Luxembourg Income Study Working Paper Series

Working Paper No. 308

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September 2001

Luxembourg Income Study (LIS), asbl

Jnl Soc. Pol., **30**, 3, 411–436 Printed in the United Kingdom

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ABSTRACT

This article presents a series of measures of the extent to which social policies in twenty-one OECD countries are oriented towards the support of elderly (over 65 or in formal retirement) and non-elderly (under 65 and not retired) population groups. Employing breakdowns by age in spending on social insurance, education and health, tax expenditures on welfare substituting goods, and housing policy outcomes, this article shows that countries tend to demonstrate a consistent age-orientation across a variety of policy areas and instruments. After correcting for the demographic structure of the population, Greece, Japan, Italy, Spain and the United States have the most elderly-oriented social policy regimes, while the Netherlands, Ireland, Canada and the Nordic countries have a more age-neutral repertoire of social policies. In identifying the age-orientation of social policy as a dimension of distributive politics that is not captured by other welfare state typologies, this article suggests the need to develop new accounts of the development of welfare states that include the dimension of age.

INTRODUCTION: AGE IN THE WELFARE STATE

Welfare states work better for some age groups than for others. Italy in 1993, for example, reported post-transfer poverty rates almost three times higher for children than for the elderly (32 per cent versus 11 per cent), while spending on family benefits declined from 2.4 per cent of

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The author acknowledges the Social Science Research Council, the National Science Foundation, and the Institute for International Studies at the University of California, Berkeley, for financial support during the research and writing of this article. Thanks are due to Sara Watson, Maurizio Ferrera, Tim Smeeding, the fellows of the 1998-99 European Forum on 'Recasting Social Welfare in Europe' at the European University Institute, and the two anonymous reviewers for this journal, for their valuable comments on earlier drafts. Deficiencies in the final product of course remain the sole responsibility of the author.

GNP in 1960 to just 0.35 per cent in 1994 (Cannari and Franco, 1997). In the US, the difference between pre- and post-transfer poverty rates for children is only 5 per cent, while for seniors it is fully 35 per cent (Cantillon, 1998). Social programmes in the US are not making much of a dent in the problem of youth poverty, but elderly Americans are made better off by the substantial public expenditures on their behalf.

These varying inputs and outcomes for young people and the elderly play an important role in political debates about welfare reform. The alleged 'elderly bias' of social spending in the US has sustained an intense political debate about 'generational equity' in the welfare state, while relatively high incomes from pensions in many European countries provide a fertile environment for a parallel discussion. Unequal benefits for the old and the young provide ammunition both for those who wish to cut existing benefits in the name of intergenerational equity, and for those who advocate providing more support for people at various stages of the life-cycle. They also serve as a reminder that welfare states may differ objectively and dramatically in their ability to insure diverse age groups in society against risks like poverty, ill health or social exclusion.

This article presents a series of measures of the extent to which social policies in twenty-one OECD countries are oriented towards the support of elderly and non-elderly population groups. In so doing, it identifies the age-orientation of social policy as a dimension of distributive politics that is not captured by other welfare state typologies, suggesting a need to develop new accounts of the development of welfare states that include the dimension of age.

Welfare states clearly work to transfer resources between age groups, not least through pay-as-you-go old-age pensions, which account for 20–50 per cent of total social spending in most countries of the OECD. But, as Castles and Ferrera (1996) point out, the elderly in different countries benefit to varying extents not just from cross-national differences in the generosity of pension benefits, but also from differences in other policy areas such as housing. Because so little is known about the age-distributive properties of other kinds of social policy, it is dangerous to conclude that 'the contemporary welfare state in capitalist democracies is largely a *welfare state for the elderly*' (Myles, 1984, p. 24). Nor can we accept uncritically Thomson's (1993) hypothesis that the 'selfish generation' that reached adulthood just after the Second World War has consistently tailored welfare states for its own purposes, resulting in higher spending on families and working-aged adults in the 1950s and 1960s, and a turn towards greater emphasis on old-age benefits in the mid-1970s. Without reliable, comprehensive cross-national measures of the

age-orientation of social policies, we simply do not have the necessary tools to determine to what extent contemporary welfare states are biased towards the elderly, or *if* they are uniformly biased towards the elderly rather than the young.

It could be argued that the age-orientation of social policy is either impossible to measure completely, given the importance of within-family intergenerational transfers, or irrelevant, since unequal distribution of welfare goods across age groups has so far resulted in few political repercussions. I maintain that it should be possible to measure the age-orientation of welfare transfers taking place within the state sphere, recognising of course that these transfers are likely to be closely intertwined with intergenerational transfers that take place within families and in the context of private markets.

Furthermore, I maintain that state policies towards different age groups are politically important. First of all, the distributional consequences of effecting intergenerational transfers via families or via the state are not neutral. Welfare states take on distinctly different purposes when redistribution is limited to transfers *within* families, rather than *between* families; and power structures within families are also likely to reflect resource flows directed by the state. Second, the presumed equanimity of younger age groups to state-sponsored intergenerational transfers in favour of the elderly may not be an unchanging feature of political life. As long as transfers between age groups appear to be nothing more than transfers across the life-course – younger people paying for benefits that they will receive when they get old – differences in welfare spending on different age groups will likely remain a non-issue. But with growing pressure to balance budgets by increasing contributions now, and cutting benefits in the future, the potential for politicisation of conflicts between age groups over the sharing out of resources also increases.

THE STATE OF THE ART: WORK ON THE GENERATIONAL EFFECTS OF WELFARE POLICY TO DATE

While the concept of intergenerational justice has proved fertile ground for political and social theorists,[1] very few empirical studies exist that would allow comparisons of how social provisions for different age groups vary across welfare state types, across countries, or across time. Three important exceptions are the contributions to the 1988 edited volume *The Vulnerable* (Palmer *et al.*, 1988); Castles and Ferrera's (1996) work examining the age-orientation of pension and housing policies in Southern European countries; and the work of Laurence Kotlikoff's research team on 'generational accounting' (Kotlikoff and Liebfritz, 1998).

O'Higgins' chapter in *The Vulnerable* offers a comparison of the treatment of elders and children in ten OECD countries, with direct expenditure and some tax data for the period 1960 to 1985. While an important first step towards the goal of measuring the age-orientation of social policy, O'Higgins' contribution has serious limitations stemming from its restricted sample size and reliance on highly aggregate spending data. Other contributions to the Palmer *et al.* volume – Meyer and Moon on health care, Jencks and Torrey on various aspects of physical and psychological well-being – expand the categories of analysis beyond the confines of social insurance spending. However, they, like O'Higgins' chapter, compare the situations of only the elderly and children, leaving out the middle ground of adulthood, where contemporary welfare states have had such widely varying success in adjusting to changes in employment and family patterns.

Castles and Ferrera's 1996 article 'Home Ownership and the Welfare State: Is Southern Europe Different?' innovates not just by elaborating the idea of a potential trade-off between housing and pension policy (an idea introduced in more general terms by Kemeny, 1980; 1981), but perhaps more importantly by focusing on the age-distributive effects of the housing/pension policy complex. Based on these two policy areas, they argue that Southern European welfare states have a particularly strong elderly bias. Castles and Ferrera are hampered in the conclusions they can draw, however, by the small number of cases and the limited set of policies that they discuss. They also resort to a single measure of housing policy, aggregate home ownership rates, which presents problems as discussed below in the section on housing policy.

'Generational accounting' is a major emerging strain of research on aging and social policy at the macro level in the 1990s. Generational accounting models evaluate current tax structures and benefit patterns to calculate the lifetime tax-benefit position of specific age-cohorts in a given country. Applying a standard discount rate (usually 5 per cent per year), the generational accounting model sums the total remaining lifetime taxes versus total remaining lifetime benefits in order to arrive at a figure known as a generational account for a person of a given age. For a person around retirement age, the generational account will generally be low or negative, since recent retirees have paid most of the taxes they will pay in their lifetime, and are about to receive a large infusion of benefits in the form of a pension. Following the same logic, a person at age 30 will tend to have a much higher generational account: a lifetime of income taxes lies ahead, while the education benefit has already passed, and the pension benefit is far in the future. Calculating the generational account

for a person born today will indicate the overall lifetime tax-benefit position of a newborn, assuming no change in tax or benefit structures.

Preliminary generational accounting calculations for seventeen of the OECD countries considered in this article are presented in Kotlikoff and Liebfritz (1998). These figures provide a useful comparative baseline for assessing the impact of present tax and transfer programmes on different cohorts, but their highly aggregate nature makes interpretation difficult. The combination in one measure of all tax and benefit programmes, not just those relevant to social protection, makes it hard to individuate the effects of welfare policy *per se*. Furthermore, the use of discount rates means that accounts for any given age group are highly sensitive to the value of the most proximate tax or benefit programme.

A further, serious, limitation of the generational accounting technique is that accounts for all age groups assume constant tax and transfer policies. In effect, this means that for the generational accounts to reflect real aggregate gains (or losses) for a given age group compared to any other, policies would have to remain unchanged from the date of birth of the oldest cohort, until the date of death of the youngest. While generational accounts are useful for comparing the lifetime tax-benefit position of newborns across countries *were policies to remain unchanged*, they are of little utility (as Kotlikoff and Liebfritz (1998) are careful to point out) in comparing the lifetime accounts of generations that have actually lived through, or expect to live through, a great deal of policy change.

It is important to note that the Palmer *et al*. (1988) volume and Castles and Ferrera's piece (1996), like this contribution, refer to the age-orientation of welfare states, while Kotlikoff and Liebfritz's (1998) work is concerned with the question of generations. These concepts are related, but distinct. Public policies may be neutral with respect to generations – i.e., they do not effect significant transfers between groups of citizens born at different points in time – but at the same time highly age-biased. A purely contributory pension system, into which people make payments when they are young, and out of which they draw benefits when they are old, would fall into this category. Conversely, one could imagine an age-neutral policy that effects large intergenerational transfers – for example, deficit spending resulting from a tax cut that is carefully designed to effect levies on wage income and pension income in equal measure.

In policy-making circles, generational accounting techniques and claims about intergenerational justice have come to dominate on those occasions when the age-orientation of social policy regimes is under discussion. But social policies are not static, and the distribution of resources between different age groups, not between different generations, is often

at the heart of political conflict over the welfare state. For these reasons, I suggest that the next step in analysis of the age-orientation of welfare states should be in the direction of clarifying the typical distribution of resources across age groups, not generations.

This article proposes a more comprehensive set of measures of the age-orientation of social policies than those put forth by either Palmer *et al.* (1988) or Castles and Ferrera (1996). My measures include a wider spectrum of policy areas and country cases, and cover a longer time period. The sample includes twenty-one OECD countries: the EU fifteen plus Norway, the US, Canada, Japan, Australia and New Zealand. The time period under study stretches from 1980 until 1993, the dates for which comprehensive, comparative programme-specific expenditure data are available.

MEASURING AGE-ORIENTATION

In order to rank countries on the basis of how they distribute resources to different age groups, one must specify what the relevant age groups are, what resources are being distributed, and what are the policy mechanisms by which they are distributed. There are of course many areas of public policy other than direct welfare policies that affect the distribution of public resources to different age groups. For example, zoning regulations, state activity in credit markets, or labour market policies regulating the employment of youth and/or older job candidates, could all have important affects. So in order to get a complete picture of how states distribute resources across age groups, one would need to look at the wide variety of arenas where states might act to channel resources to different age groups.

Collecting detailed information on all areas of government activity that affect the allocation of public resources to different age groups would be a Herculean task. This article focuses, more modestly, on the distribution of benefits to different age groups through three key areas of public policy: (1) direct social expenditures including social insurance, education and health care; (2) tax expenditures on welfare-substituting goods; and (3) housing policy. I consider only public resources and those private resources that are spent in a publicly mandated manner (e.g., some occupational pension schemes), as reported in the OECD's Social Expenditures Database (1996a).

There are a number of reasonable ways to divide society into age groups for the purpose of measuring the age-orientation of public policy. Why choose the rather ungainly age categories 'elderly' and 'non-elderly'? I choose this conception of age groups in part because current

public debates often posit an implicit or explicit *trade-off* between continuing to support the elderly at a high level, and devoting resources to other kinds of needs in the non-elderly population. The definition of the relevant age groups is compelled as well by the considerable overlap between the well-being of children and non-elderly adults, and the scant similarity between the well-being of seniors and of their children's and grandchildren's age groups. In the sixteen countries for which Cantillon (1998) provides figures, post-tax, post-transfer poverty rates among seniors are not highly correlated with the same measure for either children ($r = 0.64$) or non-elderly adults ($r = 0.61$). However, post-tax, post-transfer poverty rates for children and non-elderly adults are quite highly correlated ($r = 0.89$), and the relationship is of course even stronger when poverty among the non-elderly is concentrated among families with large numbers of children. These figures suggest that working-age adults and children experience similar risks of poverty, and are receiving similar protection from the welfare state, while the elderly are in a category all their own. Finally, this definition of age groups responds to the practical demands of working with social expenditure data. While in most countries most social insurance transfers for the elderly are given directly to the elderly person and not to his or her adult children, transfers 'for' children (e.g., child allowances, day care subsidies, funds for school fees or books) are always given to the parents, and are considered part of the parent's income, not the child's.

I have specified the age categories, policy areas and types of resources to be included in my measure. But are aggregate spending measures likely to yield valid estimates of the age-orientation of social policy? Resource pooling within multigenerational families may indeed offset some of the effects of the age-orientation of social programmes on welfare outcomes for different age groups. But aggregate spending data, when considered for a variety of policy types, give a reasonably good view into the *priorities* of state social spending.

That this view is not a perfect reflection of reality is clear, however. Saraceno (1994), for example, argues that many social programmes have effects, and reflect priorities, other than those most obviously indicated by the statutes themselves. As a case in point, she interprets extremely generous early retirement provisions for public sector workers in Italy as a disguised family-favouring policy, rather than as an outright giveaway to older people, in a context where direct subsidies to working mothers would have been unacceptable to politically powerful religious forces. Saraceno's work serves as a reminder that policies may have more than one 'meaning', in the sense that they reflect hidden priorities of policy-

makers, and may benefit (or harm) more than one specified target group. So it is risky to draw conclusions about who social programmes are really intended to help based solely on aggregate spending data, without going deeper in to the political struggles behind their implementation. This article works with aggregate spending data to sketch a preliminary picture of overall spending priorities. Filling in the details of this portrait is a task for further research.

Step 1: ENSR, a basic measure of age-orientation in direct social spending
A basic, first measure of age-orientation is the ENSR, or Elderly/Non-elderly Spending Ratio. This measure provides a summary comparison of public social insurance expenditures on the elderly (aged 65+ or in formal retirement), to expenditures on the non-elderly (age 0-64 or not in formal retirement), adjusted for the ratio of over-65s to under-65s in the population of each country. Table 1 shows a basic Elderly/Non-elderly Spending Ratio (ENSR) value for the twenty-one countries in this sample for the years 1980, 1985 and 1993, as well as the rank order of countries based on this measure for each year. I define as 'non-elderly' expenditures in the OECD programme categories family services, family cash benefits, active labour market policy, occupational injury, and sickness insurance. The 'elderly' categories are old-age pensions, survivors' pensions, services for the elderly and disabled, and early retirement pensions.[2]

Excluded from this measure are disability pensions, housing and 'other' (mainly social assistance) expenditures, due to the difficulty of determining the age of recipients. Also excluded, for the moment, is health care, because within this category, as we shall see, expenditures on different age categories vary widely across countries. A third excluded benefit category is public expenditure on education, which is of course the main expenditure on children and young adults in most OECD countries. I can introduce an education component once I control for the size of the school-age population, as I do in the next part of the article. Finally, I exclude unemployment benefits, again temporarily, due to their cyclical nature and in order to control for the size of the beneficiary population.

Figure 1 reveals some movement over time in the ENSRs of individual countries and in their rankings relative to the other countries in the sample. This movement is especially dramatic for Australia, as I discuss below. However, since the main purpose here is to generate a summary measure of the age-orientations of mature welfare states, I simplify by working with an average of the levels and rankings by ENSR for the years 1980, 1985 and 1993 (Table 2). Data aggregated across time of course obscure

TABLE 1. *Per capita elderly/non-elderly spending ratios (basic), 1980, 1985 and 1993*

	1980		1985		1993	
	ENSR	Rank	ENSR	Rank	ENSR	Rank
Greece	39.84	2	83.12	1	99.72	1
Japan	47.26	1	60.44	2	49.46	2
US	36.78	3	42.92	3	37.44	3
Italy	33.12	4	35.00	4	34.84	4
Spain	27.40	6	33.32	5	24.08	5
Austria	15.61	9	21.22	6	21.40	6
Luxembourg	18.02	8	19.18	7	16.24	7
France	15.30	10	18.11	8	15.30	8
Canada	20.10	7	17.60	10	15.09	9
Portugal	11.50	15	16.76	11	14.72	10
Germany	13.21	12	16.68	12	13.17	11
UK	12.38	13	12.32	15	13.05	12
Belgium	8.41	19	11.85	16	11.98	13
Finland	15.03	11	14.54	13	11.03	14
Netherlands	9.46	18	10.83	18	10.66	15
Norway	11.74	14	12.39	14	10.45	16
Ireland	8.38	20	10.58	19	10.26	17
New Zealand	11.46	16	9.35	20	8.49	18
Denmark	10.29	17	10.93	17	8.04	19
Australia	32.17	5	17.90	9	7.68	20
Sweden	6.40	21	5.70	21	6.42	21

Source: Data from OECD (1996a)

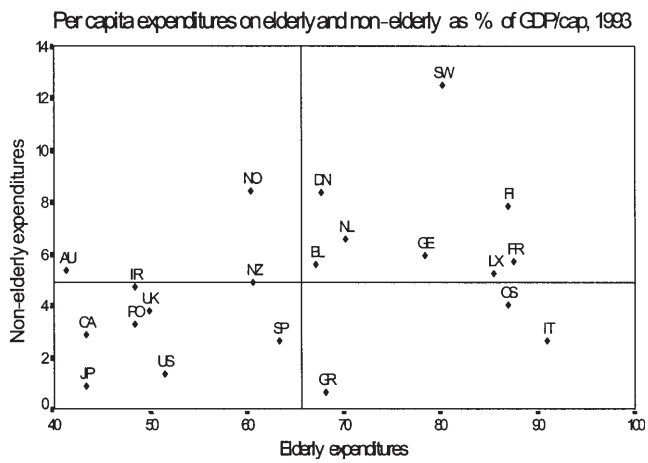

Figure 1. Per capita expenditures on elderly and non-elderly as a percentage of GDP per capita, 1985. AU, Australia; OS, Austria; BL, Belgium; CA, Canada; DN, Denmark; FI, Finland; FR, France; GE, Germany; GR, Greece; IR, Ireland; IT, Italy; JP, Japan; LX, Luxembourg; NL, Netherlands; NO, Norway; NZ, New Zealand; PO, Portugal; SP, Spain; SW, Sweden; UK, United Kingdom; US, United States

the dynamics of welfare state change during a period when many regimes were subject to reform and retrenchment. Further study of these dynamics will doubtless yield interesting results, but for the purposes of this article the average ENSR ranking is the most useful measure.

The average ENSR rankings reported in Table 2 generate the unexpected observation that the ENSR appears to crosscut other important typologies of welfare states. To make this more clear, Table 3 counterposes the two components of the ENSR: elderly expenditures per elderly capita and non-elderly expenditures per non-elderly capita as a percentage of GDP per capita. The four quadrants, delimited by the mean value on each axis, reveal a pattern of redistributive politics that cross over standard typologies. In Esping-Andersen's (1990) terms, 'Conservative-corporatist' continental welfare states are found in three of the four quadrants, 'Liberal' countries in two of the four, and even 'Social Democratic' Norway looks a little out of place. Southern European countries do not cluster neatly, either. In 1985 Italy and Greece look like classic 'pensioner states' (Esping-Andersen, 1997), but Portugal resembles Canada, the UK and Ireland more closely than it does its Southern European neighbours. Bismarckian systems show something of a tendency towards high elderly expenditures, but there is no consistent pattern of elderly bias among Bismarckian systems, since many of them spend as much if not more on non-elderly citizens as do their Beveridgean counterparts.

Step 2: Refining the measure – more direct expenditures

The most basic, preliminary measure, the per capita ratio of direct welfare spending on elderly versus non-elderly age groups, excluded a number of categories of expenditures, including unemployment benefits, education spending and health care. In this section I gradually incorporate these additional components into the basic measure. These new measures reveal that each country demonstrates an overall age-orientation that is consistent across policy areas; at the same time, they specify the areas in which individual countries may be more or less generous to different age groups.

Unemployment. Unemployment expenditures are often excluded from measures of overall social expenditure because aggregate spending on unemployment benefits depends heavily on the number of unemployed at a given time. Additionally, unemployment benefits may be targeted at quite different age groups across countries and across time. For example, Germany recently introduced an extension of unemployment benefits for workers transitioning into retirement, while at the same time reducing the period of eligibility for younger workers. But without a more detailed

TABLE 2. *Average of 1980, 1985 and 1993 figures for ENSR, ENSR rank, and social spending as a percentage of GDP*

	Avg. ENSR	Avg. rank	Avg. social spending as % of GDP		Avg. ENSR	Avg. rank	Avg. social spending as % of GDP
Greece	74.23	1	14.8	Portugal	14.33	12	13.3
Japan	52.39	2	11.9	Finland	13.53	13	25.9
US	39.05	3	13.7	UK	12.58	13	20.9
Italy	34.32	4	21.6	Norway	11.53	15	22.8
Spain	28.27	5	19.2	Belgium	10.75	16	27.0
Austria	19.41	7	24.1	Netherlands	10.32	17	29.3
Australia	19.25	11	14.0	New Zealand	9.77	18	20.1
Luxembourg	17.81	7	28.5	Denmark	9.75	18	28.4
Canada	17.59	9	16.5	Ireland	9.74	19	20.8
France	16.24	9	26.4	Sweden	6.17	21	33.4
Germany	14.35	12	26.3				
				Mean	21.02	11	21.9

TABLE 3. *Unemployment benefits per registered unemployed person as % of GDP per capita, average of 1980, 1985 and 1993 figures*

Greece	15.81	Spain	42.57
Portugal	16.05	New Zealand	42.72
United States	16.58	Norway	43.23
Italy[a]	21.83	Belgium	52.00
Japan	30.53	Germany	52.20
UK	31.39	Sweden	52.55
France	31.63	Ireland	55.12
Australia	33.09	Austria	57.28
Finland	33.10	Netherlands	84.13
Canada	35.55	Denmark	86.80
Luxembourg	39.31		

[a] Figure includes expenditures on Cassa di integrazione (short-term earnings replacement benefit)
Source: Data from OECD (1996a, 1998c)

survey of the beneficiaries of passive labour market policies, it is impossible to estimate what percentage of unemployment expenditures should be 'allocated' to elderly and non-elderly age groups.

Despite these problems in interpreting the age-orientation of passive labour market policies, data on unemployment benefits give a sense of how different countries treat unemployed workers. Alber (1981) documents important cross-national differences in the generosity of unemployment insurance. Less widely appreciated are the large differences in the extent to which different categories of unemployed persons are covered by national unemployment policies. I standardise the aggregate unemployment expenditure figures by the number of registered unem-

ployed, not by the number of unemployment insurance beneficiaries, a technique that allows estimation of the *extension* as well as the *level* of unemployment benefits cross-nationally. Countries that have high numbers of uninsured unemployed people (e.g., first-time job seekers), or low unemployment benefits, will have low *per capita* unemployment spending, and vice versa.

Table 4 shows per capita unemployment benefits as a percentage of GDP per capita. Clearly, countries vary in their average generosity towards the unemployed, even accounting for supplementary benefit programmes that don't find their way into comparisons of the replacement rates of standard unemployment insurance benefits, as in Alber's (1981) study. As expected, the countries with the highest ENSR scores (i.e., the most elderly-oriented spending) also have among the lowest average unemployment benefits.

Adding an unemployment component to the basic age-orientation measure, as in Table 5, gives a sense of how passive labour market policies contribute to the overall age-orientation of social policy in different countries.[3] Differences between the high and low ends of the ENSR spectrum are still striking, and while there is some movement from the baseline ENSR positions, few countries actually switch between below-average and above-average ENSR based on the new measure. The most dramatic change is for Austria, which shows a highly pro-elderly social policy orientation in the basic ENSR, but begins to look much more youth-friendly once per capita unemployment benefits are included.[4] The Netherlands shows an interesting change with the addition of unemployment benefits, moving from a middle-of-the-pack position among the non-elderly biased countries, to being one of the preeminent youth-friendly countries in the sample.

Calculating passive labour market spending per unemployed person confirms that some countries are more generous towards the unemployed than others are. More importantly, it demonstrates that even if aggregate unemployment expenditure data may hide large internal differences in which age groups are getting the money, elderly-oriented countries still tend to stay elderly-oriented, and the youth-oriented ones tend to stay youth-oriented, when moving from a basic to an expanded definition of the ENSR.

Education. Another very significant element of direct expenditures in the social sector for most OECD countries is public spending on education. I excluded it from the initial ENSR measure both because of the need to adjust the aggregate spending levels for varying sizes of the school-age population in different countries, and also because it seemed useful to

TABLE 4. *Basic elderly/non-elderly spending ratio with per capita unemployment expenditures (average of 1980, 1985 and 1993 figures)*

Greece	4.54	Spain	1.45
Italy[a]	3.46	Germany	1.27
US	3.12	Belgium	1.24
Portugal	2.73	Australia	1.18
France	2.41	Sweden	1.09
Luxembourg	2.08	Canada	1.02
Finland	2.07	Norway	0.94
Japan	1.56	Ireland	0.89
New Zealand	1.53	Netherlands	0.79
UK	1.47	Denmark	0.74
Austria	1.46		

[a] Figure includes expenditures on Cassa di integrazione (short-term earnings replacement benefit)

TABLE 5. *Education spending per person aged 5–24 as % of GDP per capita (average of 1980, 1985 and 1993 figures)*

Spain	16.79	New Zealand	40.69
Greece	23.60	UK	40.84
Portugal	26.20	Austria	42.43
Japan	29.60	Belgium	42.55
Italy	33.20	Netherlands	45.77
Ireland	34.27	Norway	48.83
US	37.91	Denmark	49.40
Germany	37.91	Finland	52.45
Australia	38.25	Canada	54.53
France	39.00	Sweden	62.19

Source: Data from OECD (1990, 1998a)

begin with a preliminary measure that encompassed activity only within the social insurance sector. But education spending undoubtedly 'counts' as social spending, albeit of a different kind, and has a clear age profile, focused on the youngest members of the non-elderly age group.

Table 6 shows public expenditures on primary, secondary and tertiary education per school-aged person, as a percentage of GDP per capita. Unsurprisingly, as with the per capita unemployment figures, there is plenty of variation across OECD countries in the generosity of education spending per child. Also, and contrary to the dispersion of Southern European countries on the basic ENSR measure, these countries cluster together at the bottom end of the scale of per capita education spending. The US, on the other hand, makes up for some of the extreme elderly-orientation in the social insurance field by paying relatively generously for the education of its young citizens – though this spending is concen-

TABLE 6. *Basic elderly/non-elderly spending ratio with per capita education expenditures (average of 1980, 1985 and 1993 figures)*

Greece	2.53	US	1.37
Spain	2.42	Ireland	1.37
Italy	2.35	Netherlands	1.36
France	1.98	Finland	1.26
Austria	1.78	Denmark	1.20
Germany	1.66	UK	1.13
New Zealand	1.60	Australia	1.02
Japan	1.55	Sweden	0.92
Belgium	1.47	Norway	0.86
Portugal	1.44	Canada	0.68

trated at the tertiary level, reflecting a strong emphasis on research technology rather than on teachers and classrooms for primary and secondary school students.

Table 7 shows the results of incorporating per capita education spending figures into the basic ENSR. The first thing to notice is that the variation across countries on this revised spending ratio is reduced considerably from the basic ENSR; education spending is large enough to buffer the effects of other social spending even for the countries that spend least on their schools. Reflecting the rankings on the raw per capita education spending figures, Spain, Italy and Greece stand out as the most elderly-oriented countries in the OECD when education is included. Portugal, however, is still in the middle of the pack after including education, adding to the mounting evidence of Portugal's exceptionality within the Southern European group of welfare states. The two major shifts in ENSR rankings (aside from Spain) after including education spending are the US and the Netherlands, which practically switch places. As mentioned earlier, the US spends heavily enough on tertiary education to make up for a considerable meanness towards the non-elderly in social insurance, while the Netherlands begins to look less youth-oriented once its relatively low education spending is taken into account.

Perhaps even more than is the case for social insurance programmes, it is difficult to know whether public spending on school construction, teachers' salaries or high-end scientific equipment is really a good measure of how much education is being provided to a nation's children and young adults. This means one should exercise caution in interpreting these data. Still, the figures for per capita education spending highlight a general tendency, which is for countries that are elderly biased in the field of social insurance to spend relatively little on the non-elderly in the form of education, and vice versa.

TABLE 7. *Per capita health spending ratios*

Country (year)	Spending ratio (65+/0-64)	Source of health spending	Country (year)	Spending ratio (65+/0-64)	Source of health spending
US (1987)	8.9	public only	Netherlands (1994)	3.9	public and private
Japan (1993)	4.8	public only	New Zealand (1994)	3.9	public only
Ireland (1979)	4.5	public only	UK (1993)	3.9	public and private
Canada (1974)	4.5	public only	France (1991)	3.0	public and private
US (1987)	4.2	public and private	Sweden (1990)	2.8	public and private
Denmark (1983)	4.1	Public only	Germany (1994)	2.7	public only
Australia (1989)	4.0	Public and private	Italy (1983)	2.2	public only
Finland (1990)	4.0	Public and private	Portugal (1991)	1.7	public and private

Source: Data from OECD (1988 and 1998b); United States 1987 public only figure calculated from Waldo (1999)

Health. Health spending, like education spending, is a very large component of social spending in OECD countries, ranging from 16 per cent to 40 per cent of social spending, or around 4 per cent to 7 per cent of GDP in 1993. I excluded health spending from the initial measure of age-orientation because I expect that health spending per capita on the elderly and non-elderly varies in important ways across countries. While in some countries providing adequate standards of care to children and pregnant women is the most basic test of the health system (Ireland), elsewhere health benefits are either not publicly provided at all to non-poor, non-elderly citizens (US), or the access to benefits varies by age group (Italy). In still other countries where health care is universally available, health care rationing may lead to unequal emphases on treatment for elderly and non-elderly patients (UK).

What is an appropriate age-sensitive measure of public health spending? The OECD has collected from many of its member countries statistics on health care spending by age group, and these are the figures I use here. It bears emphasising, however, that these statistics are incomplete, widely disparate in terms of the years and populations covered, and in some cases include private as well as public health spending. In place of a better alternative, for those countries where the per capita spending ratio reported by the OECD includes both public and private health spending, I assume that per capita health spending ratios by age groups are the same in both the public and private health sectors. Because private health expenditures are a very small portion of the total in most countries, this assumption is in most cases unproblematic. In the US, where private health spending is important and serves a younger population than do the publicly provided Medicare and Medicaid programmes, both per capita spending ratios for public only and public and private health expenditures are shown. Table 8 presents the per capita health spending ratios as reported by the OECD, for the age groups 0-64 and 65+.

The first thing one might notice from the health expenditure ratios reported here is that while this measure continues to highlight the US and Japan as among the most elderly-biased countries, Italy appears dramatically more youth-oriented in its health spending than in other areas of the welfare system. France and Germany also seem to be more youth-oriented than one might have guessed based on the social insurance expenditure data. Furthermore, the Scandinavian countries give more emphasis than expected to older patients.

Given these departures from the initial measure, given the diversity of measurement techniques and sources used in deriving the health spending ratios, and given the problematic nature of health spending as a mea-

TABLE 8. *Social-fiscal measures as a percentage of GDP, selected countries, 1993*

Country	Total social-fiscal measures, % of GDP	Direct social expenditures, % of GDP	Direct taxes and social contributions paid on transfer income	Social-fiscal measures on old-age benefits, % of GDP
Denmark	0.08	30.51	3.91	0.08
Germany	0.86	28.66	2.57	0.08
Netherlands	0.76	30.64	5.86	0.68
Sweden	0.20	38.25	5.31	0.20
UK	3.03	23.41	0.19	2.68
US (national level only)	2.00	15.04	0.08	0.85

Source: Data from Adema, *et al.* (1997)

sure of health care 'emphasis' for different age groups (Meyer and Moon, 1988), how seriously should one take the per capita health spending ratio as a measure of the age-orientation of health policy? An initial support for the measure might be provided by the observation that the very low figures observed for Italy and Portugal correspond to a known property of Southern European Welfare States: universalist health systems counter the fragmentation and stratification characteristic of other areas of social provision in these systems (Ferrera, 1996; Gough, 1996).[5]

One need not rely solely on the per capita health spending ratio as a measure of age-orientation in health policy, though. I double-check it with a measure of changes in infant mortality rates over the period 1980 to 1993 (which encompasses the dates of most of the health spending ratios in Table 8 above).[6] If changes in infant mortality rates are inversely related to per capita health spending ratios, I can be more confident that the health spending ratio reflects real differences in the distribution of health resources to elderly and non-elderly populations. In fact, controlling for GDP per capita in 1980 (since national wealth is the single best predictor of initial levels of infant mortality), there is a strong statistical relationship between the health spending ratios and declines in infant mortality.[7] Countries that allocate a greater share of their health resources to the non-elderly show stronger improvements in a key measure of the health of children and their mothers, infant mortality.

This result lends credence to the claim that per capita health spending ratios are a good measure of the emphasis of different welfare states on health care for elderly and non-elderly populations. It further suggests that case studies of the development of health programmes may be useful in illuminating the causal processes behind the development of particular

age orientations in social policy regimes: health policies in Southern European countries may well be 'exceptions that prove the rule' when compared to other social insurance programmes.

The basic ENSR, ENSR with per capita unemployment expenditures, ENSR with per capita education expenditures, and per capita health spending ratios all present slightly different views of the variety of social policy orientations across OECD countries, through the lens of direct expenditures. In particular, those countries clustered at the middle of the spectrum on the basic ENSR measure seem to employ different combinations of policies in order to attain a generally age-balanced policy profile. However, with the possible exception of health care, these measures of different policy expenditure combinations generally point towards the same conclusions: Italy, Greece and Japan are heavily elderly-oriented countries, with Spain, the US and Austria not far behind in most respects. On the other hand, the Netherlands, the Scandinavian countries, and some of the Anglo-Saxon world (the UK, Ireland, Canada and New Zealand) provide a more balanced repertoire of direct social services and benefits to different age groups in the population.

Step 3: Refining the measure: taxes and the 'hidden welfare state'

Direct expenditures on welfare goods tell one story about the extent to which different age groups benefit from current social programmes. But social policy is made up of more than direct welfare expenditures. Tax systems build in both 'clawbacks' on welfare payments and additional tax expenditures on major programmes (the biggest tax expenditure on individuals in most countries is for housing, which is discussed in the next section). The distributive effects of specific tax policies are notoriously difficult to interpret, which is of course one reason why they play such a prominent role in social policy. Good household-level tax and transfer data would be the most efficient and likely the most accurate way of determining the comprehensive tax-benefit position of different kinds of families. However, even the most rigorously standardised comparative micro-data sets[8] contain limited (and not terribly reliable) information on taxes paid by households. Until better household-level data become available, aggregate tax expenditure data provide the best estimates available of the age-orientation of tax policies.

Very significant perils confront those analysts who would compare tax expenditure data across countries and across policy areas within a given country, for reasons summarised in Adema *et al.* (1997). The only truly comparable data on tax expenditures on social welfare programmes in OECD countries are from Adema *et al.*'s OECD study (1997), reported in

TABLE 9. *Tax expenditures on elderly and non-elderly, in billions of national currency*

Country (date)	Tax expenditures on: Old age	Unemployment, labour market	Education	Fam. allow., child care	ENSR for tax expenditures (provisional)
US (1995)	89,885	7,245	2,785	8,735	4.79
UK (1993-4)	18,120	3,500	550	1,450	3.29
Canada (1992)	17,390	4,471	954	2,945	2.08
Australia (1993-4)	46,423	1,530	21	182	26.79

Source: Data from OECD (1996b)

Table 9. Of the six countries included in this study, only the US and the UK have tax expenditures on social policy that are non-negligible compared to direct social expenditures. This is true even taking into account the effective reduction in direct expenditures due to direct taxation of social benefits, which can amount to around 3-6 per cent in Northern European countries. For example, even after tax clawbacks on income such as pensions, and unemployment insurance, Germany still spends roughly 26 per cent of GDP on direct spending for social programmes, as compared to less than 1 per cent on indirect spending (tax expenditures).

Happily, the countries where tax expenditures on social policy *are* significant compared to direct expenditures report quite comprehensively on tax expenditures. As a result, it is possible to confirm whether the social policy delivered through taxation mechanisms in these countries has the same general age-orientation as policy carried out through direct expenditures. Despite the risks inherent in comparing tax expenditure data across different policy areas and different countries, it is worth examining the tax expenditure figures for those countries where they may be expected to play a large part in social policy: the United States, United Kingdom, Canada and Australia. How much goes to the elderly in the form of tax expenditures on private pensions[9] or special health insurance programmes? How much do families and young people gain from tax exemptions on unemployment benefits, child care, or family allowances? Table 10 allows for some very tentative judgements along these lines.

The OECD source data on tax expenditures in the US, UK, Canada and Australia are an interesting complement to the direct-expenditure measures of the age-orientation of social policy in these Liberal welfare states.

TABLE 10. *Housing policy in selected countries, late 1980s–early 1990s*

	Policy focus	Aggregate home ownership rate	Elderly-youth difference in ownership rates		Policy focus	Aggregate home ownership rate	Elderly-youth difference in ownership rates
NL	Rent	33.7	3.6	Lux	Own	69.6	21.5
Den	Rent	59.9	5.5	Bel	Own	68.8	21.8
Swe	Rent	57.7	6.1	Fin	Own	75.2	23.5
Ger	Rent	42.8	15.6	Can	Own	68.0	27.4
Ost	Rent	49.7	16.3	Fra	Own	59.1	33.7
				Aus	Own	73.9	33.9
				US	Own	66.7	37.7
				Spa	Own	72.2	41.1
				Ita	Own	59.1	41.8

Source: Data from Balchin (1996), Dumon (1992), Luxembourg Income Study

Australia, which recently privatised its old-age pension system, saw a sharp drop in the elderly-orientation of its *direct* social expenditures, from a base ENSR of 32 in 1980, to 18 in 1985, to 8 in 1993. The data in Table 10, which reveal a very large imbalance in favour of the elderly in *indirect* social benefits, indicate that the overall balance between age groups may not have changed all that much in Australia since 1980. Rather, subsidisation of the elderly seems to be increasingly undertaken through the tax system, while support for the non-elderly continues to flow through direct expenditures. A time series in tax expenditures dating from before the pension reform would be invaluable in confirming or refuting this possibility.

If the relative youth-bias of the Australian system may be 'explained away' by the continued presence of policy aids for the elderly in the form of tax benefits, the opposite seems to be true of Britain. As shown in Table 10, Britain in 1993 reported tax expenditures on social policy on the order of 3 per cent of GDP, while its direct social expenditures were around 23 per cent of GDP. So the relatively youth-oriented social policy orientation indicated by the ENSR for direct expenditures in the UK is not cancelled out, as in Australia, by large tax expenditures which heavily favour the elderly. While it is true that subsidies for private pensions make up the lion's share of tax expenditures in Britain, the disparity between elderly-targeted and youth-targeted tax expenditures is not nearly so great as in Australia. In Britain there are significant tax expenditures on items of interest to the non-elderly, particularly in the area of labour market supports. A similar pattern may be observed in Canada, where, as indicated by O'Higgins (1985), the rather average social-policy emphasis

on young people in the sphere of direct expenditures is countered by generous tax policies in the area of labour market supports and family allowances.

Recent work on the US in the area of tax expenditures (Howard 1997; Longman 1987) tends to confirm O'Higgins' assertion that tax expenditures don't tell a significantly different story from direct expenditures. The introduction and expansion of the Earned Income Tax Credit has shifted the weight of tax policy in the US somewhat away from the extreme elderly bias observable in both direct expenditures and in the rest of the tax system. Still, the emphasis on the elderly in US tax policy is strong, particularly in the fields of housing and private pensions, and certainly does not counterbalance the extreme elderly-orientation of direct expenditures.

In sum, the best available information on tax expenditures for social policy points in the same direction as the information on direct expenditures. With the possible exception of Australia, which also had an ambiguous ranking based on the ENSR for direct expenditures, tax data confirm the relative age-orientation of different welfare states derived from measures of direct expenditures alone.

Step 4: Refining the measure: housing outcomes

The final refinement of the measure of age-orientation refers to the housing sector. As noted above, tax expenditures on housing and housing-related debt are, in most OECD countries, the largest tax expenditure on individuals. At the same time, direct public expenditures on housing are relatively meagre In fact, housing policy in OECD countries is carried out through a wide variety of policy instruments, ranging from local zoning regulations to intervention in credit markets to contractor and developer subsidies to land purchases to direct housing allowances to taxation of imputed rent. Since many of these policies work in opposite directions, it is difficult to develop a measure of the age orientation of housing policy based on regulation and statutes alone.

But housing policy is an important component of social welfare policy, both because of its direct effects on quality of life, and because of its implications for lifetime savings and attitudes towards other welfare programmes (Castles and Ferrera, 1996; Kemeny, 1980; Kemeny, 1981). Most comparative welfare state researchers abandon the search for a comparative measure of housing *policy*, instead using a single quantitative measure of housing policy *outcomes*: aggregate levels of home ownership. This measure is problematic, however, for two reasons. First, and most obviously, aggregate home ownership statistics obscure differences in

home ownership rates among different age groups in the population. Second, an emphasis on ownership rates alone ignores the extent to which home ownership is promoted as the most desired form of housing tenure.

Using housing tenure data from the Luxembourg Income Study, I evaluate how well governments live up to their stated housing goals, and how this varies across age groups in the population. I derive the country's housing policy goals from secondary literature (Balchin, 1996; Boleat, 1985) and from the responses of housing policy officials to a survey conducted by the EU on housing policy priorities (Dumon, 1992). For some countries, the housing policy priority is to promote home ownership among the widest possible swath of the population. For others, the priority is to guarantee a minimum of fairness in the rental sector, either through direct public provision of rental housing or through protection of renters' rights in private markets. Table 11 shows the policy focus (home ownership vs. rental), overall home ownership rate (including cooperative housing), and the difference in home ownership rates among elderly (over-55-year-old) and young (25- to 34-year old) adults, for those countries for which data were available.

What do these home ownership *outcomes* infer about housing *policy inputs*? I assume that home ownership rates among different age groups are determined by a range of housing policy inputs, including government regulation of credit markets and policies that increase the availability of low-cost homes for private ownership, increase the availability of low-interest and low-down-payment loans for first-time home-buyers, and encourage home ownership through fiscal instruments targeted at lower-income homeowners. These kinds of policies will increase levels of home ownership among young people, who tend to be asset-poor and income-poor relative to older people. These types of policies will thus tend to reduce the differences in relative levels of home ownership between the young and the old.

Table 12 reveals that countries with similar housing policy goals vary substantially in the degree to which the goals are achieved for different age groups. For example, among those countries where home ownership is not a stated priority, Austria and Germany stand out for the large differences in home ownership rates between younger and older populations. The Netherlands, Denmark and Sweden, on the other hand, as in other areas of social policy, show more balanced results for different age groups. Among countries where home ownership *is* an explicit goal of housing policy, the US, Spain and Italy clearly have achieved that goal to a much greater extent for their elderly citizens than for young people. And although I was not able to calculate home ownership rates by age

group for Japan, Boleat (1985) reports a similar age variation in tenure: overall 60 per cent of Japanese households own their homes, while this is true for only 17 per cent of households headed by persons under 29 and 46 per cent of 30- to 49-year-olds. Belgium, Finland, and Canada show differences in ownership rates that likely reflect these countries' efforts to encourage home ownership among young people. Again, home ownership patterns support the picture painted by the basic ENSR: The US, Austria, Japan, Italy and Spain tend to have among the most elderly-oriented housing policy regimes, while the Netherlands, Sweden and Denmark have among the most age-neutral housing policy. Once again, Australia fits uneasily into the overall scheme, and the data are lacking for the UK, Ireland and New Zealand that might help to confirm whether the age-orientation of housing policy, as in direct expenditures, is a dimension that cuts across the traditional 'Liberal' welfare state group.

CONCLUSIONS

This article has presented a variety of different measures of the age-orientation of social policy, based on direct expenditures, tax expenditures and housing policy. While each measure presents a slightly different picture, taken together they tend to reinforce one another. This triangulation of measures permits us to conclude with some confidence that countries do vary in the amount of emphasis they place on helping their elderly versus non-elderly populations through public social policies. Furthermore, the initial, basic ENSR measure appears as a rather good approximation of the overall age-orientation of social policy across countries.

O'Higgins (1988) identifies a generalised pattern in OECD countries of expansion of welfare benefits for families in the 1950s, with retrenchment in these areas and growth in the pension sector from the 1960s through the mid-1980s. His findings support Thomson's (1993) thesis that a 'selfish generation' of people who were adults in the post-World-War II period have captured welfare policy across the OECD, designing welfare states to meet the needs of this steadily aging cohort. However, the data presented here show a much greater variety in social policy orientation than is suggested by these two authors. While the elderly bias in some countries is indeed acute, in other countries younger age groups enjoy significant benefits – though whether this has occurred through the political action of age-based constituencies or as a result of other processes remains to be seen.

Future research in this area should focus on identifying the causal processes that generate the diversity of public policy orientations towards different age groups observed here. To what extent are differences in the

age-orientation of social policies the result of conscious policies designed to privilege certain age groups over others? How much do they reflect societal attitudes about the relative neediness or deservingness of different age groups? Or do they in fact spring from the interaction of pressure groups seeking to protect interests that are not defined by age at all? Future inquiry might also focus on how the age-orientation of social policies conditions possibilities for future welfare reform. How do the age-orientation of social policy, social norms about intergenerational justice, and the structure of political pressure groups interact to make age an issue or non-issue in distributive politics?

There are some indications that since 1993, the most elderly-oriented countries in the sample may be moving towards a more balanced age profile in their social policies (witness recent welfare reforms in Italy, or the expansion of the Earned Income Tax Credit in the US). However, movement in this direction has been uneven, and often countered by side-payments that ensure the cooperation of active senior lobbies. Such a social policy orientation towards the elderly is likely, in the absence of strong pressure to the contrary, to grow stronger with demographic, labour market, and societal changes. At the same time, the needs of younger age groups will not disappear: more younger people will need support during the times when they are not in the labour market, and adults caring for both children and aging parents will need more services dedicated to their needs, especially as more women enter the labour force. In this context, understanding how and why countries direct public resources towards different age groups in society is of critical importance for the future of welfare politics.

NOTES

1 See for example Daniels (1988), Johnson, Conrad and Thomson (1989) and Laslett and Fishkin (1992).

2 The number values for the ENSR represent, in a strict sense, a spending ratio, although because this basic measure is not a complete survey of expenditures in all areas, it is inadvisable to conclude from the ENSR that, for example, Greece in 1993 spent 100 as much per capita on the elderly as on the non-elderly.

3 The new measures presented in this section on unemployment benefits, and the following section on education benefits, combine fractions in which the *numerator* is the amount of spending on a particular type of benefits, and the *denominator* is the number of people who are exposed to the 'risk' that the benefit applies to. For example, for the ENSR plus unemployment measure the formula is: (Old-age benefits spending/number of people age 65+)/[(spending on non-elderly benefits/number of people under age 65) + (spending on unemployment/number of registered unemployed)].

4 August Österle (personal communication) suggests that low rates of long-term unemployment in Austria may be responsible for this anomaly. In countries with high long-term unemployment, the average per person benefit will appear lower, since many unemployed are eligible only for unemployment assistance benefits, which tend to be lower than unemployment insurance benefits.

5 On the other hand, recent changes to the Italian health system exempt elderly people, regardless of income, from many co-payments. This suggests that even within an exceptionally age-neutral health subsystem there may be pressures towards conformity with the overall elderly bias of social provision in Italy.

6 Infant mortality rates are a compelling measure of well-being among the non-elderly because, like perinatal mortality rates, they are highly sensitive to levels of prenatal care and health status of pregnant women, and tend to follow trends in wealth of the parents' family (Meyer and Moon, 1988). Infant mortality rates are preferable to perinatal mortality rates for my purposes, though, because the perinatal death figures are highly sensitive to deaths from abortion and environmental hazards, both of which are related to areas of legislation and social norms that fall outside of the concern of this article.

7 INFMOCHG = –9.47 – 9.14 GDPCAP80–1.9 HEALTHRAT
standard errors (3.40) (–.52)
GDP per capita is used here as an instrument for the level of infant mortality in 1980 in order to avoid a multicollinearity problem.

8 E.g., Luxembourg Income Study and European Community Household Panel.

9 Classifying tax expenditures on private pensions as an 'elderly' expenditure is admittedly somewhat arbitrary, since the age of the average beneficiary will depend on whether the tax relief is granted at the time of the payment into the pension plan, or at the time of liquidation of the pension. Since many countries do both, it is very difficult to judge which is the most reasonable assumption.

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