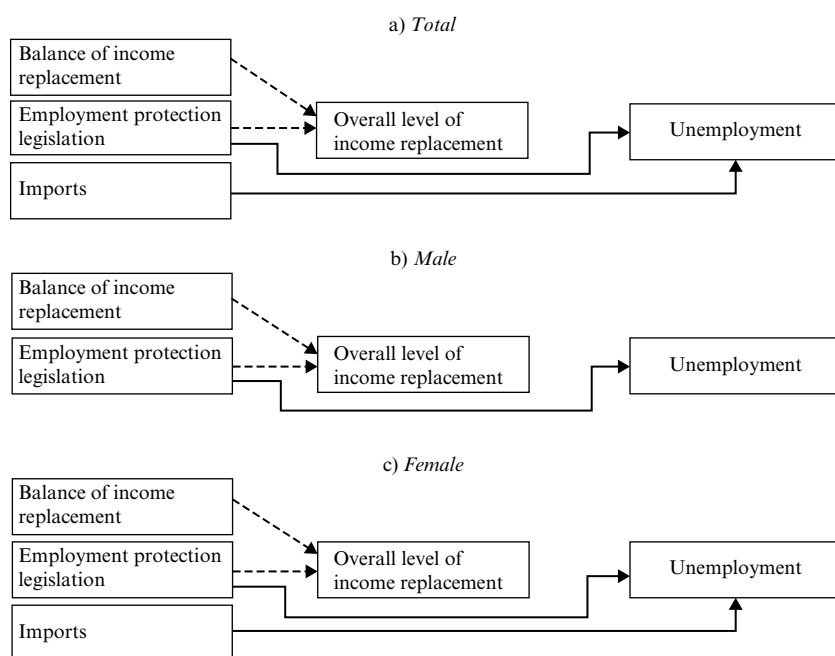
Figure 8.5 shows structural equation models of pathways between income replacement in social insurance and labor force participation in 18 OECD countries after confounding adjustment (for further description of the statistical method, see Chapter 5). Solid arrows indicate negative associations, dashed arrows positive ones. Social insurance is measured as previously in this book, with the overall level of income replacement in

age-related social insurance as the mediating variable. The degree to which levels of income replacement in social insurance is evenly distributed across age-related risks (childhood, working age and old age) is our main independent variable. Full models with all estimates are found in the Appendix, Table A.5. We analyse labor force participation in the total population as well as that of men and women separately. Due to the structural shifts in employment outcomes noted above and availability of data for some of the confounding variables, we restrict the analysis to the period 1985–2010.²

In a regression framework, we also do not find any strong evidence of labor market rigidities caused by extensive age-related social citizenship rights. To the contrary, a higher overall level of income replacement in age-related social insurance appears to increase labor force participation. Much of this increase is explained by positive impacts in relation to female labor force participation. Among men, there is no association between income replacement and labor force participation. The generational structure of social citizenship is not directly related to labor force participation. Instead, the association is indirect. In countries where income replacement in age-related social insurance is more balanced, the overall level of income replacement tends to be higher, with consequent increases in labor force participation foremost among women.

Only a few confounding factors have statistically significant effects. Active labor market policy somewhat surprisingly appears to reduce labor force participation, but only among men. This association may appear for various reasons. One issue that often is raised in analyses based on statistical regression concerns endogeneity in the variables of interest. In many countries, increased spending on active labor market policy implies that more people are getting into training, thus leaving the labor force. It is reasonable to assume that this type of endogeneity is pronounced in fixed-effects regressions, where the focus is on short-term rather than long-term effects or cross-country differences (see our discussion of fixed effects in Chapter 4). In fact, in a random effects model, the negative association between active labor market policy and labor force participation among men changes and becomes positive (results not shown).³ Higher real long-term interest rates also seem to reduce labor force participation, but only among women. We also observe an indirect (goes through income replacement) positive effect of employment protection. We must be cautious not to interpret this mediating effect of social insurance in causal terms (i.e. that employment protection increases income replacement).

In order to analyse more closely the role of social insurance, we also estimated a series of structural equations where female labor force participation was regressed on income replacement for each age-related social risk (childhood, working age and old age). Only income replacement for



Note: Country-fixed effects and cluster robust standard errors. All models include a full specification of confounding effects, including employment protection legislation, active labor market policy, unit labor costs, the real interest rate and imports. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

Figure 8.6a–c Pathways between balance and overall level of income replacement in age-related social insurance and unemployment after confounding adjustment. Structural equation models of 18 OECD countries 1985–2010

childhood-related risks showed a statistically significant relationship, which in a broader sense can be expected to capture the extent of work and family reconciliation policy (see Table A.6 in the Appendix). Thus, we here specified the link between age-related social insurance and labor force participation, which largely seems to be driven by effects of family benefits on female labor force participation.⁴

Figure 8.6 shows structural equation models of pathways between income replacement in social insurance and unemployment in 18 OECD countries in 1985–2010, after confounding adjustment. We do not find any effects of income replacement. Thus, social citizenship rights seem to be unrelated to unemployment at aggregate level. Employment protection

legislation is negatively associated with, and reduces, unemployment, both in total as well as among men and women separately. Several factors may contribute to this negative relationship. A general reduction in arbitrary dismissals and early warnings that allow employees to engage in job search prior to being laid off are two mechanisms previously noted in the literature (OECD, 1994). Finally, we find that the size of imports in the overall economy reduces unemployment among women. This effect most likely reflects gender differences in sectorial composition and the multifaceted effects of globalization on different parts of the economy.

CONCLUSION

In this chapter we have analysed links between generational welfare contracts and employment outcomes in 18 OECD countries. Poorly functioning labor markets pose serious threats to positive-sum solutions in generational politics. The dominating view in mainstream behavioral economics has come to portray comprehensive welfare states as causing major obstacles for labor market performance and employment growth, thus indirectly raising concerns about the long-term sustainability of balanced generational welfare contracts. The empirical results presented in this chapter strongly challenge such ideas and rather indicate that balanced generational welfare contracts may be considered an important social investment.

Unemployment appears to be largely unrelated to the ways in which countries have organized their generational welfare contracts. However, in terms of labor force participation we find some interesting results. Labor force participation tends to be higher in countries where income replacement in social insurance is more extensive, as in countries with balanced generational welfare contracts. Much of the observed increase in labor force participation is due to changes in the economic behavior of women and the ways in which countries have come to organize income replacement in relation to work-family reconciliation, which is an important element of the generational welfare contract.

NOTES

1. According to the family policy models developed by Korpi et al. (2013), Austria, Belgium, France, Germany, Italy and the Netherlands rely heavily on various forms of programs encouraging traditional family structures, including child allowances for minor children, part-time public daycare for children three years up to school age, home care allowances and marriage subsidies. By comparison, Denmark, Finland, Norway

and Sweden emphasize more dual-earner policies, which include public daycare for the youngest children and full-time public daycare for children over three years, and clearly earnings-related parental insurances. Family policies are less developed in Australia, Canada, Ireland, Japan, New Zealand, Switzerland, the United Kingdom and the United States, where market principles have dominated policymaking. Typically, these more liberal-oriented countries score low on both traditional family policy and earner-carer dimensions.

2. Due to missing data for some variables and years in a few countries, the empirical analyses in this section are based on unbalanced panel data with at least 80 observations unequally divided across time and space.
3. Random effects models capture long-term effects and cross-country differences in levels, but also increase the likelihood of omitted variable bias. To recapitulate our discussion of fixed effects in Chapter 4, bias is the difference between the expected value of an estimate and the true value of the parameter being estimated.
4. These sensitivity analyses also show that the indirect association between employment protection legislation and labor force participation observed above appears to be largely influenced by developments in income replacement for working-age risks. It is only for protection against working-age risks that we observe an association with employment protection legislation. Again, we should not interpret this mediating effect of employment protection legislation on income replacement causally.

9. Politics of generational welfare contracts

Welfare states and social policies are intrinsically political, and thus constitute key battlegrounds for distributive strife. Without denying that different age groups may compete around the distributive priorities of welfare states, it is important to re-emphasize the main argument of this book, that certain institutional structures have the potential to facilitate support for public interventions in market processes that cut across age differences. Thus, the ways in which social policy respond to age-related needs are likely to reflect central political differences between countries, and not only demographic pressures.

The purpose of this chapter is to investigate the role of party political factors in how generational welfare contracts are structured. When are political actors more likely to engage in mutual cooperation and positive-sum solutions in social policymaking for the benefit of all age groups? We hypothesize that the relative strength of left political parties is particularly important. Thus, we expect that the likelihood of interest mediation in generational politics is greater in contexts where governments more readily intervene in market processes and age-related claims are embedded in class politics.

By focusing on party political factors we enter an old debate in scholarly literature about the causes of social citizenship. The explanatory role of actors, relative to structural factors, has waxed and waned in the cycles of academic discourse (Ferrarini, 2006; Montanari and Nelson, 2013). However, despite numerous comparative studies on class politics and the welfare state, explanations are seldom explicitly positioned in relation to generational relations and concurrent government responses to wider age-related needs. In the absence of class-based perspectives on the generational welfare state, scholarly debates about generational politics have largely focused on issues of population ageing and generational conflict. Thus, by focusing on the generational structure of social citizenship and partisan politics our contribution fills an important gap in comparative research.

Next in this chapter we will review the debate on the political and structural driving forces of welfare states from a generational perspective. Then,

we carry out empirical analyses on the role of central partisan political and structural factors in the development of age-related social citizenship rights and generational welfare contracts.

AGEING SOCIETIES AND PARTISAN POLITICS

Contemporary scholarly debates about social citizenship and welfare states can easily give the impression that generational politics are completely separate from class politics. While the former debate is closely tied to structural changes in society and brought to life by population ageing, the latter is often portrayed as having limited significance in rapidly ageing societies. In the influential “new politics” paradigm, developed by political scientist Pierson (1996), population ageing (together with deindustrialization, slow economic growth and matured government commitments) places serious constraints on state budgets and the possibilities for national governments to expand social policy. In this period of permanent austerity, beginning in the mid 1970s, class-based politics – for decades a main driver of social policy – is supposed to have become less important and replaced by a multitude of more narrowly defined interests, driven by structural change and expressed politically, not least by electorally powerful older cohorts (as previously discussed in Chapter 3).

The explanatory role of specialized interests – of which many are based on new lines of conflict in ageing societies – can be seriously questioned, not least from a power resource perspective. Power resource theory, primarily developed by sociologist Korpi (1978), contests the dominant role of structural explanations for welfare state development, and places greater emphasis on class-based mobilization through major political parties. Although structural pressures, like those caused by deindustrialization and demographic change, are recognized in this theoretical framework (Korpi, 2003), the dominant explanatory factor is firmly rooted in class-based politics. In this perspective, structural pressures and accompanying specialized interests are not forces of nature that affect all welfare states equally. Instead, their consequences for social policy are expected to be mediated by class-based partisan politics, even in periods of permanent austerity (Korpi and Palme, 2003).

Through the potential to effectively neutralize maximization strategies of more specialized interest groups, it can reasonably be assumed that class politics are also relevant from a generational perspective. Earlier comparative studies on generational politics point out class-based ideological orientations as one likely reason for the continued diversity of

welfare states in the presence of population ageing and a growing elderly electorate (Esping-Andersen, 2002; Pampel, 1994). An interesting observation in this regard concerns interest groups that are organized specifically around issues of ageing. In the last few decades, new movements in politics have certainly not been lacking. Important examples include the emergence in many countries of green political parties but also, and increasingly, right-wing populists. Pensioners' parties have also appeared in some countries, but remain very much on the political fringe, generally lacking representation in national parliaments (Hanley, 2010). The actual influence of independent lobby groups of elderly people on policymaking is also far from clear. In particular, claims in the literature about the proactive role of elderly advocacy groups and their power to successfully push forward political agendas should be treated with caution. Research on the pro-elderly bias of the US and Italian welfare states actually indicates that pension reform has often been the result of interest formation in auxiliary organizations of more traditional class-based political parties, rather than being primarily driven by lobby groups of elderly citizens directly promoting particularized agendas (Campbell and Lynch, 2000).

The exact mechanisms through which class-based politics have the potential to repeal the political influence of more demarcated interests related to ageing are muddled with uncertainties. Nonetheless, both interest mediation and consensus-building seem to be important candidates for explaining such a connection. From a policy perspective, a key challenge for promoting positive-sum solutions in generational politics is to show the potential electorate that bargained consent is better than instability and uncertainty caused by a multitude of specialized interests competing for power. Class-based politics have considerable potential in this regard as socio-economic cleavages infiltrate almost every area of society and are closely intertwined with specialized interests, not least those related to age (Pampel and Adams, 1992).

By balancing social citizenship rights across age-related social risks, left parties may pursue class-based politics while also incorporating more specialized interests. In the absence of a strong political left that encompasses broader class interests, promoting ideas of universalism and solidarity in policymaking, the strongest of special-interest lobbies are likely to have a better breeding ground to push forth their particular agendas. The likelihood of generational trade-offs in social policymaking would thereby increase. Next, we empirically analyse the extent to which main partisan political orientations are linked to the generational structure of social citizenship.

EMPIRICAL ANALYSIS

Partisan Politics and Generational Welfare Contracts

In the empirical analyses below it is important not only to differentiate between left parties and secular centrist/right parties, but also confessional parties. In power resource theory, left parties are generally supposed to be more proactive towards the welfare state than secular centrist/right parties, whereas confessional parties tend to take an intermediate position in terms of redistributive policies. Left parties are usually considered to be in favor of universalism and more encompassing social policies, which can be assumed to have greater potential in fostering positive-sum solutions in the generational patterning of social citizenship. Secular centrist/right parties are more likely to promote market-based welfare, which should increase the influence of specialized interest and boost generational trade-offs and conflicts in social policy, including those related to population ageing. Confessional parties are also likely to moderate class conflicts, but in a different way compared to left parties. Historically, confessional parties have tried to offset the political basis for mobilization of workers in left parties, usually by organizing social policy along occupational lines to preserve status differentials.

The political variables of government composition are from Korpi and Palme (2003), here updated to 2010 with data published by the *European Journal of Political Research* (various years). Left parties include social democrats and parties to their left. The confessional category includes Christian democratic parties and protestant parties. Remaining parties are defined as being secular centrist/right. Political parties that tend to have only one issue on their agendas are excluded from analysis. We have only excluded parties in exceptional cases when the unidimensional character of manifestos is obvious, including a restricted set of right-wing populists and environmental parties in a few countries. Years with coalition governments and years with changes of cabinets are weighted by the proportion of seats held by the parties in cabinet and the proportion of the year during which the cabinet existed. Because we are analysing complex welfare state structures where some programs have long maturation periods, we use cumulative cabinet shares from 1945 up to 2010. We thus analyse long-term partisan incumbency and hegemony of main political ideologies (Huber and Stephens, 2000).

Table 9.1 shows cumulative partisan cabinet shares (percentages) for the period 1945–2010 in 18 OECD countries. Countries are grouped according to their generational welfare contracts, as defined in Chapter 4 (balanced, pro-work and pro-old). Countries with balanced contracts have

Table 9.1 Generational welfare contracts and cumulative partisan cabinet shares (percentages) in 18 OECD countries 1960–2010

Contract type	Country	Cumulative partisan cabinet shares (percentages)		
		Left	Confessional	Secular centrist/right
Balanced	Austria	52.4	42.6	5.0
	Belgium	33.3	43.8	23.0
	Denmark	44.4	0.7	54.9
	Finland	36.3	0.3	62.8
	France	27.7	6.1	66.2
	Norway	70.7	6.8	22.6
	Sweden	76.5	1.6	22.0
	<i>Average</i>	<i>48.7</i>	<i>14.5</i>	<i>36.6</i>
Pro-work	Germany	28.7	48.8	22.5
	Japan	2.7	0.0	97.3
	Netherlands	23.7	52.6	23.8
	Switzerland	24.3	28.4	47.3
	<i>Average</i>	<i>19.8</i>	<i>32.4</i>	<i>47.7</i>
Pro-old	Australia	34.9	0.0	65.1
	Canada	0.0	0.0	100.0
	Ireland	10.5	17.3	71.4
	Italy	21.5	55.5	20.9
	New Zealand	38.6	0.0	61.4
	United Kingdom	46.9	0.0	53.1
	United States	0.0	0.0	100.0
	<i>Average</i>	<i>21.8</i>	<i>10.4</i>	<i>67.4</i>

Source: Korpi and Palme (2003) and the *European Journal of Political Research* (various years), own calculations.

fairly strong incumbency of left parties in governments. In this group we find Austria, Belgium, Denmark, Finland, France, Norway and Sweden. Although the historical influence of social democracy has been strong in the Nordic welfare states (Esping-Andersen, 1990), it should be noted that secular centrist/right parties have been rather successful in competing for political power in Denmark and Finland, particularly in recent decades (Montanari and Nelson, 2013). In Denmark there was a long period of secular centrist/right governments in the 1980s and a few years into the 1990s, sometimes in coalition with minor confessional representation. After a period of coalition governments, including the social democratic party, secular centrist/right parties held all cabinet seats following the 2001

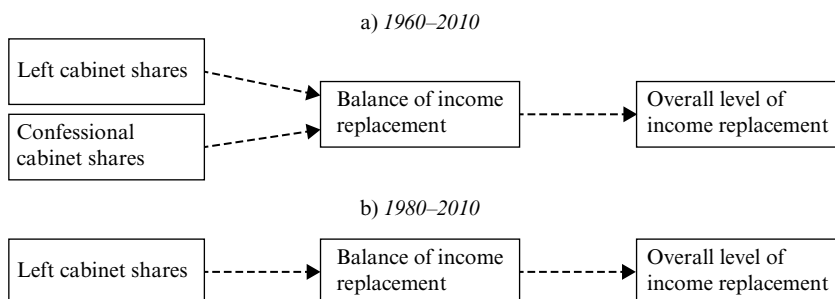
elections. Left and secular centrist/right coalition governments have also been common in Finland, with secular centrist/right parties often being ahead of social democrats in cabinet shares.

The influence of confessional parties and secular centrist/right parties has been comparatively strong in countries with unbalanced generational welfare contracts. Countries with pro-work contracts present somewhat of a mixed bag in terms of partisan incumbency. Whereas Christian democratic parties have dominated governments in Germany and the Netherlands, political life has been more influenced by secular centrist/right parties in Japan, but also in Switzerland. Secular centrist/right parties also have a long history of political incumbency in many of the countries that we categorize as pro-old. This includes the English-speaking countries of Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States.

Among countries with pro-old generational welfare contracts, Italy is a somewhat odd case with longer political influence of confessional parties, combined with moderate political strength of left parties in governments. In fact, cumulative partisan incumbency in Italy is more similar to Germany and the Netherlands than to any other country in the pro-old category to which Italy belongs. However, compared to both Germany and the Netherlands, the Italian political left has often been considered less successful in promoting social citizenship rights (Korpi, 2006). Whereas Christian democrats in Germany and the Netherlands had to contend with strong social democratic parties, which were sometimes in coalition with the liberals, the big Communist party in Italy was historically not accepted as cabinet partner.

Regression Analysis

The descriptive data analysis above indicates that partisan incumbency varies systematically across countries with different generational welfare contracts. Stronger political power of left parties seems to be one common denominator among countries that have effectively managed to balance social citizenship across major age-related social risks. In this last empirical section of the book we subject our data to regression analysis based on structural equation modeling and more firmly assess the empirical link between the generational structure of social citizenship and partisan politics. We use the same data of cumulative partisan cabinet shares as in the descriptive data analysis above, although the influence of partisanship here is measured in years of government (instead of percentages) for the period 1945–2010. Thus, our measure on cumulative partisan cabinet shares in the statistical regression analyses ranges from 0 to 66.



Note: Country-fixed effects and cluster robust standard errors. All models include the full set of confounding factors, including the unemployment rate, GDP per capita, the old-age dependency ratio, civilian labor force and service sector employment. Only statistically significant paths are shown. Solid arrows indicate negative associations, dashed arrows positive ones.

Figure 9.1a–b Pathways between balance and overall level of income replacement in age-related social insurance and cumulative partisan incumbency after confounding adjustment. Country-fixed effects structural equation models of 18 OECD countries 1960–2010

Our political variables of cumulative partisan incumbency constitute the main explanatory factors (with secular centrist/right governments being the point of reference). The degree to which income replacement in social insurance is balanced across age-related social risks (childhood, working age and old age) is our mediating variable. The dependent variable is the overall level of income replacement in major age-related social insurance schemes. Both variables are measured exactly in accordance with our analyses on the institutional structure of social citizenship in Chapter 4, as are the confounding variables – the GDP per capita, the civilian labor force, the unemployment rate, the old-age dependency ratio and service sector employment.

The regression analysis of partisan political incumbency and income replacement in major age-related social insurance schemes are carried out in two steps. We first analyse the period 1960–2010, and thereafter concentrate on the most recent development from 1980. Figure 9.1 shows structural equation models of pathways between income replacement in social insurance and cumulative partisan cabinet shares in 18 OECD countries. Similar to preceding chapters we report these results in the form of so-called path diagrams. Single-headed arrows show the direction of observed relationships, solid arrows for negative associations and dashed arrows for positive associations. All direct and mediating effects are ana-

lysed, but only statistically significant paths are illustrated graphically as arrows. The full structural equation models with all regression coefficients and their standard errors are shown in the Appendix, Table A.7.

For both time periods, cumulative partisan incumbency is linked to the generational structure of social citizenship and to the overall comprehensiveness of the system. However, there is no direct relationship between partisanship and the overall level of income replacement in age-related social citizenship rights. Instead, the association is indirect and works through the generational balance of social insurance. For the period 1960–2010, both left parties and confessional parties (in comparison to centrist/right parties) equalize differences in income replacement between age-related risk groups, with subsequent increases in the overall level of income replacement in social insurance. The influence of left parties is somewhat stronger than that of confessional parties.¹ Our results for the period 1980–2010 are similar, except that only cumulative left partisan incumbency is now statistically significant.

The association between cumulative left partisan incumbency and the overall level of income replacement in age-related social insurance for the latter period is mainly driven by developments in family benefits, and as such our results are perfectly congruent with those in Chapter 4 (see the Appendix, Table A.8). Developments in family benefits also explain why confessional partisan incumbency disappears as a main driver of social citizenship from 1980, where some countries with a comparatively strong presence of Christian democratic parties in governments are still lagging behind in terms of income replacement for childhood-related risks, including the Netherlands, Italy and Switzerland (see Chapter 4). Acknowledging that there is an academic discussion about the role of women in political decision-making for the expansion of family policy (Atchison, 2015; Ferrarini, 2006; Kittilson, 2008) we also estimated a regression that controls for the share of women in governments (Table A.8). This procedure did not change the main results for cumulative left partisan incumbency.

Neither the old-age dependency ratio, nor any of the other confounding factors demonstrate statistically significant effects. Thus, population ageing, deindustrialization and reduced growth rates all seem to be rather unrelated to the generational structure of social citizenship as well as to the overall comprehensiveness of the system of social protection. What matters, however, is how conflicts are expressed in politics. Left parties (and to a lesser extent Christian democrats) seem particularly successful in promoting generational welfare contracts that are balanced and provide comparatively high levels of social protection for all age groups.

CONCLUSION

In this chapter we analysed the political foundations of the generational welfare contract and the patterning of age-related social citizenship rights by focusing on partisan politics. We argued that positive-sum solutions in generational politics are more likely to arise in countries where specialized age-related claims for welfare are incorporated into class politics by the presence of strong left parties. Our analyses provide support to such class-political and party-oriented explanations.

By analysing long-term partisan political incumbency, we showed that balanced generational welfare contracts are more likely to appear in countries where left parties have had strong influence in governments. For the period 1960–2010, confessional parties also had a certain influence on the generational structure of social citizenship, and the degree to which income replacement in major social insurance schemes is balanced across age-related social risks. However, this relationship disappeared for the most recent period 1980–2010, which is characterized foremost by expansion of family benefits. It should be noted that family policy in several countries with a strong presence of Christian democratic parties in government is still lagging. Central structural factors – such as the old-age dependency ratio – lack explanatory value for the generational structure of social citizenship.

NOTE

1. For cumulative left partisan incumbency, the regression coefficient is 0.785 (Table 9A.1). The corresponding coefficient for cumulative confessional partisan incumbency is 0.503. A statistical Wald-test shows that this difference in parameter estimates is statistically significant.

10. The generational welfare contract on the agenda

Throughout the history of the welfare state, priorities have shifted in terms of policy objectives and choice of policy instruments. Different strategies in the development of social citizenship can be interpreted as expressions of variation in both traditions and values, as well as differences in the relative strength of various interests in society. In the late nineteenth century, the first steps towards a rudimentary welfare state were taken in response to severe poverty and economic destitution among elderly people, and political unrest that accompanied an emerging working class. However, the century-long expansion of modern welfare states of the Western hemisphere that followed these first laws on social insurance was increasingly associated with more ambitious aims. Redistribution to the poor was complemented by social insurance for the working population. Gradually, social policy objectives were broadened beyond mere poverty alleviation, making it possible for families to combine paid work on the labor market and caring responsibilities. Nowadays, social policy is also portrayed as a means of savings for the future, not least when it contains an investment component in human capital that may play a vital role in supporting future generations to sustain a decent livelihood.

The development of welfare states and social policy is intimately linked to interest mediation and attempts to build coalitions between different groups in society (e.g. between rich and poor; young and old; employed and unemployed; sick and healthy; men and women; and so forth). These interest coalitions ultimately have the potential to help sustain political support for different kinds of redistribution, thus contributing to the resilience of welfare states and social policy in periods of economic turmoil and structural change. The expansion of social policy in the twentieth century has also been followed by significant social improvements and more widespread opportunities to lead rich and fulfilling lives, as reflected in a large set of welfare-related outcomes of importance to social justice. However, the ageing of populations is currently challenging both the sustainability of welfare states and many of their achievements.

Against the backdrop of demographic change, we have in this book returned to the old but topical question about justice between age groups

and generations, and placed it in the perspective of how countries have organized their welfare states in relation to age-related needs. Our approach to questions about generational equity rests firmly on the recognition that welfare states are largely structured around social risks that appear in distinct phases of human life, including those related to childhood, working age and old age. These age-related structures of welfare states can be conceptualized as involving implicit agreements between groups in society that are subject to different social risks – a generational welfare contract.

Ideals of social justice can be seen as an ideational force behind the emergence, expansion and subsequent reforms of social policy. While social policy has always been associated with different ideas of social justice, evaluations of links between ideals and policies are seldom informed by empirical investigations of institutions and their outcomes. Previous research shows that social policy can be pursued through a great diversity of means and goals, and that this variety of welfare state institutional designs is relevant for the distribution of welfare and quality of life. These insights have guided the analyses of generational welfare contracts in this book, where we brought together philosophical and comparative social policy perspectives for a more holistic investigation of age-related social citizenship rights, their outcomes and drivers.

In this final chapter we will return to the issues raised in the first three chapters of the book, and situate our theoretical expectations in light of our empirical results. Population ageing raises concerns about the feasibility of adequately responding to different goals and standards of well-being and social justice. One reason is of course that changes in the age structure will strongly increase demands for intergenerational redistribution. What does a welfare-enhancing, equitable and sustainable generational welfare state contract look like in this context? How can the welfare state serve generational justice over time, and how should different strategies in the development of social policy be evaluated? We begin by reiterating our analytical framework and briefly summarize our main findings. Thereafter, we discuss the possibilities of establishing and sustaining a just generational welfare contract. Finally, we address ventures for further research.

WHAT TO “WRITE HOME ABOUT”

It is not only population ageing that warrants closer attention to the generational structures of welfare states. Increasing inequalities are also raising concerns about the role of welfare states in strategies for equality, especially in view of the ideological challenges raised by the neo-liberal paradigm that have characterized social policymaking in several Western

countries. Our ambition to study social policy and redistributive institutions in a generational perspective requires not only that we address how age-related inequalities and sustainability of welfare states matter to social justice. We also need to develop an analytical framework for studying social policy that distinguishes between different age-related risks.

In Chapter 2, we provided a normative foundation for our analysis of the generational welfare contract, highlighting insights from theories of justice central to evaluating age-related social citizenship rights and their distribution. We started out from Daniels's (1988, 2008) "prudential lifespan account" of justice between age groups and its emphasis on how intergenerational cooperation can be designed to enhance life prospects of all citizens, as they move through the different stages of life. The success of intergenerational cooperation is likely to depend importantly on how welfare states organize social citizenship to mediate interests among age groups, and thus we argued that it is crucial to combine Daniels's (1988, 2008) normative agenda with an outcome-oriented analysis of different kinds of generational welfare contracts.

Another stepping stone of our analysis was provided by the ideal of relational equality, which places greater emphasis on the relative position of individuals in society, and people's capacity to interact across age groups as equals at all times (Bidadanure, 2016; see also McKerlie, 2013). We took the prudential lifespan approach as a basis for focusing on how intergenerational cooperation can improve overall life prospects by promoting higher levels of well-being in all age groups. In contrast, relational equality offers a complementary perspective by directing our attention to socio-economic inequalities between different age groups. From this standpoint, it becomes crucial to address the impact of welfare states on age-related inequalities because of its relevance for promoting opportunities of all age groups to participate in social and political life on an equal footing (Anderson, 1999; Pettit, 2012). The generational structure of social citizenship is likely to have repercussions on power relations, trust and social cohesion across age groups, and is therefore important to ideals of relational equality in general and equitable relations between age groups in particular.

Finally, we discussed the requirements of justice between non-contemporaries and the idea of "just savings" (Rawls, 1971, p. 286), including how to support the economic and social preconditions of just institutions from one generation to the next. This perspective adds further backing to the importance of examining how generational welfare contracts can support opportunities to participate as equals through all the stages of life, but also how we may advance the long-term sustainability of intergenerational collaboration for such purposes.

In Chapter 3, we turned to the configuration of social citizenship rights

for different age groups to approach questions about how ideals of generational justice are mirrored in the institutional structures of welfare states. We theoretically outlined four fundamentally different ideal-typical generational welfare contracts, reflecting how social citizenship rights are distributed across age-related risk categories (childhood, working age and old age). Three contract types are tilted in favor of protecting the needs of one particular age-related risk (pro-child, pro-work and pro-old), and a fourth contract type is balanced and provides more evenly distributed protection against age-related social risks. Based on these ideal-typical configurations of generational welfare contracts we formulated two basic hypotheses: (1) that balanced generational welfare contracts provide more extensive social citizenship rights for all age groups and thus encourage positive-sum solutions in generational politics; and (2) that more extensive social citizenship rights contribute positively to various outcomes that we have reason to value, including lower poverty, higher levels of subjective well-being and trust in others. Balanced generational welfare contracts may thereby support key requirements of generational justice here and now, but also improve the long-term sustainability of welfare states. Hence, generational balance was identified as a potential key factor for explaining the capacity of welfare states to promote well-being and equitable relations between age groups over time.

In Chapter 4, we empirically analysed the generational structure of social citizenship in a cross-national and longitudinal perspective, based on levels of income replacement in major age-related social insurance schemes. For childhood risks we focused on various types of family benefits. For working-age risks we concentrated on sickness and unemployment benefits, while for old-age risks we included pension benefits. Three of the four theoretically derived generational welfare contracts could be observed in our data: the balanced contract, the pro-work contract and the pro-old contract. As expected, positive-sum solutions in generational politics are more likely to be supported by the balanced contract. The welfare state is here fairly equally responsive to different age-related social risks, and public commitments in areas of family policy, sickness and unemployment benefits, as well as old-age pensions tend to exceed those of countries with other contract types. In countries with balanced generational welfare contracts, the welfare state seems to advance the greater benefit of all citizens, as no age group is losing out on income replacement for their particular age-related social risk.

Unbalanced generational welfare contracts are less likely to promote mutually supporting generational relations, irrespective of whether policies are tilted in favor of working-age or old-age risks. To the extent that family policy, sickness and unemployment benefits, and old-age pensions

vary in generosity, pro-work and pro-old contracts clearly differentiate between government responsibilities of providing security against particular age-related social risks. In pro-old contracts, welfare states provide more extensive protection against old-age risks, supposedly at the expense of families with children and the elderly. Despite this relatively favorable treatment of old-age risks in pro-old systems, pensions tend to be lower than in countries with balanced generational welfare contracts. A corresponding pattern characterizes pro-work contracts, although here working-age risks are relatively better protected than those of childhood and old age. However, public commitments in areas of sickness and unemployment benefits still fail to reach levels observed in countries that have followed more balanced strategies in the generational patterning of social citizenship.

Among the various social outcomes that we studied in Chapters 5–8, poverty is perhaps of greatest and most self-evident significance, at least in relation to the role of redistributive policies. The results in Chapter 5 are clear. Balanced generational welfare contracts promote high levels of income replacement in social insurance, which in turn reduce poverty, both in total and in each age-related risk group. While effects on subjective well-being are not necessarily intended by policymakers, the results in Chapter 6 are equally consistent and in line with our hypotheses. High levels of income replacement in age-related social insurance increase both life satisfaction and happiness. In addition, they reduce some of the generational gradients that characterize subjective well-being at the individual level. Taken together, our evidence suggests that generational balance in social citizenship supports an enhanced and more equally shared quality of life across age groups, irrespective of whether objective (income poverty) or subjective (happiness/life satisfaction) conditions are in focus. In Chapter 7, the corresponding empirical results follow a similar pattern, showing that balanced income replacement in age-related social insurance is associated with higher levels of trust, both in government (political trust) and fellow citizens (social trust). Political trust is also more equally distributed across age-related risk groups in countries with balanced generational welfare contracts. The results summarized above clearly indicate that the generational structure of social citizenship and income replacement in major age-related social insurance schemes are key factors in promoting well-being and generational equity in social outcomes.

From a theoretical point of view, the relationship between social insurance and employment is ambiguous and effects could go in both negative and positive directions. However, according to our empirical evidence the overall effects are in fact supportive of welfare state sustainability. The results presented in Chapter 8 show that generational balance in the

structure of social citizenship and levels of income replacement in major age-related social insurance schemes are positively associated with labor force participation, while there is no association with unemployment. Differences in family policy and their impact on female employment are critical components for the positive relationship with labor force participation.

It should be noted that there still remain uncertainties about the causality of our findings. Although the triangulation of descriptive data analysis and statistical regressions applied in this book is promising, there may still be underlying unobserved factors affecting the observed relationships, particularly in our analyses on subjective well-being and trust where we only use multilevel data for a single year. Nonetheless, the consistency of our findings is striking and should inspire more research on the exact causal mechanisms underpinning positive-sum solutions in generational politics.

After having analysed the generational structure and outcomes of social citizenship based on income replacement data in social insurance, we turned to driving forces in Chapter 9. We found that generational balance in social citizenship rights and levels of income replacement in age-related social insurance are closely linked to party politics. Left party strength particularly stands out as a key factor for the degree of generational balance in social citizenship. Yet, developments towards more balanced contracts in Western countries point to the possibility of emerging policy diffusion across the “old” unbalanced regimes and political party lines, implying that generational welfare contracts can be “defrosted”, to paraphrase Palier (2007).

CONTRACTS FOR SUSTAINABILITY?

The ways in which countries have organized social citizenship and arranged their generational welfare contracts not only have important distributional consequences affecting citizens' welfare and how countries manage questions of social justice. The character of the generational welfare contract is also likely to have repercussions for multiple and partly interrelated forms of sustainability. There are obvious reasons to fear that the ageing of society may be harmful to the economic and political sustainability of welfare states. Many assertions and testimonials of generational conflict in social policy are based on observations that welfare states in an era of population ageing spend more money on pensioners than they do on the young, and that demographic imbalances in national accounts are growing as unprecedented numbers of citizens are entering retirement. It is true that many countries are moving in this direction, building up

a generational deficit in social spending to the extent that necessary and desirable investments in the future tax base are not made. Nonetheless, for other countries we have presented empirical evidence that tells an entirely different story, where potential trade-offs in generational politics seemingly have been avoided.

One of the important lessons of our analysis is that the economic and political sustainability of welfare states appears closely related to social sustainability. Social sustainability is here perhaps most directly addressed in our analyses on poverty, subjective well-being and social trust. In this context, it is also relevant to stress the positive relationship between balance in the generational structure of social citizenship and political trust in Chapter 7, and its implications for long-term political sustainability, not only of balanced generational welfare contracts but also of resilient and well-functioning welfare states more generally. Balanced generational welfare contracts seem to yield outcomes of importance for sustainable social relations by contributing to conditions where people are empowered to relate to each other from a non-subordinate position in a context of societal relations characterized by trust and cohesion across groups. These outcomes are closely linked to the values of relational equality discussed in Chapter 2, for example, as conceptualized by Pettit (2012) in terms of being able to “walk tall” and the political undertaking of counteracting sources of domination in social relationships.

An important remaining challenge for future research is to explore how generational welfare contracts are related to environmental sustainability, including climate change, which occupies a central role in discussions of intergenerational justice. While we have not directly analysed environmental sustainability in this book, which depends strongly on measures in other policy areas, a few reflections are nonetheless warranted. One reason is that the prospects of welfare states to effectively serve environmental sustainability are not unrelated to questions about generational balance in social citizenship and social sustainability, although the ways in which welfare states relate to environmental concerns are complex and insufficiently researched (Gough, 2016; Gough et al., 2008).

The economic transitions demanded by environmental sustainability may not be politically feasible unless complemented by adequate income protection and an extensive social investment package that enable people to welcome labor market changes rather than holding on to outdated technologies out of fear that a greener economy will jeopardize their livelihoods. Relatedly, green taxes are likely to be more politically viable where income differences are small. Thus, Somestad (2012) recently argued that in less egalitarian societies, an increase in carbon taxes is – all other things being equal – likely to cause “energy poverty” and

may therefore be unsustainable in social as well as political terms. This empirical generalization is based on the international diffusion of green taxes, which have been most widely used in more egalitarian societies. More broadly, mechanisms of status anxiety, and an environmentally destructive competition for social esteem where luxury goods are markers of status (i.e. to keep up with the material standards of the better off) are more pronounced in unequal societies (Frank, 2007; Wilkinson and Pickett, 2009). These results suggest that there are potentially fruitful complementarities between balanced generational welfare contracts and an environmentally friendly policy agenda.

By bringing normative issues on generational politics and social justice into the theoretical framework of social policy reform, we cast new light on a policy process where welfare states are subject to continuous negotiation. The ways in which redistributive institutions promote enhanced overall life prospects, relational equality and sustainable generational relations over time are unremittingly changing. Our positive-sum solution hypothesis in generational politics, supported in many of the book's empirical analyses, clearly suggests that increased generational balance in social citizenship rights can support virtuous cycles in policymaking to the benefit of all age groups. When these invisible handshakes between successive generations are established, they are a great social asset for reinforcing desirable outcomes for society at large.

CONTRACTS FOR THE FUTURE?

How can our analysis of the generational welfare contract be used to inform discussions about possible future scenarios? We have in this book defined and analysed the generational welfare contract in terms of balance and levels of age-related social citizenship rights. By focusing on how generational politics foster interest mediation and encourage coalition-building for mutual benefit, our arguments on the balanced generational welfare contract are intrinsically linked to questions about welfare state sustainability in periods of population ageing and structural change.

The possibilities of sustaining egalitarian principles and promoting generational equity in an ageing society appear to be more promising in countries with balanced generational welfare contracts, where the overall system of social citizenship works to support comprehensive protection against social risks of all age groups. Generational balance is, of course, to some extent a result of a series of historically specific demographic and economic circumstances that have affected cohorts differently (Esping-Andersen, 2002). However, some welfare states are evidently better equipped to level

out such period and cohort interactions. Not least, developments in family policy have been utterly important in this process.

The balanced generational welfare contract is largely a product of nation-specific priorities of bringing family policy higher up political agendas, while preserving extensive commitments in out-of-work benefits and pensions serving working-age and old-age risks. The remarkable expansion of family policy in many countries since the 1970s is therefore important for the ways in which issues of generational conflict and welfare state sustainability are played out in politics. It is difficult to imagine how this child-oriented shift in distributive priorities could appear in the absence of broad positive-sum solutions in policymaking. In unbalanced generational welfare contracts of the pro-work and pro-old types, social citizenship for families with children is clearly lagging behind developments in sickness and unemployment benefits, or old-age pensions. It is precisely this character of unbalanced generational welfare contracts that could be expected to provide for less optimistic future scenarios, that is, unless reforms are made to provide more balanced age-related social citizenship rights, hence promoting virtuous circles in policymaking that increase possibilities of well-developed social protection through all the stages of life.

The possibilities of generational trade-offs in social policymaking emerging from the ageing phase of the demographic transition should not be downplayed. Welfare states that have failed to respond adequately to the falling birth rates during the twentieth century may be caught in a vicious circle of extensive fertility traps. Birth rates that fall below a certain level here might get stuck far below population replacement fertility levels, subsequently contributing further to population decline with increasing difficulties to sustain an adequate system of generational redistribution (Lindh and Palme, 2006). How can we break such vicious circles of generational politics in countries that keep hanging on to an unbalanced contract?

The expansion of social citizenship has generated a discussion about the consequences of welfare states for power relations in society, especially among gender oriented researchers, of importance to the aims of preventing market vulnerability and supporting a social foundation of non-domination. The expansion of modern family policy is related to processes in welfare states that also make it possible for women to form a household of their own, even when they have young children (Orloff, 1993). This may facilitate equitable and socially sustainable relations by affecting citizens' level of independence and power in relation to other family members (Fraser, 1994; Lister, 1994). It has been suggested that this and other factors associated with the changing economic role of women (Becker, 1981), as well as increased individualism, will erode family ties

and solidarity resulting in increased divorce rates and fertility decline (Lesthaeghe, 2010; Van de Kaa, 2001). While developments in many countries for some time have followed these predictions, more recent changes appear to challenge these views. Among others, Esping-Andersen (2016) shows that developments in countries with more generationally balanced welfare states appear to be accompanied by processes of “re-familization”, manifested not only in reversed fertility decline but also decreased divorce rates. Taken together, such a comprehensive welfare state strategy for enabling citizens to “walk tall” on the labor market and in the family sphere through all the stages of life may thus be one way forward, not only for enabling socially sustainable relations on an equitable foundation, but also for economically sustaining the generational welfare contract.

In the presence of population ageing and budgetary restrictions caused by major industrial restructuring and recurrent economic crises, prospects seem gloomy for additional taxation to financially uphold extensive social policy commitments. The balanced generational welfare contract could provide an escape route out of this dilemma, not only by encouraging cooperation between age groups for the common good of all citizens, but also by means of a broadening of the tax base. Countries may pursue an investment approach aimed at improving human capital in all age-related social risk groups. Three issues in particular seem to characterize effective social investment in this regard: human capital formation, work and family reconciliation, and employment (Hemerijck, 2012). To the extent that generational welfare contracts promote high levels of income replacement for all major age-related social risks, they carry great possibilities to deliver on all three accounts of an effective social investment. Thus, social policy can be designed to become part of the solution, rather than being part of the problem, in line with the positive-sum solution hypothesis formulated in this book.

What is not done now, our societies will in one way or another have to pay for later. The effects of the global financial crisis in 2008 brutally illustrate the relevance of a well-functioning redistributive system that effectively cushions citizens from the impacts of external financial shocks, and thus prevents rising poverty and inequality. Not only did the collapse of financial systems and labor markets hit those at the bottom of the income distribution harder than those in the middle or at the top. The crisis also had a clear generational gradient and affected incomes of families with children more than it did the elderly (OECD, 2015), something that is also observable in our analyses of poverty in Chapter 5. The reasons for these changes in poverty risks between families with children and the elderly are quite evident as inequality during the crisis was largely a consequence of losses in employment, rather than falling wages or cutbacks in social pro-

tection. However, the effects of the crisis show substantial cross-national variation, as do poverty risks more generally. In this context, the empirical analyses in this book clearly indicate the many virtuous aspects of a balanced generational welfare contract that effectively may reduce age-related differences in poverty risks.

The good news for the coming decades is that at least some countries have moved in a more promising direction by balancing their generational welfare contracts, typically by making more extensive child protection go hand in hand with encompassing sickness, unemployment and pension benefits. The modernization of family policy, including amongst other things extensive paid parental leave programs, is breaking a very strong path dependency in the generational structure of social citizenship. The story that we are telling in this book thus clearly diverges from the narrative of an unavoidable generational war in social policymaking. This shift towards greater generational balance in welfare states and social policies is difficult to identify in levels of social expenditures, which are heavily influenced by demographic trends. By shifting our analytical focus from expenditures to social citizenship rights in major age-related social insurance schemes, the general movement in many countries towards more balanced generational welfare contracts becomes visible.

As evidenced by the results in this book, there is nothing deterministic about social policy developments in generational politics. Policies can change and thus the generational welfare contract can move in different directions. However, in order to reveal the causes of these institutional changes to social policy we need to pay greater attention to the possibilities of politics to mediate distributional conflicts. Our analyses clearly show that it is indeed too early to discard class politics from our explanations in policymaking, which may also provide a powerful source for interest mediation in matters of generational justice.

Can balanced countries become more unbalanced? Lack of determinism in social policymaking and processes of retrenchment in parts of the system of social protection suggest that welfare states may in the future move in a more unbalanced direction. In Chapter 4, we noticed a slight tendency of such developments in a few countries with balanced generational welfare contracts, partly as a consequence of strengthened family policies coupled with cutbacks in income replacement for working-age and old-age risks. We do not know how stable these new patterns in the generational structure of social citizenship are or whether developments will continue in a more unbalanced direction, thus ultimately forcing changes also in the classification of contract types. Attempts to forecast future developments are beyond the scope of our study. What this book has offered are new concepts and perspectives, as well as innovative empirical analyses that

we hope will inspire future research to further improve our understanding of path dependency and alternative policy strategies for modern welfare states.

CHALLENGES ON THE AGENDA

In this book we have used replacement rates in age-related social insurance programs to analyse how the generational welfare contract is manifested in social policy legislation. The motivation for our decision to focus closely on income replacement was as theoretical as it was practical. The development of social citizenship in the twentieth century has always been strongly associated with the introduction and subsequent expansion of social insurance as a means for nation states to protect labor by providing income security in periods of financial hardship. Social policy is of course more than social insurance. Nonetheless, insurances for age-related social risks constitute an essential part of every mature welfare state. It is also a policy area where extant data allows us to empirically analyse long-term policy changes in a large number of countries. For future research, there are nonetheless good reasons to broaden the institutional focus and also include other areas of welfare states, including those related to public services and in-kind benefits. The analytical framework with theoretical principles underlying the generational welfare contract and ideas about positive-sum solutions in generational politics formulated in this book provide fertile ground for an expansion of research to cover wider welfare state structures.

We have analysed social policy in a very condensed and, we readily admit, stylized way when it comes to capturing the full complexities of modern welfare states. There are thus great opportunities to extend the policy scope of our analysis. The analytical framework developed in this book, linking welfare state institutional structures to a broad range of outcomes and driving forces can fruitfully be applied to age-related public service provisions relating to care, education and health. The research frontier in terms of comparative analyses of in-kind benefits is slowly moving, and there is a great need of investments in comparative and longitudinal data to facilitate large-scale cross-national analyses that include more than a handful of countries. In some respects, age-related social insurance may function as a proxy for public service provision, but the extent to which this is accurate across a larger number of countries and over extended periods in time is an issue that calls for closer empirical scrutiny.

Another topic that needs to be addressed in future research on the generational structures of welfare states is the duties associated with social citizenship, in terms of welfare state financing and designs of fiscal

systems. Is age-related balance in social citizenship rights mirrored in the fiscal duties attached to different life stages? Because substantial parts of the generational welfare contract are derived from social citizenship rights where eligibility and entitlements are closely related to labor market position and past work histories of beneficiaries, employment protection legislation becomes central. Rights (and obligations) of elderly persons to work become highly relevant for generational justice as legislated retirement is being pushed up the ages in many mature welfare states. Moreover, rights of adolescents to participate in paid work or education are also highly relevant in this regard. Not least, active labor market policies that facilitate labor market (re-)entry should be considered here, as well as education.

The generational structure of citizenship carries far-reaching implications for other facets of inequality besides age. As we have repeatedly emphasized, several of our empirical analyses show that the development of balanced generational welfare contracts in part derives from the intersection of gender and social class in social policymaking. These intersections warrant further theoretical and empirical investigation, including a closer, in-depth analysis of how age-related social citizenship rights are divided by class and gender.

Although the welfare state is sometimes portrayed as an attempt of nation states to deal with adverse consequences of capitalist societies, presumably by reducing the worst forms of inequalities, social policies also act as a system of direct and indirect stratification in their own right (Esping-Andersen, 1990). One example is the state-corporatist welfare state model, which directly organizes separate systems of social insurance for different occupational groups on the labor market. Another example is more liberally oriented welfare states that stratify indirectly by placing greater emphasis on private providers in areas of social policy. These direct and indirect forms of stratification should not only be analysed in terms of social class and gender. Stratification based on generational belonging and differences in social protection for a greater variety of age-related social risks should also be considered. Our analyses in this book have charted this latter and largely unknown terrain in social policymaking, mapping not only institutional variation across time and space, but also exposing interesting developments of modernization towards more balanced generational welfare contracts among countries in the Western hemisphere.

What we have neither analysed nor discussed in this book is how generational relations are influenced by migration, something that opens up a black box with a number of questions for further research. While migration may be riddled with social and political tensions, it tends to reduce problems of population ageing since migrants are predominantly young. Regardless of the way the welfare state is organized with regard

to the public-private mix, migrants are disproportionately represented in the workforce of elderly care services. However, migration flows are also related to the way the welfare state is organized in generational terms and here the family, the state and the market play very different roles for the migrant labor force (Da Roit and Weicht, 2013). For example, migrants are likely to be more dependent on non-family solutions since they have often experienced disruptions of close family ties, not least in terms of geographical distance.

How migration is related to the generational welfare contract is an important issue for future research on the welfare state as a system of direct and indirect stratification. Does migration distort our conclusions about positive-sum solutions in generational politics? Are migration flows undermining or reinforcing balance in generational welfare contracts? A few preliminary remarks are warranted. In the past, the most extensive welfare states have also been most accepting in terms of allowing forced migrants to enter the country (Boräng, 2015). In terms of economic sustainability, one pressing issue concerns successful integration of migrants on domestic labor markets. For social sustainability, it is essential that inclusive welfare states provide high levels of protection for the most vulnerable groups, of which many are migrants.

Not only migration illustrates the need to broaden our analyses on generational welfare contracts. Trade and foreign investments are other critical issues in an ongoing global economic integration that also have political implications and possible repercussions on social policymaking. How dependent are we on developments in other countries, beyond consequences of migratory flows? It is clear that ideas travel across national borders and may serve as triggers for policy change. The importance of such processes of diffusion remains understudied. The role of international organizations, such as the World Bank, has been focused in a number of studies, not least in Central and Eastern European countries (Deacon et al., 1997). The European Union (EU) has been active in normative debates about policy reforms in the Member States. In the late 1990s, ideas about the modernization of social protection had obvious relevance for family policy reforms that contributed to increased balance of generational welfare contracts in some Member States. Another example is the emphasis on social inclusion and equality of opportunity in the European Social Model – launched by José Manuel Barroso (former President of the European Commission) – but which does not fully correspond with our approach to intergenerational justice (i.e. our emphasis on positive-sum solutions and social sustainability in generational politics).

Social cohesion has been somewhat of an ultimate goal in European policy discourse since the Lisbon Agenda was established in 2000, although

the overall strategy for continued European integration remains conceptually diffuse and hence difficult to attain. The Lisbon Agenda was replaced by the EU 2020 Growth Strategy in 2010, which is the new steering wheel for European social and economic development. The EU 2020 Growth Strategy places emphasis not only on smart, but also sustainable (green) and inclusive growth, thus moving perspectives on European integration closer to issues of policy designs and sustainability concerns. The United Nation's 2030 Agenda for Sustainable Development Goals (SDG) is formulated in the same vein.

By defining more clearly concepts and objectives of fundamental importance for generational politics, inclusion and cohesion in this book, and anchoring them in policy-relevant indicators across a broad range of countries and social policy programs, we have contributed with new insights about the preconditions for designing sustainable and just generational welfare contracts in more than one dimension.

Appendix

All empirical analyses in this book follow the same basic approach where descriptive analyses are combined with statistical regression. Although statistical analyses are based on state-of-the-art regression techniques, the reader need not have special statistical skills to understand the results. For the less experienced reader only some general understanding is required on how associations between variables are displayed in regressions. A positive coefficient simply shows that there is a positive association between two variables, where a high value for one of the variables tends to go hand in hand with a high value for the other variable. Conversely, a negative coefficient indicates that a high value for one of the variables is related to a low value for the other variable.

For each regression coefficient we also report the standard error, which is used to inform about the precision of our estimate (i.e. whether we are on target or not). The smaller the standard error (relative to its regression coefficient), the more precise the estimate. Based on the size of the regression coefficient and its standard error, we can decide whether our estimate is significantly different from zero. In the empirical analyses of this book, we follow common standards of statistical analyses in the social sciences and use two levels of statistical significance testing, noted with asterisks in the regression tables. Coefficients with one asterisk show that there is the likelihood of observing the correct estimate in at least 95 analyses out of 100, while two asterisks denote cases where there is the likelihood of having the correct estimate in at least 99 out of 100 analyses. With this brief note on inferences in statistical analysis, we believe that the reader has the necessary knowledge to understand the core results from the regression analyses in this book.

Table A.1 Poverty rates disaggregated by age-related risk category in 17 OECD countries 1980–2010

	1980			1985			1990			1995			2000			2005			2010		
	Ch	Wa	Oa	Ch	Wa	Oa	Ch	Wa	Oa	Ch	Wa	Oa	Ch	Wa	Oa	Ch	Wa	Oa	Ch	Wa	Oa
AU	16.4	9.8	4.3	15.2	9.3	3.4	16.5	10.0	4.1	16.1	10.3	4.3	15.4	12.3	4.6	12.8	10.2	11.0	14.0	10.8	7.7
AT				4.6	4.2	4.7				16.2	11.7	8.1	9.0	6.3	6.9	7.2	6.7	1.8			
BE				3.5	3.8	5.5	6.1	3.9	6.9	10.8	7.1	9.5	8.6	7.0	8.1						
CA	17.5	10.3	4.2	12.7	10.5	3.3	12.6	10.8	2.4	16.1	11.9	2.3	16.8	12.3	2.6	15.7	12.0	2.3	16.1	12.2	3.1
DK				7.4	5.3	10.2	7.0	5.4	3.6	4.8	3.2	1.0	5.3	3.6	1.4	7.0	5.2	1.4	7.1	5.5	1.2
FI				2.9	3.1	1.8	2.8	3.0	1.8	2.7	2.9	0.4	5.1	3.9	0.8	9.2	5.3	1.9	8.4	5.7	1.0
FR	9.6	7.0	11.0	10.2	9.1	14.1	10.8	6.9	8.2	9.7	6.4	3.7	10.8	6.1	3.4	11.9	7.8	3.9	14.0	8.9	2.8
DE	6.0	2.8	5.6	8.3	5.9	5.9	5.7	3.8	3.6	10.2	7.1	2.5	9.4	6.3	3.7	10.0	7.3	3.5	10.8	9.0	4.3
IE				17.8	10.8	4.1				14.5	11.8	1.8	14.7	13.0	4.3	10.7	10.5	5.2	8.5	8.9	6.1
IT				12.6	8.5	7.4	16.4	9.5	6.2	21.7	15.0	6.4	21.2	13.1	8.1	22.5	13.3	6.2	22.2	14.8	6.1
JP																13.2	8.8	13.7			
NL	5.0	5.8	3.6	3.1	2.5	0.6	7.2	5.9	3.5				7.0	4.6	0.6	8.9	4.9	2.1	9.9	5.2	2.4
NO	6.2	3.9	3.1	3.7	3.7	1.9	4.5	4.2	0.6	5.4	4.0	1.0	4.1	4.3	1.5	6.7	6.2	0.9	6.6	6.3	0.9
SE	6.7	4.6	0.1	4.2	4.2	1.0	4.3	3.4	1.0	3.0	3.3	0.8	5.2	5.0	1.6	6.8	5.0	1.2			
CH	7.7	4.3	4.4				12.2	9.3	4.7				10.4	5.5	6.9	8.3	5.8	6.7			
UK	7.0	6.3	2.6	11.0	9.9	1.7	21.3	11.4	7.2	22.4	13.4	3.7	18.2	11.7	8.0	14.5	9.3	7.2	11.0	8.4	5.3
US	21.2	12.1	13.7	26.6	12.0	11.6	26.3	15.2	10.5	24.8	14.8	10.1	22.6	14.5	12.8	23.8	14.3	14.3	22.7	15.4	10.9

Note: Ch = childhood risk category, Wa = working-age risk category, Oa = old-age risk category.

Source: The Cross-National Data Center in Luxembourg (LIS), own calculations.

Table A.2 Balance and overall level of income replacement in age-related social insurance (and social assistance) and poverty at various income thresholds. Country-fixed effects structural equation models of 17 OECD countries 1980–2010

	Poverty			
	40% income threshold	50% income threshold	60% income threshold	40% income threshold ¹
Balance of income replacement	0.004 (0.022)	–0.009 (0.033)	–0.053 (0.043)	–0.008 (0.015)
Overall level of income replacement	–0.025 (0.029)	–0.071* (0.034)	–0.098** (0.036)	
Unemployment	0.082 (0.053)	0.068 (0.083)	0.029 (0.119)	0.116* (0.050)
GDP per capita	0.133* (0.056)	0.129* (0.064)	0.260** (0.062)	0.129 (0.076)
Old-age dependency ratio	0.187 (0.140)	0.410** (0.100)	0.613** (0.117)	0.110 (0.093)
Civilian labor force	0.037 (0.063)	0.058 (0.058)	0.117 (0.088)	0.105 (0.078)
Service sector employment	–0.170** (0.070)	–0.157* (0.079)	–0.276** (0.102)	–0.197* (0.080)
Social assistance				–0.019* (0.009)
	<i>Overall level of income replacement in social insurance</i>			<i>Social assistance</i>
Balance of income replacement	0.593*** (0.117)	0.593*** (0.117)	0.593*** (0.117)	0.417* (0.157)

Notes: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown. New Zealand is excluded from analysis. ¹ Italy is also excluded.

Table A.3 Balance and overall level of income replacement in age-related social insurance and poverty using the square root equivalence scale at various income thresholds. Country-fixed effects structural equation models of 17 OECD countries

	Poverty		
	40% income threshold	50% income threshold	60% income threshold
Balance of income replacement	−0.003 (0.020)	−0.031 (0.045)	−0.015 (0.041)
Overall level of income replacement	−0.042 (0.027)	−0.104** (0.031)	−0.132** (0.038)
Unemployment	0.034 (0.066)	0.032 (0.124)	−0.049 (0.131)
GDP per capita	0.220** (0.065)	0.399** (0.081)	0.426** (0.103)
Old-age dependency ratio	0.229* (0.102)	0.488** (0.107)	0.607** (0.116)
Civilian labor force	−0.0274 (0.073)	0.029 (0.131)	−0.005 (0.134)
Service sector employment	−0.238** (0.079)	−0.433** (0.089)	−0.489** (0.112)
<i>Overall level of income replacement</i>			
Balance of income replacement	0.593*** (0.117)	0.593*** (0.117)	0.593*** (0.117)

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown. New Zealand is excluded from analysis.

Table A.4 Balance and overall level of income replacement in age-related social insurance and poverty in different age-related risk groups. Country-fixed effects structural equation models of 17 OECD countries

	Poverty (50% income threshold)		
	Childhood	Working age	Old age
Balance of income replacement	−0.020 (0.035)	−0.003 (0.023)	−0.002 (0.054)
Overall level of income replacement	−0.142* (0.057)	−0.053* (0.026)	−0.151** (0.056)
Unemployment	−0.031 (0.082)	0.153* (0.062)	−0.032 (0.172)
GDP per capita	0.093 (0.109)	0.198** (0.047)	0.311 (0.169)
Old-age dependency ratio	0.532* (0.211)	0.426** (0.121)	0.078 (0.148)
Civilian labor force	0.096 (0.083)	0.076 (0.091)	0.093 (0.138)
Service sector employment	−0.046 (0.090)	−0.173** (0.032)	−0.330 (0.212)
<i>Overall level of income replacement</i>			
Balance of income replacement	0.593*** (0.117)	0.593*** (0.117)	0.593*** (0.117)

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown. The childhood risk category includes families with dependent children. The working-age risk category includes childless households in working age. The old-age risk group includes people 65 years and older. New Zealand is excluded from analysis due to missing data.

Table A.5 Country-fixed effects structural equations of various employment outcomes on balance and overall level of income replacement in age-related social insurance in 18 OECD countries 1985–2010

	Labor force participation			Unemployment		
	Total	Male	Female	Total	Male	Female
Balance of income replacement	-2.072 (2.771)	-2.373 (2.722)	-1.998 (3.669)	4.440 (2.379)	4.871 (2.644)	3.944 (2.084)
Overall level of income replacement	15.112** (4.075)	6.008 (3.913)	24.149** (5.458)	0.584 (3.986)	4.842 (5.651)	-4.775 (3.096)
Employment protection legislation	2.365 (1.538)	2.055 (1.203)	2.964 (2.635)	-7.382** (2.040)	-8.373** (2.756)	-6.138** (1.266)
Unit labor cost	0.938 (36.961)	-39.318 (35.195)	40.320 (43.914)	6.978 (26.501)	27.751 (32.152)	-18.553 (23.055)
Active labor market policy	-2.420* (1.074)	-3.180** (0.542)	-1.580 (1.697)	1.916 (1.406)	2.433 (1.428)	1.336 (1.422)
Real long-term interest rate	-0.318 (0.169)	-0.034 (0.148)	-0.623** (0.223)	0.091 (0.159)	0.1556 (0.178)	0.008 (0.150)
Imports as percentage of GDP	0.009 (0.036)	0.029 (0.040)	-0.012 (0.066)	-0.126** (0.028)	-0.094 (0.052)	-0.168** (0.043)
<i>Overall level of income replacement</i>						
Balance of income replacement	0.389** (0.084)	0.389** (0.084)	0.389** (0.084)	0.389** (0.084)	0.389** (0.084)	0.389** (0.084)
Employment protection legislation	0.096** (0.030)	0.096** (0.030)	0.096** (0.030)	0.096** (0.030)	0.096** (0.030)	0.096** (0.030)

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown.

Table A.6 Country-fixed effects structural equation models of female labor force participation on balance in age-related social insurance and levels of income replacement for separate age-related social risks in 18 OECD countries 1985–2010

	Female labor force participation		
	Childhood	Working age	Old age
Balance of income replacement	–1.549 (3.789)	–1.686 (4.341)	–1.662 (4.344)
Level of income replacement	10.105** (1.730)	4.172 (11.580)	1.298 (5.677)
Employment protection legislation	2.655 (2.419)	4.018 (3.501)	3.960 (3.569)
Unit labor cost	70.382* (31.801)	63.437 (59.676)	63.501 (61.357)
Active labor market policy	–1.542 (1.905)	–0.525 (2.311)	–0.592 (2.380)
Real long-term interest rate	–0.416* (0.215)	–0.692** (0.265)	–0.673** (0.274)
Imports as percentage of GDP	–0.002 (0.053)	–0.009 (0.077)	–0.011 (0.081)
<i>Level of income replacement</i>			
Balance of income replacement	0.938** (0.107)	0.395** (0.111)	0.149 (0.101)
Employment protection legislation		0.135** (0.040)	

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown.

Table A.7 Country-fixed effects structural equations of income replacement in age-related social insurance and cumulative partisan incumbency in 18 OECD countries

	Overall level of income replacement	
	1960–2010	1980–2010
Balance of income replacement	0.231** (0.067)	0.181** (0.071)
Left cabinet shares	0.078 (0.384)	–0.289 (0.433)
Confessional cabinet shares	–0.233 (0.321)	0.096 (0.302)
Unemployment	0.275 (0.440)	0.003 (0.461)
GDP per capita	0.299 (0.482)	0.212 (0.497)
Old-age dependency ratio	0.167 (0.204)	0.304 (0.194)
Civilian labor force	0.055 (0.373)	–0.127 (0.239)
Service sector employment	0.090 (0.498)	0.082 (0.495)
<i>Balance of income replacement</i>		
Left cabinet shares	0.785** (0.261)	0.666* (0.326)
Confessional cabinet shares	0.503* (0.247)	0.467 (0.304)

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown.

Table A.8 Country-fixed effects structural equations of levels of income replacement for separate age-related risks on balance in age-related social insurance and cumulative partisan incumbency in 18 OECD countries 1980–2010

	Levels of income replacement			
	Childhood	Childhood ^a	Working age	Old age
Balance of income replacement	0.440** (0.145)	0.605** (0.133)	0.070 (0.108)	0.035 (0.054)
Left cabinet shares	0.077 (0.801)	0.148 (1.037)	−0.037 (0.307)	−0.907 (0.562)
Confessional cabinet shares	0.289 (1.078)	−0.303 (0.712)	0.249 (0.607)	−0.250 (0.339)
Unemployment	0.297 (0.797)	0.483 (0.911)	−0.205 (0.462)	−0.082 (0.481)
GDP per capita	0.799 (0.946)	0.739 (1.116)	−0.515 (0.394)	0.350 (0.379)
Old-age dependency ratio	1.050 (0.715)	0.102 (0.660)	0.390 (0.365)	−0.529 (0.316)
Civilian labor force	0.104 (0.617)	0.009 (0.519)	−0.319 (0.443)	−0.167 (0.232)
Service sector employment	0.075 (0.962)	0.397 (1.263)	−0.030 (0.463)	0.200 (0.391)
Female cabinet shares		−4.233 (15.739)		
<i>Level of income replacement</i>				
Left cabinet shares	0.666* (0.326)	0.766* (0.382)	0.666* (0.326)	0.666* (0.326)
Confessional cabinet shares	0.467 (0.304)	0.541 (0.316)	0.467 (0.304)	0.467 (0.304)

Note: * $p < 0.05$, ** $p < 0.01$. Cluster robust standard errors in parentheses. Constants are not shown.

^a 1980–2005.

References

- Adema, W. (2001), *Net Social Expenditure* (2nd edn), Labour Market and Social Policy Occasional Papers, No. 52, Paris: OECD.
- Albanesi, S. and A. Sahin (2013), 'The gender unemployment gap', Federal Reserve Bank of New York Staff Reports No. 613.
- Anderson, E. (1999), 'What is the point of equality?', *Ethics*, **109** (2), 287–337.
- Andersen, T.M. and M. Svarer (2011), 'State dependent unemployment benefits', *Journal of Risk and Insurance*, **78** (2), 325–44.
- Argyle, Michael (2009), *The Psychology of Happiness* (2nd edn), London: Routledge.
- Arneson, R.J. (1990), 'Is work special? Justice and the distribution of employment', *American Political Science Review*, **84** (4), 1127–47.
- Atchison, A. (2015), 'The impact of female cabinet ministers on a female-friendly labor environment. Journal of women', *Politics & Policy*, **36** (4), 388–414.
- Atkinson, A.B. and T. Piketty (eds) (2007), *Top Incomes over the Twentieth Century: A Contrast between European and English Speaking Countries*, Oxford: Oxford University Press.
- Baccaro, L. and D. Rei (2007), 'Institutional determinants of unemployment in OECD countries: does the deregulatory view hold water?', *International Organization*, **61** (3), 527–69.
- Bäckman, O. (2009), 'Institutions, structures and poverty – a comparative study of 16 countries, 1980–2000', *European Sociological Review*, **25** (2), 251–64.
- Bäckman, O. and T. Ferrarini (2010), 'Combating child poverty? A multi-level assessment of links between family policy institutions in 20 countries', *Journal of Social Policy*, **39** (2), 275–96.
- Bäckman, O. and K. Nelson (2017), 'The egalitarian paradise?', in P. Nedergaard and A. Wivel (eds), *The Routledge Handbook of Scandinavian Politics*, Abingdon, Oxon: Routledge.
- Bahle, T., V. Hubl and M. Pfeifer (2011), *The Last Safety Net: A Handbook of Minimum Income Protection in Europe*, Bristol: Policy Press.
- Baker, D., A. Glyn, D. Howell and J. Schmitt (2005), 'Labor market institutions and unemployment: assessment of the cross-country evidence',

- in D. Howell (ed.), *Fighting Unemployment: The Limits of Free Market Orthodoxy*, New York: Oxford University Press, pp. 72–118.
- Barry, B. (2005), *Why Social Justice Matters*, Cambridge: Polity Press.
- Barth, E. and K. Moene (2014), ‘When institutions reciprocate’, in J.E. Dølvik and A. Martin (eds), *European Social Models from Crisis to Crisis: Employment and Inequality in the Era of Monetary Integration*, Oxford: Oxford University Press, pp. 306–24.
- Bassanini, A. and R. Duval (2006), ‘The determinants of unemployment across OECD countries: reassessing the role of policies and institutions’, *OECD Economic Studies*, **42** (1), 7.
- Bean, C.R. (1994), ‘The role of demand management policies in reducing employment’, in Dennis J. Snower and Guillermo de la Dehesa (eds), *Unemployment Policy: Government Options for the Labour Market*, CEPR Conference Volume, Cambridge: Cambridge University Press, pp. 83–115.
- Becker, G.S. (1981), *A Treatise on the Family*, Cambridge, MA: Harvard University Press.
- Beckett, F. (2010), *What did the Baby Boomers Ever do for Us?*, London: Biteback Publishing.
- Beland, D., P. Blomqvist, G. Andersen, J. Palme and A. Waddan (2014), ‘The universal decline of universality? Social policy change in Canada, Denmark, Sweden, and the United Kingdom’, *Social Policy & Administration*, **48** (7), 739–56.
- Bell, D.N.F. and David G. Blanchflower (2011), ‘Young people and the Great Recession’, *Oxford Review of Economic Policy*, **27** (2), 241–67.
- Bengtsson, V. and W. Achenbaum (eds) (1993), *The Changing Contract Across Generations*, New York: Aldine de Gruiter.
- Bentham, J. (1789), *An Introduction to the Principles of Morals and Legislation*, reprinted in 1970, ed. J. H. Burns and H. L. A. Hart, Oxford: Clarendon Press.
- Bentolila, S. and G. Bertola (1990), ‘Firing costs and labour demand: how bad is euroclerosis?’, *Review of Economic Studies*, **57** (3), 381–402.
- Berry, C. (2012), *The Rise of Gerontocracy? Addressing the Intergenerational Democratic Deficit*, London: Intergenerational Foundation.
- Bertola, G. (1990), ‘Job security, employment and wages’, *European Economic Review*, **34** (4), 851–79.
- Bidadanure, J. (2016), ‘Making sense of age-group justice: a time for relational equality?’, *Politics Philosophy and Economics*, **15** (3), 234–60.
- Billingsley, S. and T. Ferrarini (2014), ‘Family policy and fertility intentions in 21 European countries’, *Journal of Marriage and Family*, **76** (2), 428–45.
- Binney, E.A. and C.L. Estes (1988), ‘The retreat of the state and its transfer

- of responsibility: the intergenerational war', *International Journal of Health Services*, **78** (1), 83–96.
- Birnbaum, S. (2012), *Basic Income Reconsidered: Social Justice, Liberalism, and the Demands of Equality*, New York: Palgrave Macmillan.
- Björklund, A. and M. Jäntti (2011), *Inkomstfördelningen i Sverige*, SNS Valfärdsrapport, Stockholm: SNS Förlag.
- Blome, A., W. Keck and J. Alber (eds) (2009), *Family and the Welfare State in Europe: Intergenerational Relations in Ageing Societies*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing.
- Bok, D. (2010), *The Politics of Happiness: What Government Can Learn from the New Research on Well-being*, Princeton, NJ: Princeton University Press.
- Boräng, F. (2015), 'Large-scale solidarity? Effects of welfare state institutions on the admission of forced migrants', *European Journal of Political Research*, **54** (2), 216–31.
- Bougrine, H. and M. Seccareccia (1999), 'Unemployment insurance and unemployment: an analysis of the aggregate demand-side effects for postwar Canada', *International Review of Applied Economics*, **13** (1), 5–21.
- Bradshaw, J. and N. Finch (2002), *A Comparison of Child Benefit Packages in 22 Countries*, Department for Work and Pensions Research Report, No. 174, Corporate Document Services, Leeds.
- Bradshaw, J., J. Ditch, H. Holmes and P. Whiteford (1993), 'A comparative study of child support in fifteen countries', *Journal of European Social Policy*, **3** (4), 255–71.
- Brady, D. and A. Bostic (2015), 'Paradoxes of social policy welfare transfers, relative poverty, and redistribution preferences', *American Sociological Review*, **80** (2), 268–98.
- Bruno, M. and J.D. Sachs (1985), *Economics of Worldwide Stagflation*, Cambridge, MA: Harvard University Press.
- Bühlmann, F., C. Schmid Botkine, P. Farago et al. (2013), *Swiss Social Report 2012 Generations in Perspective*, Zürich: Seismo.
- Buhmann, B., L. Rainwater, G. Schmaus and T.M. Smeeding (1988), 'Equivalence scales, well-being, inequality and poverty: sensitivity estimates across ten countries using the Luxembourg Income Study (LIS) Database', *Review of Income and Wealth*, **34** (2), 115–42.
- Campbell, A.L. and J. Lynch (2000), 'Whose "gray power"? Elderly voters, elderly lobbies, and welfare reform in Italy and the United States', *Italian Politics and Society*, **53**, 11–39.
- Cantillon, B. (2011), 'The paradox of the social investment state: growth, employment and poverty in the Lisbon era', *Journal of European Social Policy*, **21** (5), 432–49.

- Carone, G., A. Salomäki, H. Immervoll and D. Paturot (2003), *Indicators of Unemployment and Low-wage Traps (Marginal Effective Tax Rates on Labour)*, Economic Papers No. 197, Brussels: European Commission.
- Carroll, E. (2003), 'The clear and present danger of the "globaloney" industry: globalization concepts in welfare research and social opinion pieces since 1995', *Global Social Policy*, **3** (2), 195–211.
- Castles, F. (2004), *The Future of the Welfare State – Crisis Myths and Crisis Realities*, New York: Oxford University Press.
- Clark, A.E. (2003), 'Inequality-aversion and income mobility: a direct test', Working Paper, Centre National de la Recherche Scientifique, Paris: Delta.
- Clark, A.E., P. Frijters and M. Shields (2008), 'Relative income, happiness and utility: an explanation for the Easterlin paradox and other puzzles', *Journal of Economic Literature*, **46** (1), 95–144.
- Clasen, J. and N.A. Siegel (eds) (2007), *Investigating Welfare State Change. The 'Dependent Variable Problem' in Comparative Analysis*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing.
- Cohen, G.A. (1989), 'On the currency of egalitarian justice', *Ethics*, **99** (4), 906–44.
- Coleman, J.S. (1990), *Foundations of Social Theory*, Cambridge, MA: Belknap Press.
- Cremer, H. and P. Pestieau (2000), 'Reforming our pension systems: is it a demographic, financial or political problem?', *European Economic Review*, **44** (4), 974–83.
- Crompton, R. (2006), 'Class and family', *The Sociological Review*, **54** (4), 658–77.
- Da Roit, B. and B. Weicht (2013), 'Migrant care work and care, migration and employment regimes: a fuzzy-set analysis', *Journal of European Social Policy*, **23** (5), 469–86.
- Daniels, N. (1983), 'Justice between age groups: am I my parents' keeper?', *The Milbank Memorial Fund Quarterly. Health and Society*, **61** (3), 489–522.
- Daniels, N. (1988), *Am I My Parents' Keeper? An Essay on Justice between the Young and the Old*, Oxford: Oxford University Press.
- Daniels, N. (2008), 'Justice between adjacent generations: further thoughts', *Journal of Political Philosophy*, **16** (4), 475–94.
- Darby, J. and J. Melitz (2008), 'Social spending and automatic stabilizers in the OECD', *Economic Policy*, **23** (56), 716–56.
- Darity, W. and A.H. Goldsmith (1993), 'Unemployment, social psychology, and unemployment hysteresis', *Journal of Post Keynesian Economics*, **16** (1), 55–71.
- De Hart, J. and P. Dekker (1999), 'Civic engagement and volunteering in

- the Netherlands', in J.W. Van Deth (ed.), *Social Capital and European Democracy*, London: Routledge, pp. 75–107.
- Deacon, B., M. Hulse and P. Stubbs (1997), *Global Social Policy: International Organizations and the Future of Welfare*, London: Sage.
- Deaton, A. (2010), 'Instruments, randomization, and learning about development', *Journal of Economic Literature*, **48** (2), 424–55.
- Deeming, C. and D. Hayes (2012), 'Worlds of welfare capitalism and well-being: a multilevel analysis', *Journal of Social Policy*, **41** (4), 811–29.
- Dekker, P. and E.M. Uslaner (eds) (2001), *Social Capital and Participation in Everyday Life*. London and New York: Routledge.
- De-Shalit, A. (1995), *Why Posterity Matters: Environmental Policies and Future Generations*, New York: Routledge.
- Di Tella, R., R.J. MacCulloch and A.J. Oswald (2003), 'The macroeconomics of happiness', *Review of Economics and Statistics*, **85** (4), 809–27.
- Diener, E. (1984), 'Subjective well-being', *Psychological Bulletin*, **95** (3), 542–75.
- Diener, E. and M.Y. Chan (2011), 'Happy people live longer: subjective well-being contributes to health and longevity', *Applied Psychology: Health and Well-being*, **3** (1), 1–43.
- Dolan, P., T. Peasgood and M. White (2008), 'Do we really know what makes us happy? A review of the economic literature on the factors associated with subjective well-being', *Journal of Economic Psychology*, **29** (1), 94–122.
- Dolls, M., C. Fuest and A. Peichl (2012), 'Automatic stabilization and discretionary fiscal policy in the financial crisis', *IZA Journal of Labor Policy*, **1** (1), 1.
- Durkheim, É. (1897), *Suicide*, New York: Free Press.
- Dworkin, R. (2000), *Sovereign Virtue: The Theory and Practice of Equality*, Cambridge, MA: Harvard University Press.
- Eardley, T., J. Bradshaw, J. Ditch, I. Gough and P. Whiteford (1996), *Social Assistance in OECD Countries. Volume I: Synthesis Report*, Research Report No. 46, London: HMSO.
- Easterlin, R.A. (1973), 'Does money buy happiness?', *Public Interest*, **30**, 3–10.
- Easterlin, R.A., L.A. McVey, M. Switek, O. Sawangfa and J. Smith Zweig (2010), 'The happiness–income paradox revisited', *Proceedings of the National Academy of Sciences USA*, **107** (52), 22463–8.
- Ebbinghaus, B. (2000), 'When labour and capital collude: the varieties of welfare capitalism and early retirement in Europe, Japan and the USA', Working Paper No. 00.4, Cambridge, MA: Center for European Studies, Harvard University.

- Elder, G.H. Jr, M. Kirkpatrick Johnson and R. Crosnoe (2003), 'The emergence and development of life course theory', in J.T. Mortimer and M.J. Shanahan (eds), *Handbook of the Life Course*, New York: Plenum Publishers, pp. 369–88.
- Elmeskov, J., J.P. Martin and S. Scarpetta (1998), 'Key lessons for labour market reforms: evidence from OECD countries' experience', *Swedish Economic Policy Review*, **5** (2), 205–52.
- Erikson, R. (1993), 'Descriptions of inequality: the Swedish approach to welfare research', in M.C. Nussbaum and A.K. Sen (eds), *The Quality of Life*, Oxford: Clarendon Press, pp. 67–83.
- Esping-Andersen, G. (1985), *Politics Against Markets*, Princeton, NJ: Princeton University Press.
- Esping-Andersen, G. (1990), *Three Worlds of Welfare Capitalism*, Cambridge: Polity Press.
- Esping-Andersen, G. (ed.) (1996), *Welfare States in Transition: National Adaptations in Global Economies*, London: Sage.
- Esping-Andersen, G. (ed.) (2002), *Why We Need a New Welfare State*, Oxford: Oxford University Press.
- Esping-Andersen, G. (2016), *Families in the 21st Century*, Stockholm: SNS Förlag.
- Esping-Andersen, G. and W. Korpi (1986), 'From poor relief to institutional welfare states: the development of Scandinavian social policy', *International Journal of Sociology*, **16** (3/4), 39–74.
- Esping-Andersen, G. and J. Myles (2006), 'Sustainable and equitable retirement in a life course perspective', in G.L. Clark, A.H. Munnell and J.M. Orszag (eds), *Oxford Handbook of Pensions and Retirement Income*, Oxford: Oxford University Press, pp. 839–58.
- Esping-Andersen, G. and S. Sarasa (2002), 'The generational contract reconsidered', *Journal of European Social Policy*, **12** (1), 5–21.
- Esser, I. (2005), "Why work?" Comparative studies on welfare regimes and individuals' work orientations', Doctoral Dissertation Series, Thesis No. 64, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Fehr, E. (2009), 'On the economics and biology of trust', *Journal of the European Economic Association*, **7** (2–3), 235–66.
- Fehr, E., U. Fischbacher, B. Von Rosenbladt, J. Schupp and G.G. Wagner (2003), 'A nation-wide laboratory: examining trust and trustworthiness by integrating behavioral experiments into representative survey', CeSifo Working Paper Series, No. 866.
- Fenger, M. (2007), 'Welfare regimes in Central and Eastern Europe: incorporating post-communist countries in a welfare regime typology', *Contemporary Issues and Ideas in Social Sciences*, **3** (2), 1–30.

- Ferrarini, T. (2006), *Families, States and Labour Markets: Institutions, Causes and Consequences of Family Policy in Post-war Welfare States*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing.
- Ferrarini, T. and T. Norström (2010), 'Family policy, economic development and infant mortality: a longitudinal comparative analysis', *International Journal of Social Welfare*, **19**, 89–102.
- Ferrarini, T., K. Nelson, O. Sjöberg and J. Palme (2012a), *Sveriges socialförsäkringar i jämförande perspektiv. En institutionell analys av sjuk-, arbetsskade- och arbetslöshetsförsäkringarna i 18 OECD-länder 1930 till 2010*. Parlamentariska socialförsäkringsutredningen (S 2010:04), Stockholm: Statens Offentliga Utredningar.
- Ferrarini, T., K. Nelson and H. Höög (2012b), 'From universalism to selectivity. Old wine in new bottles for child benefits', in I. Marx and K. Nelson (eds), *Minimum Income Protection in Flux*, Houndmills, Basingstoke: Palgrave MacMillan, pp. 137–60.
- Ferrarini, T., K. Nelson, W. Korpi and J. Palme (2013), 'Social citizenship rights and social insurance replacement rate validity: pitfalls and possibilities', *Journal of European Public Policy*, **20** (9), 1251–66.
- Ferrarini, T., K. Nelson and O. Sjöberg (2014), 'Unemployment insurance and deteriorating self-rated health in 23 European countries', *Journal of Epidemiology and Community Health*, doi:10.1136/jech-2013-203721.
- Ferrarini, T., K. Nelson and J. Palme (2016), 'Social transfers and poverty in middle- and high-income countries – a global perspective', *Global Social Policy*, **16** (1), 22–46.
- Ferrera, M. (1996), 'The "Southern Model" of welfare in social Europe', *Journal of European Social Policy*, **6** (1), 17–37.
- Flora, P. (ed.) (1986), *Growth to Limits. The Western European Welfare States since World War II*, New York: Walter de Gruyter.
- Frank, R.H. (2007), *Falling Behind: How Rising Inequality Harms the Middle Class*, Berkeley, CA: University of California Press.
- Frank, R.H. (2008), 'Should public policy respond to positional externalities?', *Journal of Public Economics*, **92** (8–9), 1777–86.
- Fraser, N. (1989), *Unruly Practices: Power, Discourse and Gender in Contemporary Social Theory*, Minneapolis, MN: University of Minnesota Press.
- Fraser, N. (1994), 'After the family wage: gender equity and the welfare state', *Political Theory*, **22** (4), 591–618.
- Frazer, H. and E. Marlier (2009), *Minimum Income Schemes across EU Member States: Synthesis Report. EU Network of National Independent Experts on Social Inclusion*, Brussels: European Commission.
- Freeman, R. (2000), 'Single peaked vs. diversified capitalism: the relation

- between economic institutions and outcomes', in J. Drèze (ed.), *Advances in Macroeconomic Theory*, London: Palgrave, pp. 139–70.
- Frey, B.S. and A. Stutzer (2010), *Happiness and Economics: How the Economy and Institutions Affect Human Well-being*, Princeton, NJ: Princeton University Press.
- Fritzell, J., J. Bacchus Hertzman, O. Bäckman, I. Borg, T. Ferrarini and K. Nelson (2013), 'Sweden: increasing income inequalities and changing social relations', in B. Nolan, W. Salverda, D. Checchi, I. Marx, A. McKnight, I.G. Tóth and H. van de Werfhorst (eds), *Inequalities and Societal Impacts in Rich Countries: Thirty Countries' Experiences*, Oxford: Oxford University Press, pp. 641–65.
- Fukuyama, F. (1995), *Trust: Social Virtues and the Creation of Prosperity*, New York: Free Press.
- Gallie, D. and S. Paugam (eds) (2000), *Welfare Regimes and the Experience of Unemployment in Europe*, Oxford: Oxford University Press.
- Gambetta, D. (1988), *Trust: Making and Breaking Cooperative Relations*, Oxford: Basil Blackwell.
- Garrett, Geoffrey and Deborah Mitchell (2001), 'Globalization, government spending and taxation in the OECD', *European Journal of Political Research*, **39** (2), 145–77.
- Gauthier, D. (1986), *Morals by Agreement*, Oxford: Clarendon Press.
- Gelissen, J.P., W.J. van Oorschot and E. Finsveen (2012), 'How does the welfare state influence individuals' social capital? Eurobarometer evidence on individuals' access to informal help', *European Societies*, **14** (3), 416–40.
- Gheaus, A. and L. Herzog (2016), 'The goods of work (other than money!)', *Journal of Social Philosophy*, **47** (1), 70–89.
- Gilbert, N. (2009), 'The least generous welfare state? A case of blind empiricism', *Journal of Comparative Policy Analysis: Research and Practice*, **11** (3), 335–67.
- Goodin, R.E. (1988), *Reasons for Welfare: The Political Theory of the Welfare State*, Princeton, NJ: Princeton University Press.
- Goodin, R.E. (1996), 'Enfranchising the earth, and its alternatives', *Political Studies*, **44** (5), 835–49.
- Goodin, R.E., B. Heady, R. Muffels and H. Dirven (1999), *The Real Worlds of Welfare Capitalism*, Cambridge: Cambridge University Press.
- Goodin, R.E., J. Mahmud Rice, A. Parpo and L. Eriksson (2008), *Discretionary Time: A New Measure of Freedom*, Cambridge: Cambridge University Press.
- Gordon, L. (1990), *Women, the State, and Welfare*, Madison, WI: University of Wisconsin Press.

- Gornick, J.C. and M.K. Meyers (2008), 'Creating gender-egalitarian societies: an agenda for reform', *Politics & Society*, **36** (3), 313–49.
- Gosseries, A. and L. Meyer (eds) (2009) *Intergenerational Justice*, Oxford: Oxford University Press.
- Gough, I. (2016), 'Welfare states and environmental states: a comparative analysis', *Environmental Politics*, **25** (1), 24–47.
- Gough, I., J. Meadowcroft, J. Dryzek et al. (2008), 'JESP symposium: climate change and social policy', *Journal of European Social Policy*, **18** (4), 325–44.
- Guibentif, P. and D. Bouget (1997), *Minimal Income Policies in the European Union*, Lisbon: União das Mutualidades Portuguesas.
- Haller, M. and M. Hadler (2006), 'How social relations and structures can produce happiness and unhappiness: an international comparative analysis', *Social Indicators Research*, **75** (2), 169–216.
- Hanley, S. (2010), 'The emergence of pensioners' parties in contemporary Europe', in J. Tremmel (ed.), *A Young Generation Under Pressure?* Berlin and Heidelberg: Springer, pp. 225–47.
- Heckman, J. and J. Smith (1995), 'Assessing the case for social experiments', *Journal of Economic Perspectives*, **9** (2), 85–100.
- Heckman, J.J., L. Lochner and C. Taber (1999), 'General equilibrium cost benefit analysis of education and tax policies', in G. Ranis and L.K. Raut (eds), *Trade, Growth and Development: Essays in Honor of T.N. Srinivasan*, Amsterdam: Elsevier Science, pp. 291–393.
- Helliwell, J.F. (2008), 'Life satisfaction and quality of development', Working Paper 14507, Cambridge, MA: National Bureau of Economic Research.
- Hemerijck, A. (2002), 'The self-transformation of the European social model(s)', in G. Esping-Andersen (ed.), *Why We Need a Welfare State*, Oxford: Oxford University Press, pp. 173–214.
- Hemerijck, A. (2011), *Changing Welfare States*. Oxford: Oxford University Press.
- Hemerijck, A. (2012), 'Two or three waves of welfare state transformation?', in N. Morel, B. Palier and J. Palme (eds), *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*, Bristol: Policy Press, pp. 33–56.
- Hemerijck, A. and M. Schludi (2000), 'Sequences of policy failures and effective policy responses', in Fritz W. Scharpf and Vivien Schmidt (eds), *Welfare and Work in the Open Economy: From Vulnerability to Competitiveness*, Oxford: Oxford University Press, pp. 125–228.
- Hernes, H.M. (1987), *Welfare State and Woman Power: Essays in State Feminism*, Oslo: Norwegian University Press.
- Hickey, S. (2011), 'The politics of social protection: what do we get

- from a “social contract” approach?”, *Canadian Journal of Development Studies*, **32** (4), 426–38.
- Hobson, B. (1990), ‘No exit, no voice: women’s economic dependency and the welfare state’, *Acta Sociologica*, **33** (3), 235–50.
- Hobson, B. (1994), ‘Solo mothers, social policy regimes and the welfare state’, in Diane Sainsbury (ed.), *Gendering Welfare States*, London: Sage, pp. 170–88.
- Holsch, K. and M. Kraus (2006), ‘European schemes of social assistance: an empirical analysis of set-ups and distributive impacts’, *International Journal of Social Welfare*, **15** (1), 50–62.
- Howell, D.R. (ed.) (2005), *Fighting Unemployment: The Limits of Free Market Orthodoxy*, New York: Oxford University Press.
- Huber, E. and J.D. Stephens (2000), ‘Partisan governance, women’s employment, and the social democratic service state’, *American Sociological Review*, **65** (3), 323–42.
- Immervoll, H. (2010), ‘Minimum income benefits in OECD countries: policy design, effectiveness and challenges’, OECD Social, Employment and Migration Working Papers No. 100, Paris: OECD.
- Iversen, T. (2001), ‘The dynamics of welfare state expansion: trade openness, deindustrialization and partisan politics’, in P. Pierson (ed.), *The New Politics of the Welfare State*. Oxford: Oxford University Press, pp. 45–79.
- Iversen, T. and T. Cusack (2000), ‘The causes of welfare state expansion. Deindustrialization of globalization’, *World Politics*, **52** (3), 313–49.
- Jacques, O. and A. Noël (2017), ‘The case for welfare state universalism, or the lasting relevance of the paradox of redistribution’, *Journal of European Social Policy* (forthcoming).
- Jahoda, M. (1982), *Employment and Unemployment: A Socio-psychological Analysis*, Cambridge: Cambridge University Press.
- Jecker, N. (2013), ‘Justice between age groups: an objection to the prudential lifespan approach’, *American Journal of Bioethics*, **13** (8), 3–15.
- Johansson, S. (1973), ‘The level of living survey: a presentation’, *Acta Sociologica*, **16** (3), 211–19.
- Kääriäinen, J. and H. Lehtonen (2006), ‘The variety of social capital in welfare state regimes – a comparative study of 21 countries’, *European Societies*, **8** (1), 27–57.
- Kahneman, D. and A. Deaton (2010), ‘High income improves evaluation of life but not emotional well-being’, *Proceedings of the National Academy of Sciences of the USA*, **107** (38), 16489–93.
- Kahneman, D., I. Ritov and D. Schkade (1999), ‘Economic preferences or attitude expressions? An analysis of dollar responses to public issues’, *Journal of Risk and Uncertainty*, **19** (1–3), 203–35.

- Kakwani, N.C. (1977), 'Measurement of tax progressivity: an international comparison', *Economic Journal*, **87** (345), 71–80.
- Kangas, O. (1991), *The Politics of Social Rights: Studies on the Dimensions of Sickness Insurance in OECD Countries*, Stockholm: Almqvist & Wiksell.
- Kangas, O. (2000). 'Distributive justice and social policy: some reflections on Rawls and income distribution', *Social Policy & Administration*, **34** (5), 510–28.
- Kangas, O. and J. Palme (2000), 'Does social policy matter? Poverty cycles in OECD countries', *International Journal of Health Services*, **30** (2), 335–52.
- Kangas, O. and J. Palme (2007), 'Social rights, structural needs and social expenditure: a comparative study of 18 OECD countries 1960–2000', in J. Clasen and N.A. Siegel (eds), *Investigating Welfare State Change: The 'Dependent Variable Problem' in Comparative Analysis*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing, pp. 106–29.
- Kaplan, G.A. and J.W. Lynch (1997), 'Whither studies on the socioeconomic foundations of population health?', *American Journal of Public Health*, **87** (9), 1409–11.
- Kaplan, G.A., E. Pamuk, J.W. Lynch, R.D. Cohen and J.L. Balfour (1996), 'Inequality in income and mortality in the United States: analysis of mortality and potential pathways', *British Medical Journal*, **312**, 999–1003.
- Kass, R.E. and A.E. Raftery (1995), 'Bayes factors', *Journal of the American Statistical Association*, **90** (430), 773–95.
- Kemp, P. (1997), *A Comparative Study of Housing Allowances*, London: HMSO.
- Kenworthy, L. (2008), *Jobs with Equality*, Oxford: Oxford University Press.
- Kenworthy, L. (2011), *Progress for the Poor*, Oxford: Oxford University Press.
- Kittilson, M.C. (2008), 'Representing women: the adoption of family leave in comparative perspective', *Journal of Politics*, **70** (2), 323–34.
- Kluge, J. (2010), 'The effectiveness of European active labor market programs', *Labour Economics*, **17** (6), 904–18.
- Kocher, M.G. (2015), 'How trust in social dilemmas evolves with age', CESifo Working Paper Series, 5447, Munich: The CESifo Group.
- Kohli, M. (1999), 'Private and public transfers between generations: linking the family and the state', *European Societies*, **1** (1), 81–104.
- Korpi, W. (1973), *Fattigdom i välfärden: Om människor med social hjälp*, Stockholm: Tiden.
- Korpi, W. (1978), *The Working Class in Welfare Capitalism: Work, Unions and Politics in Sweden*, London: Routledge.

- Korpi, W. (1983), *The Democratic Class Struggle*, London: Routledge and Kegan Paul.
- Korpi, W. (1985), 'Power resources vs action and conflict: on causal and intentional explanation in the study of power', *Sociological Theory*, **3** (2), 31–45.
- Korpi, W. (1989), 'Power, politics, and state autonomy in the development of social citizenship – social rights during sickness in 18 OECD countries since 1930', *American Sociological Review*, **54** (3), 309–28.
- Korpi, W. (2000), 'Faces of inequality: gender, class, and patterns of inequalities in different types of welfare states', *Social Politics*, **7** (2), 127–91.
- Korpi, W. (2001), 'The economic consequences of Sweden's welfare states', *Challenge*, **44** (6), 104–12.
- Korpi, W. (2003), 'Welfare-state regression in Western Europe: politics, institutions, globalization, and Europeanization', *Annual Review of Sociology*, **29**, 589–609.
- Korpi, W. (2006), 'Power resources and employer-centered approaches in explanations of welfare states and varieties of capitalism: protagonists, consenters and antagonists', *World Politics*, **58** (2), 167–206.
- Korpi, W. and J. Palme (1998), 'The paradox of redistribution and strategies of equality: welfare state institutions, inequality, and poverty in the Western countries', *American Sociological Review*, **63** (5), 661–87.
- Korpi, W. and J. Palme (2003), 'New politics and class politics in the context of austerity and globalization: welfare state regression in 18 countries, 1975–1995', *American Political Science Review*, **97** (3), 425–46.
- Korpi, W., T. Ferrarini and S. Englund (2013), 'Women's opportunities under different family policy constellations: gender, class, and inequality tradeoffs in Western countries re-examined', *Social Politics*, **20** (1), 1–40.
- Kotlikoff, L.J. and S. Burns (2012), *The Clash of Generations*, Cambridge, MA: MIT Press.
- Koven, S. and S. Michel (2013), *Mothers of a New World: Maternalist Politics and the Origins of Welfare States*, New York: Routledge.
- Krueger, A.B. and D.A. Schkade (2008), 'The reality of subjective well-being measures', *Journal of Public Economics*, **92** (8–9), 1833–45.
- Kuivalainen, S. and K. Nelson (2011), 'Eroding minimum income protection in the Nordic countries? Reassessing the Nordic model of social assistance', in J. Kvist, J. Fritzell, B. Hvinden and Olli Kangas (eds), *Changing Social Equality: The Nordic Welfare Model in the 21st Century*, Bristol: Policy Press, pp. 69–88.
- Kumlin, S. and B. Rothstein (2005), 'Making and breaking social capital. The impact of welfare-state institutions', *Comparative Political Studies*, **38** (4), 339–65.

- Kymlicka, Will (2002), *Contemporary Political Philosophy. An Introduction* (2nd edn), Oxford: Oxford University Press.
- Larsen, C.A. (2007), 'How welfare regimes generate and erode social capital: the impact of underclass phenomena', *Comparative Politics*, **40** (1), 83–101.
- Laslett, P. (1992). 'Is there a generational contract?', in P. Laslett and J.S. Fishkin (eds), *Justice between Age Groups and Generations*, New Haven, CT: Yale University Press, pp. 24–47.
- Laslett, P. and J.S. Fishkin (eds) (1992), *Justice between Age Groups and Generations*, New Haven, CT: Yale University Press.
- Layard, R. (2006), 'Happiness and public policy: a challenge to the profession', *Economic Journal*, **116** (510), C24–C33.
- Layard, R., S.J. Nickell and R. Jackman (1991), *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford: Oxford University Press.
- Leira, A. (1992), *Welfare States and Working Mothers. The Scandinavian Experience*, Cambridge: Cambridge University Press.
- Leisering, L. (2003), 'Government and the life course', in J.T. Mortimer and M.J. Shanahan (eds), *Handbook of the Life Course*, New York: Plenum Publishers, pp. 202–25.
- Lenski, G.E. (1966), *Power and Privilege: A Theory of Social Stratification*, New York: McGraw-Hill.
- Lesthaeghe, R. (2010), 'The unfolding story of the second demographic transition', *Population and Development Review*, **36** (2), 211–51.
- Levi, M. (1998), *Consent, Dissent, and Patriotism*, New York: Cambridge University Press.
- Lewis, J. (1992). 'Gender and the development of welfare regimes', *Journal of European Social Policy*, **2** (3), 159–73.
- Lewis, J. (1997), 'Gender and welfare regimes: further thoughts', *Social Politics*, **4** (2), 160–77.
- Li, T. and H.H. Fung (2012), 'Age differences in trust: an investigation across 38 countries', *Journals of Gerontology Series B: Psychological Sciences and Social Sciences*, **68** (3), 347–55.
- Lijphart, A. (1975), 'The comparable cases strategy in comparative research', *Comparative Political Studies*, **8** (2), 158–77.
- Lindh, T. and J. Palme (eds) (2006), *Sustainable Policies in an Ageing Europe. A Human Capital Response*, Research Report No. 3, Stockholm: Institute for Futures Studies.
- Lindh, T., B. Malmberg and J. Palme (2005), 'Generations at war or sustainable social policy?', *Journal of Political Philosophy*, **13** (4), 470–89.
- Lippert-Rasmussen, K. (2015), *Luck Egalitarianism*, London: Bloomsbury.
- Lister, R. (1994), '"She has other duties": women, citizenship and social

- security', in S. Baldwin and J. Falkingham (eds), *Social Security and Social Change: New Challenges*, Hemel Hempstead: Harvester Wheatsheaf, pp. 31–44.
- Ljungqvist, L. and T.J. Sargent (1998), 'The European unemployment dilemma', *Journal of Political Economy*, **106** (3), 514–50.
- Luttmer, E.F.P. (2005), 'Neighbors as negatives: relative earnings and well-being', *Quarterly Journal of Economics*, **20** (3), 963–1002.
- Luxembourg Income Study (LIS) Database (2016), <http://www.lisdata-center.org> (multiple countries), May, Luxembourg: LIS.
- Lynch, J.W., G.A. Kaplan, E.R. Pamuk et al. (1998), 'Income inequality and mortality in metropolitan areas of the United States', *American Journal of Public Health*, **88** (7), 1074–80.
- Lynch, J.W., G. Davey Smith, G.A. Kaplan and J. House (2000), 'Income inequality and mortality: importance to health of individual income, psychosocial environment, or maternal conditions', *British Medical Journal*, **320** (7243), 1200–204.
- Marmot, M. (2004), *Status Syndrome: How Your Social Standing Directly Affects Your Health and Life Expectancy*, London: Bloomsbury.
- Marmot, M., S. Friel, R. Bell, A.J. Howelling and S. Taylor (2008), 'Closing the gap in a generation: health equity through action on the social determinations of health', *Lancet*, **372** (9650), 1661–9.
- Marmot, M., J. Allen, R. Bell, E. Bloomer and P. Goldblatt (2012), 'WHO European review of social determinants of health and the health divide', *Lancet*, **380** (9846), 1011–29.
- Marshall, T.H. (1950), *Citizenship and Social Class and other Essays*, Cambridge: Cambridge University Press.
- Marshall, T.H. (1963), *Sociology at the Crossroads*, London: Heinemann Educational Books.
- Marx, I. and K. Nelson (eds) (2013), *Minimum Income Protection in Flux*, Houndmills, Basingstoke: Palgrave Macmillan.
- Marx, I., L. Salanauskaite and G. Verbist (2016), 'For the poor, but not only the poor: on the optimal design of redistributive policy', *Social Forces*, **95** (1), 1–24.
- Matsaganis, M., M. Ferrera, L. Capucha and L. Moreno (2003), 'Mending nets in the South: anti-poverty policies in Greece, Italy, Portugal and Spain', *Social Policy & Administration*, **37** (6), 639–55.
- Matsuo, H. and G. Loosveldt (2013), *Report on Quality Assessment of Contract Data Files in Round 5: Final Report 27 Countries*, Leuven: European Social Survey, University of Leuven.
- Mayer, K.U. (2004), 'Whose lives? How history, societies and institutions define and shape life courses', *Research in Human Development*, **1** (3), 161–87.

- Mayer, K.U. (2005), 'Life courses and life chances in a comparative perspective', in S. Svallfors (ed.), *Analyzing Inequality: Life Chances and Social Mobility in Comparative Perspective*, Palo Alto, CA: Stanford University Press, pp. 17–55.
- McKerlie, D. (2013), *Justice between the Young and the Old*, Oxford: Oxford University Press.
- Mead, L. (1986) *Beyond Entitlement: The Social Obligations of Citizenship*, New York: Free Press.
- Messacar, D. (2014), 'Persistent unemployment and the generosity of welfare states', *Review of Social Economy*, **72** (3), 379–415.
- Meyer, L. (2014), 'Intergenerational Justice', in E.N. Zalta (ed.), *The Stanford Encyclopedia of Philosophy* (Winter edn), <http://plato.stanford.edu/archives/win2014/entries/justice-intergenerational>.
- Mill, John S. (1861), *Utilitarianism*, reprinted in 1906, Chicago, IL: University of Chicago Press.
- Moene, K.O. and M. Wallerstein (2001), 'Inequality, social insurance, and redistribution', *American Political Science Review*, **95** (4), 859–74.
- Montanari, I. (2000), 'Social citizenship and work in welfare states: comparative studies on convergence and on gender', Doctoral Dissertation Series, Thesis No. 45, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Montanari, I. and K. Nelson (2013), 'Health care determinants in comparative perspective: the role of partisan politics for health care provision', *International Journal of Comparative Sociology*, **54** (5–6), 444–65.
- Montanari, I., K. Nelson and J. Palme (2007), 'Convergence pressures and responses: recent social insurance development in modern welfare states', *Comparative Sociology*, **6** (3), 295–323.
- Morel, N., B. Palier and J. Palme (2012), *Towards a Social Investment Welfare State?: Ideas, Policies and Challenges*, Bristol: Policy Press.
- Morris, P., G.J. Duncan and E. Clark-Kauffman (2005), 'Child well-being in an era of welfare reform: the sensitivity of transitions in development to policy change', *Developmental Psychology*, **41** (6), 919–32.
- Musgrave, R. (1981), 'Reappraisal of financing social security', in F. Skidmore (ed.), *Social Security Financing*, Cambridge, MA: MIT Press, pp. 89–127.
- Myles, J. (2002), 'A new social contract for the elderly', in G. Esping-Andersen (ed.), *Why We Need a New Welfare State*, Oxford: Oxford University Press, pp. 130–73.
- Myles, J. (2003), 'What justice requires: pension reform in ageing societies', *Journal of European Social Policy*, **13** (3), 264–69.
- Naef, M., E. Fehr, U. Fischbacher, J. Schupp and G. Wagner (2008), 'Decomposing trust: explaining national and ethnical trust differences',

- Working Paper, Institute for Empirical Research in Economics, University of Zurich.
- Nagel, T. (1991), *Equality and Partiality*, New York: Oxford University Press.
- Nelson, K. (2003), 'Fighting poverty: comparative studies on social insurance, means-tested benefits and income redistribution', Dissertation Series, Thesis No. 60, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Nelson, K. (2004), 'Mechanisms of poverty alleviation in the welfare state. A comparative study of anti-poverty effects of non means-tested and means-tested benefits in five countries in the 1990s', *Journal of European Social Policy*, **14** (4), 371–90.
- Nelson, K. (2006), 'The last resort: determinants of the generosity of means-tested minimum income protection policies in welfare democracies', in C. Eero and L. Ericsson (eds), *Welfare Politics Cross-examined: Eclecticist Analytical Perspectives on Sweden and on the Developed World*, Amsterdam: Aksel Atland Printers, pp. 85–116.
- Nelson, K. (2007), 'Universalism versus targeting: the vulnerability of social insurance and means-tested minimum income protection in 18 countries 1990–2002', *International Social Security Review*, **60** (1), 33–58.
- Nelson, K. (2012), 'Counteracting material deprivation: the role of social assistance in Europe', *Journal of European Social Policy*, **22** (2), 148–63.
- Nelson, K. (2013), 'Social assistance and EU poverty thresholds 1990–2008. Are European welfare systems providing just and fair protection against low income?', *European Sociological Review*, **29** (2), 386–440.
- Nelson, K. and J. Fritzell (2014), 'Welfare states and population health: the role of minimum income benefits for mortality', *Social Science & Medicine*, **112**, 63–71.
- Newton, K. (2001), 'Trust, social capital, civil society, and democracy', *International Political Science Review*, **22** (2), 201–14.
- Nickell, S. (1997), 'Unemployment and labor market rigidities: Europe versus North America', *Journal of Economic Perspectives*, **11** (3), 55–74.
- Nickell, S. and R. Layard (1999), 'Labor market institutions and economic performance', in S. Jay Davis, J. Haltiwanger, O. Ashenfelter and D. Card (eds), *Handbook of Labor Economics*, Vol. 3, Amsterdam: Elsevier, pp. 3029–84.
- Nickell, S., L. Nunziata and W. Ochel (2005), 'Unemployment in the OECD since the 1960s. What do we know?', *The Economic Journal*, **115** (500), 1–27.

- Nussbaum, M.C. (2000), *Women and Human Development: The Capabilities Approach*, Cambridge: Cambridge University Press.
- Nussbaum, M.C. (2008), 'Who is the happy warrior? Philosophy poses questions to psychology', *Journal of Legal Studies*, **37** (2), 81–113.
- O'Connor, J.S. (1993), 'Gender, class, and citizenship in the comparative analysis of welfare state regimes', *British Journal of Sociology*, **44** (3), 501–18.
- O'Connor, J.S. (1996), 'From women in the welfare state to gendering welfare state regimes', *Current Sociology*, **44** (2), 1–124.
- O'Connor, J.S., A.S. Orloff and S. Shaver (1999), *States, Markets, Families: Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States*, Cambridge: Cambridge University Press.
- O'Neill, M. (2012), 'Free (and fair) markets without capitalism: political values, principles of justice, and property-owning democracy', in M. O'Neill and T. Williamson (eds), *Property-owning Democracy: Rawls and Beyond*, Oxford: Wiley-Blackwell, pp. 75–100.
- OECD (1994), *The OECD Jobs Study*, Paris: OECD.
- OECD (1998a), *The Battle Against Exclusion: Social Assistance in Australia, Finland, Sweden and the United Kingdom*, Paris: OECD.
- OECD (1998b), *The Battle Against Exclusion: Social Assistance in Belgium, the Czech Republic, the Netherlands and Norway*, Paris: OECD.
- OECD (1999), *The Battle Against Exclusion: Social Assistance in Canada and Switzerland*, Paris: OECD.
- OECD (2006), *OECD Employment Outlook 2006: Boosting Jobs and Incomes*, Paris: OECD.
- OECD (2011), 'Divided we stand – why inequality keeps rising', in *An Overview of Growing Income Inequalities in OECD Countries: Main Findings*, Paris: OECD, pp. 21–45.
- OECD (2015), *In It Together: Why Less Inequality Benefits All*. Paris: OECD.
- Oishi, S. and E. Diener (2014), 'Can and should happiness be a policy goal?', *Psychology in the Public Interest*, **1** (1), 195–203.
- Okin, S. (1989), *Justice, Gender, and the Family*, New York: Basic Books.
- Ono, H. and K.S. Lee (2013), 'Welfare states and the redistribution of happiness', *Social Forces*, **92**(2), 789–814.
- Orloff, A.S. (1993), 'Gender and the social rights in citizenship: the comparative analysis of gender relations and welfare states', *American Sociological Review*, **58** (3), 303–28.
- Orloff, A.S. (2009), 'Gendering the comparative analysis of welfare states: an unfinished agenda', *Sociological Theory*, **27** (3), 317–43.
- Oswald, A.J. (1997), 'Happiness and economic performance', *Economic Journal*, **107** (November), 1815–31.

- Pacek, A. and B. Radcliff (2008), 'Assessing the welfare state: the politics of happiness', *Perspectives on Politics*, **6** (2), 267–77.
- Palier, B. (2007), "'Defrosting" the French welfare state', *West European Politics*, **23** (2), 113–36.
- Palme, J. (1990), *Pension Rights in Welfare Capitalism. The Development of Old-age Pensions in 18 OECD Countries, 1930 to 1985*, Stockholm: Swedish Institute for Social Research, Stockholm University.
- Palme, J. (2003), 'Pension reform in Sweden and the changing boundaries between public and private', in Gordon L. Clark and Noel Whiteside (eds), *Pension Security in the 21st Century*, Oxford: Oxford University Press, pp. 144–67.
- Palme, J. and T. Norström (2010), 'Public pension institutions and old-age mortality in a comparative perspective', *International Journal of Social Welfare*, **19** (1), 121–30.
- Palme, J., K. Nelson, O. Sjöberg and R. Minas (2009), *European Social Models, Protection and Inclusion*, Research Report 2009/1, Stockholm: Institute for Future Studies.
- Pampel, F. (1994), 'Population aging, class context, and age inequality in public spending', *American Journal of Sociology*, **100** (1), 153–95.
- Pampel, F.C. and P. Adams (1992), 'The effects of demographic change and political structure on family allowance expenditures', *Social Service Review*, **66** (4), 524–46.
- Pateman, C. (1988), *The Sexual Contract*, Stanford, CA: Stanford University Press.
- Paulsen, R. (2014), *Empty Labor: Idleness and Workplace Resistance*, Cambridge: Cambridge University Press.
- Pettit, P. (2008), 'The basic liberties', in M.H. Kramer, C. Grant, B. Colburn and A. Hatzistavrou (eds), *The Legacy of H.L.A. Hart*, Oxford: Oxford University Press, pp. 201–21.
- Pettit, P. (2012), *On the People's Terms*, Cambridge: Cambridge University Press.
- Pettit, P. (2014), *Just Freedom*, New York: W.W. Norton.
- Phelps, E. (1997), *Rewarding Work: How to Restore Participation and Self-support to Free Enterprise*, Cambridge, MA: Harvard University Press.
- Pierson, P. (1996), 'The new politics of the welfare state', *World Politics*, **48** (2), 143–79.
- Pierson, P. (2001), *The New Politics of the Welfare State*, Oxford: Oxford University Press.
- Preston, S.H. (1975), 'The changing relationship between mortality and level of economic development', *Population Studies*, **29** (2), 231–48.
- Preston, S.H. (1984), 'Children and the elderly: divergent paths for America's dependents', *Demography*, **21** (4), 435–57.

- PRO (2009), *Rättvisa skatter – om beskattning av arbetsinkomster och pensioner (Fair Taxes – On the Taxation of Income from Work and Pensions)*, Stockholm: Pensionärernas riksorganisation.
- Putnam, R.D. (2000), *Bowling Alone*, New York: Simon & Schuster.
- Radcliff, B. (2001), 'Politics, markets and life satisfaction: the political economy of human happiness', *American Political Science Review*, **95** (4), 939–52.
- Rawls, J. (1971), *A Theory of Justice*, Cambridge, MA: Harvard University Press.
- Rawls, J. (2001), *Justice as Fairness: A Restatement*, Cambridge, MA: Belknap.
- Rhodes, M. (1997), 'Globalization and west European welfare state: a critical review of recent debates', *Revija za socijalnu politiku*, **4** (1), 63–82.
- Rodgers, G.B. (1979), 'Income inequality as determinant of mortality: an international crosssection analysis', *Population Studies*, **33** (2), 343–51.
- Rogerson, R., R. Shimer and R. Wright (2005), 'Search-theoretic models of the labor market: a survey', *Journal of Economic Literature*, **43** (4), 959–88.
- Rostila, M. (2013), *Social Capital and Health Inequality in European Welfare States*, London: Springer.
- Rothstein, B. (1998), *Just Institutions Matter: The Moral and Political Logic of the Universal Welfare State*, New York: Cambridge University Press.
- Rothstein, B. (2000), 'Trust, social dilemmas and collective memories', *Journal of Theoretical Politics*, **12** (4), 477–501.
- Rothstein, B. and D. Eek (2009), 'Political corruption and social trust: an experimental approach', *Rationality and Society*, **21** (1), 81–112.
- Rothstein, B. and E.M. Uslaner (2005), 'All for all: equality, corruption, and social trust', *World Politics*, **58** (1), 41–72.
- Rowntree, B.S. (1901), *Poverty: A Study of Town Life*, London: Macmillan.
- Sainsbury, D. (ed.) (1996), *Gender Equality and Welfare States*, Cambridge: Cambridge University Press.
- Satz, D. (2010), *Why Some Things Should Not Be for Sale: The Moral Limits of Markets*, Oxford: Oxford University Press.
- Sayre-McCord, G. (1999), 'Contemporary contractarian moral theory', in H. LaFollette (ed.), *The Blackwell Guide to Ethical Theory*, Malden, MA: Blackwell, pp. 247–67.
- Scarpetta, S. (1996), 'Assessing the role of labour market policies and institutional settings on unemployment: a cross-country study', *OECD Economic Studies*, **26** (1), 43–98.
- Schaller, W.E. (1998), 'Rawls, the difference principle, and economic inequality', *Pacific Philosophical Quarterly*, **79** (4), 368–91.

- Schemmel, C. (2015), 'How (not) to criticise the welfare state', *Journal of Applied Philosophy*, **32** (4), 393–409.
- Schettkat, R. (2005), 'Is labor market regulation at the root of European unemployment? The case of Germany and the Netherlands', in D.R. Howell (ed.), *Fighting Unemployment: The Limits of Free Market Orthodoxy*, pp. 262–83.
- Schokkaert, E. and P. Van Parijs (2003), 'Debate on social justice and pension reform: social justice and the reform of Europe's pension systems', *Journal of European Social Policy*, **13** (3), 245–64.
- Schwarze, J. and M. Härpfer (2003), 'Are people inequality averse, and do they prefer redistribution by the State? A revised version', Institute for the Study of Labour, IZA DP No. 974.
- Sekhon, J.S. and R. Titiunik (2012), 'When natural experiments are neither natural nor experiments', *American Political Science Review*, **106** (1), 35–57.
- Sen, A. (1980), 'Equality of what?', in S.M. McMurrin (ed.), *Tanner Lectures on Human Values*, Salt Lake City, UT: University of Utah Press, pp 197–220.
- Sen, A. (1991) *Development as Freedom*, Oxford: Oxford University Press.
- Sen, A. (2009) *The Idea of Justice*, London: Penguin.
- Shalev, M. (2007), 'Limits and alternatives to multiple regression in comparative research', *Comparative Social Research*, **24** (3), 261–308.
- Shaver, S. (1989), 'Gender, class and the welfare state: the case of income security in Australia', *Feminist Review*, **32**, 90–110.
- Shorrocks, A.F. (1982), 'Inequality decomposition by factor components', *Econometrica*, **50** (1), 193–212.
- Siebert, H. (1997), 'Labor market rigidities: at the root of unemployment in Europe', *Journal of Economic Perspectives*, **11** (3), 37–54.
- Simmel, G. (1950), *The Sociology of Georg Simmel*, New York: Free Press.
- Sjöberg, O. (2000), 'Unemployment and unemployment benefits in the OECD 1960–1990 – an empirical test of neo-classical economic theory', *Work, Employment, and Society*, **14** (1), 51–76.
- Sjöberg, O. (2008), 'Labour market mobility and workers' skills in a comparative perspective: exploring the role of unemployment insurance benefits', *International Journal of Social Welfare*, **17** (1), 74–83.
- Sjöberg, O. (2010), 'Social insurance as a collective resource: unemployment benefits, job insecurity and subjective well-being in a comparative perspective', *Social Forces*, **88** (3), 1281–304.
- Skocpol, T. and E. Amenta (1986), 'States and social policies', *Annual Review of Sociology*, **12**, 131–57.
- Solow, R. (1992), *An Almost Practical Step Toward Sustainability*, Washington, DC: Resources for the Future.

- Sommestad, L. (2012), 'Climate policy and the social investment approach: towards a European model for sustainable development', in N. Morel, B. Palier and J. Palme (eds), *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*, Bristol: Policy Press, pp. 309–32.
- Sønderskov, K.M. and P.T. Dinesen (2016), 'Trusting the state, trusting each other? The effect of institutional trust on social trust', *Political Behavior*, **38** (1), 179–202.
- Standing, G. (2011), *The Precariat: The New Dangerous Class*, New York: Bloomsbury.
- Steptoe, A., A. Deaton and A. Stone (2015), 'Subjective wellbeing, health, and ageing', *Lancet*, **385** (9968), 640–48.
- Stiglitz, J.E., A. Sen and J.-P. Fitoussi (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*, Paris: Commission on the Measurement of Economic Performance and Social Progress.
- Svallfors, S. (2013), 'Government quality, egalitarianism, and attitudes to taxes and social spending: a European comparison', *European Political Science Review*, **5** (3), 363–80.
- Sztompka, P. (1999), *Trust: A sociological Theory*, Cambridge: Cambridge University Press.
- Tanzi, V. (2002), 'Globalization and the future of social protection', *Scottish Journal of Political Economy*, **49** (1), 116–27.
- Tepe, M. and P. Vanhuyse (2009), 'Are aging OECD welfare states on the path to gerontocracy?', *Journal of Public Policy*, **29** (1), 1–28.
- Thelen, K. (1999), 'Historical institutionalism in comparative politics', *Annual Review of Political Science*, **2**, 369–404.
- Thompson, L. (1998), *Older and Wiser. The Economics of Public Pensions*, Washington, DC: The Urban Institute.
- Thompson, J. (2009), *Intergenerational Justice: Rights and Responsibilities in an Intergenerational Polity*, London: Routledge.
- Torpe, L. (2003), 'Social capital in Denmark: a deviant case?', *Scandinavian Political Studies*, **26** (1), 27–48.
- Tremmel, J.C. (2009), *A Theory of Intergenerational Justice*, London: Earthscan.
- Turon, H. (2003), 'Inflow composition, duration dependence and their impact on the unemployment outflow rate', *Oxford Bulletin of Economics and Statistics*, **65** (1), 31–47.
- Uslaner, E.M. (2002), *The Moral Foundations of Trust*, Cambridge: Cambridge University Press.
- Van de Kaa, D.J. (2001), 'Postmodern fertility preferences: from changing value orientation to new behavior', *Population and Development Review*, **27** (Suppl.), 290–331.

- Van Mechelen, N. (2009), *Barriers to Adequate Social Safety Nets*, Antwerp: University of Antwerp Press.
- Van Parijs, P. (1995), *Real Freedom for All. What (if Anything?) can Justify Capitalism*, Oxford: Oxford University Press.
- Van Parijs, P. (1998), 'The disfranchisement of the elderly, and other attempts to secure intergenerational justice', *Philosophy and Public Affairs*, **27** (4), 292–333.
- Vandenbroucke, F. and K. Vleminckx (2011), 'Disappointing poverty trends: is the social investment state to blame?', *Journal of European Social Policy*, **21** (5), 450–71.
- Vanhuyse, P. (2013), *Intergenerational Justice in Aging Societies: A Cross-national Comparison of 29 OECD Countries*, Gütersloh: Bertelsmann Stiftung.
- Vanhuyse, P. and A. Goerres (eds) (2012), *Ageing Populations in Post-industrial Democracies: Comparative Studies in Policies and Politics*, London: Routledge.
- Veenhoven, R. (2000), 'Well-being in the welfare state: level not higher, distribution not more equitable', *Journal of Comparative Policy Analysis: Research and Practice*, **2** (1), 91–125.
- Walker, A. (1996), *The New Generational Contract: Intergenerational Relations, Old Age and Welfare*, London: UCL Press.
- Wallace, P. (2001), *Agequake: Riding the Demographic Rollercoaster Shaking Business, Finance, and Our World*, London: Nicholas Brealey Publishing.
- Weber, M. (1920), *The Protestant Ethic and the Spirit of Capitalism*, reprinted in 1958, New York: Charles Scribner's Sons.
- White, S. (2003), *The Civic Minimum*, Oxford: Oxford University Press.
- Whiteford, P. (2008), 'How much redistribution do governments achieve? The role of cash transfers and household taxes', in *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Paris: OECD, pp. 97–121.
- Whiteford, P. and E. Whitehouse (2006), 'Pension challenges and pension reforms in OECD countries', *Oxford Review of Economic Policy*, **22** (1), 78–94.
- Wilkinson, R.G. (1992), 'Income distribution and life expectancy', *British Medical Journal*, **304** (6820), 165–8.
- Wilkinson, R.G. (1996), *Unhealthy Societies: The Afflictions of Inequality*, London: Routledge.
- Wilkinson, R.G. and K. Pickett (2009), *The Spirit Level: Why More Equal Societies Almost Always do Better*, London: Penguin Allen Lane.
- Williams, F. (1995), 'Race/ethnicity, gender, and class in welfare states:

- a framework for comparative analysis', *Social Politics: International Studies in Gender, State and Society*, **2** (2), 127–59.
- Williams, M. (1998), *Voice, Trust, and Memory. Marginalized Groups and the Failings of Liberal Representation*, Princeton, NJ: Princeton University Press.
- Wolfers, J. (2003), 'Is business cycle volatility costly? Evidence from surveys of subjective wellbeing', *International Finance*, **6** (1), 1–26.
- Wood, A. (1998), 'Globalisation and the rise in labour market inequalities', *The Economic Journal*, **108** (450), 1463–82.
- Woodward, R.T. (2000), 'Sustainability as intergenerational fairness: efficiency, uncertainty, and numerical methods', *American Journal of Agricultural Economics*, **82** (3), 581–93.
- World Commission on Environment and Development (1987), *Our Common Future*, Oxford: Oxford University Press.

Index

- ageing crisis 1
- age-related social risks 1–2, 5, 18, 62
 - childhood 43, 44, 47, 51
 - inequality *see* inequality
 - old age 44, 45, 51
 - protection for 50
 - working age 5, 44–5, 51
- balanced welfare contracts 17, 35, 36–7, 40, 41, 50, 51–2, 53, 135
 - employment outcomes relation 107–8
 - population ageing, and 140
 - reducing poverty 62
 - see also* unbalanced welfare contracts
- Brundtland Report 26
- citizenship
 - development of 22, 62
 - rights 9–10
 - social *see* social citizenship
- cooperation
 - intergenerational 19–22, 133
 - welfare enhancing 79
- cycle of poverty 4–5
- demographic transitions 1, 10
- difference principle 57
- distribution 16
 - conflicts in 2
 - developments 67
 - distributive mechanisms 7, 31
 - distributive processes 31
 - earnings-related benefits 110
 - outcomes 63
 - re- 17, 65, 110
 - political economy of 31, 35
 - regression analysis 70–77
 - trade-offs 64–5
- Easterlin paradox 83
- economic slow-down 1
- economic vulnerabilities 62
- employment 120
 - measuring 111
 - outcomes *see* employment outcomes
 - protection 119–20
 - un- *see* unemployment
 - see also* labor market
- employment outcomes 107–8, 120
 - participation rates 111, 112, 113
- Esping-Andersen's tripartite categorization of welfare states 45
- EU 2020 Growth Strategy (2010) 145
- fixed proportional shares 38, 39
- future research 142
- generation, definition 5
- generational balance 16, 135–6, 138–9
- generational conflict 32–3, 35, 39, 122
- generational deficit 136–7
- generational equity 138
- generational justice 2, 3–4, 7, 16–17, 25–8, 29, 38–9, 132–2
 - just savings *see* just savings
 - Musgrave rule 38
 - political philosophy of 16
 - prudential lifespan approach *see* prudential lifespan
 - relational equality *see* relational equality
 - stabilizing 37–9
 - theories of 6
- generational politics 16, 123–4
 - class politics differentiation 123
 - interest mediation 122, 131
 - special interest groups 123–4
- generational trade-off 56–7, 139

- generational welfare contract
 - balanced *see* balanced welfare contracts
 - ideal-typical 31–2
 - moral significance of 16, 17–18
 - partisan politics, and 125, 126–7, 130
 - pro-child 52–3
 - pro-old 51, 59, 135
 - pro-work 51, 59, 70, 135
 - regression analysis, and 125, 126–7, 130
 - unbalanced *see* unbalanced welfare contracts
- global financial crises 1, 140–41
- Great Recession (2008) 1, 114
- income
 - inequality 63–4
 - determinants of 63
 - protection 9, 21
 - age-related risks, for 24–5, 47
 - criticism of 24
 - social inclusion trade-offs 109
 - replacement *see* income replacement
- income replacement 42–5, 47, 49, 52, 55, 58
 - child benefits 47–8
 - fiscalization of 47–8
 - means-tested 57, 64–5
 - pensions 48
 - rates 48, 50, 71, 72
 - sickness benefits 48
 - social assistance *see* social assistance
 - unemployment benefits 48, 109
- inequality
 - age-related 17
 - gender-based 110
 - income 63–4
 - increasing 132–3
 - social 13
 - labor market generating 107
- intergenerational cooperation 19–22
- intergenerational war 32
- investment
 - foreign 144
 - human capital, in 26, 131, 140
 - social 33, 107, 116, 37
 - trade 144
- just institutions 18, 25, 26, 27–8
 - content of 27
 - supporting social preconditions of 29, 93–4, 133
- just savings 18, 25–8, 133
 - accumulation–maintenance distinction 25–6
- labor market
 - generating social inequality 107
 - participation rates 112, 113
 - female 112
 - male 112
 - rigidity hypothesis 107, 109–11
 - see also* employment
- life stages 5, 20, 24–5
 - adolescence 10, 143
 - childhood 43, 44, 47, 51
 - old age 44, 45, 51
 - phases of vulnerability, as 6
 - transitional 10
- Lisbon Agenda 144–5
- measuring social policy 8–9
 - comparative analysis 11–12
 - empirical analysis 12–13, 46
 - intervention studies 11
 - path dependency 45–6
- migration 143–4
- moral hazards 109
- National Pensioners' Organization (Sweden) 32
- negative reciprocity 35
- overview 13–15
- paradox of redistribution 17, 35
- pensions 48, 100
 - balanced contracts and 134
 - reform 10, 32–3, 38, 124
 - unbalanced contracts and 134–5, 139
- political economy of redistribution 31, 35
- political equality 27
- politics
 - class 122, 123–4
 - confessional 125–7
 - cumulative partisan cabinet shares 125–7, 128

- generational *see* generational politics
- left wing 125–7
- new 123
- secular centrist/right 125, 127
- population ageing
 - fiscal challenges of 31, 123, 140
 - partisan politics, and 123–4
- positive-sum solutions 7, 40, 134
 - generational conflict and 32–3
 - hypothesis 34–7
- poverty
 - cycle 4–5
 - generational welfare contracts and 69–70, 135
 - line 66
 - outcomes 14, 69
 - rates 66, 67, 68, 147
 - increasing 67, 69
 - reduction 62
 - risks 77
 - thresholds 65, 68, 77–8
 - trends 65–9
- power resource theory 123, 125
- prudential lifespan 18, 19–22, 23, 28
- quality of life
 - objective 80–81
 - subjective 81–2
 - see also* subjective well-being
- reducing poverty *see* poverty, reduction
- re-familization 140
- relational equality 18, 22–5, 29, 65–6
 - ideal of 133
 - objective of 23
- retirement benefits *see* pensions
- social assistance 57, 58–9
- social capital 94–5
 - trust affinity 94
- social citizenship
 - causes of 122
 - definition 9
 - development 62
 - equalization of 51–2
 - expansion of 139–40
 - generational structure of 47, 54, 56, 59, 122, 133, 134
 - balance in 135–6
 - cross-country differences in 50–54
 - regression analysis 54–7
 - rights *see* social citizenship, rights
- Social Citizenship Indicator Program 42
- social citizenship rights 34, 133–4
 - age-related 46–50
 - balancing 50
 - childhood 9–10
- social cohesion 144–5
- social contract theory
 - generational contracts 3
 - social justice, and 2–4
- social expenditures 8–9
- social inclusion 24, 144
 - income protection trade-offs 109
- social insurance
 - age-related 142
 - income replacement *see* income replacement
 - liberal model 46
 - replacement rates 48, 49, 50
 - state-corporatist model 45, 143
 - eligibility in 45–6
- social justice
 - contract theory, and 2–4
 - ideational force, as 132
- social minimums 57, 58
- social policy 39–40
 - distributive processes 31
 - dual carer/earner models 110
 - fair financing 38
 - family-related 47, 136
 - expansion of 139
 - fiscalization of child benefits 47–8
 - gender equal 110–11
 - modernization of 141
 - feedbacks 7
 - frameworks 7–8
 - generational trade-offs in 56–7, 139
 - indicators 42
 - income replacement *see* income replacement
 - institutions 17
 - measuring *see* measuring social policy
 - mutually enforcing processes in 7
 - reform 32, 138
 - social investment perspective 107
- Social Policy Indicators Database 42

- social spending 8–9
- structural equation models 73–6, 119, 148, 149
- subjective well-being 79–80, 81–2, 91
 - cross-national differences 85–6
 - generational contracts and 83–4, 85–6
 - happiness 85, 88, 89
 - life satisfaction 85, 87, 89
 - materialist perspective 82–3
 - psycho-social perspective 83
 - regression analysis 86–91
 - research 82, 84
 - social determinants perspective 82
 - welfare states, and 82–3
 - see also* quality of life
- sustainability 136
 - environmental 137–8
 - welfare states, of 137
- Swedish Institute for Social Research 42
- tax and transfer systems 110
- trust 93–4, 95
 - cross-country differences 99–100
 - generational patterns of 98, 99–100
 - inherently multidimensional 95
 - low 93
 - political/vertical 94–5, 97–8, 99, 101, 104, 135
 - age and 105
 - regression analysis 103–5
 - research 93
 - social capital affinity 94–5
 - social/horizontal 94, 95–6, 99, 102, 104
 - age and 100
 - shaping social ties 105
 - universalism, and 96–8
- UN's 2030 Agenda for Sustainable Development Goals 145
- unbalanced welfare contracts 35, 36, 50, 52, 53, 134–5 *see also* balanced welfare contracts
- unemployment 107, 120
 - benefits 48, 109–10
 - pathways 119–20
 - rates 114, 115, 116
- universalism 96–8, 124
- walk tall 23, 24, 57, 108, 137, 140
- welfare-related outcomes 24
- welfare state
 - capacity 1, 31, 62, 93–4, 97, 134
 - challenges of 1
 - conservative 45
 - distributive mechanisms 7, 31
 - institutional structures 9, 62, 77
 - liberal 45
 - outcomes causal chain 7–8, 35
 - pro-elderly bias 32, 124
 - regimes 45–6
 - social democratic 45
- youth question 10

