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No Exit: Social reproduction in an era of rising income inequality

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Abstract
What explains the unexpected, uneven, but unquestionably pervasive trend towards re-familialization in the rich OECD countries? The usual arguments about political responses to rising income inequality, unstable families, and unstable employment predicted that the state would increasingly shelter people against risk, producing greater individuation and de- rather than re-familialization. By contrast, we argue three things. First, re-familialization has replaced de-familialization. Second, unequal access to housing drives a large part of re-familialization. Rather than becoming more 'anglo-nordic,' countries are becoming more 'southern european' in the way that younger cohorts access housing. Third, this inequality driven insecurity and unequal access is felt differently not only between generational cohorts but also within cohorts.

Keywords: Inequality, housing, welfare state, social reproduction, generational conflict

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No Exit: Social reproduction in an era of rising income inequality

"Qué pasa? Qué pasa? Que aùn no tenemos casa!"
Chant by youth at political rallies in Spain, 2007-2015

"The rent is too damn high!"
Jimmy McMillan, November 2010

What explains the unexpected, uneven, but unquestionably pervasive trend towards re-familialization in the rich OECD countries? The usual arguments about political responses to rising income inequality, unstable families, and unstable employment predicted that the state would increasingly shelter people against risk, producing greater individuation and de- rather than re-familialization. By contrast, we argue three things. First, the secular trend in the rich OECD countries over the past three decades has largely been towards re-familialization rather than de-familialization. Second, state tax and housing policies that have encouraged the use of home equity as a pension and welfare substitute have combined with income inequality to create unequal access to housing. This drives a large part of re-familialization. Rather than becoming more 'anglo-nordic,' countries are becoming more 'southern european' in the way that younger cohorts access housing. Third, this inequality driven insecurity and unequal access is felt differently not only between generational cohorts but also within cohorts.

Put simply, in the millennial cohort, exit from the parental home increasingly requires supplementing own wages with parental resources. In the near-retirement cohort, fragile pensions induce some households who anticipate an exit from work to acquire rental housing, locking some millennials out of ownership. This co-constitutes some millennials as renters and some pensioners as landlords. But this is only one of several possible outcomes, because co-constitutive processes also operate ***inside*** each cohort. Millennials who successfully acquire property bid up housing prices, locking other millennials out of ownership. Pensioners pursuing strategies of individual self-insurance both bid up housing prices by acquiring rental properties and weaken the political constituency defending secure pensions. Despite this heterogeneity within and across cohorts, rising income inequality is driving the general trend towards re-familialization, that is, a pooling of risk abatement inside the family. In this paper, we generate some preliminary data documenting both this overarching trend and its internal heterogeneity, and provide a conceptual framework explaining each.

This analysis has theoretical and policy implications. We address and correct two different literatures. The first literature incorrectly predicts continued de-familialization. The second literature only sees generational conflict in terms of 'Generation Rent' and 'Generation Landlord,' while reality is both more complex and not simply one of inter-generational conflict. Our findings also inform policy responses to three substantive inequalities that represent major life stages at the personal, human level: inequality of access to homeownership, inequality of access to secure pensions, and inequality in the timing of family formation and composition of family structure.

Analysts ranging from feminist to non-feminist expected and advocated a Polanyian countermovement against the fragmentation of stable families and stable employment that would take the form of greater state spending in support of social reproduction.[1] Instead, state policy shifted away from the socialization of risk and encouragement of mass homeownership and towards the privatization

[1] See Chiara Saraceno, "Family Change, Family Policies and the Restructuring of Welfare," pp. 81-100 in *Family, Market and Community* (Paris: OECD, 1997) and Julia S. O'Connor, Ann Shola Orloff, Sheila Shaver, *States, Markets, Families: Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States* (Cambridge: Cambridge University Press, 1999) for the former and Wolfgang Streeck, "Flexible Employment, Flexible Families, and the Socialization of Reproduction," working paper WP-09-13 (Cologne: Max Planck Institute for Social Science, 2009) for the latter.

and individuation of risk. People reacted to employment and welfare policies de-socializing risk by re-pooling risk-abatement inside family units. Put simply, the recent squeeze on the state and market parts of the welfare balloon has caused the family side to bulge outwards. Much of the action here occurred through the housing market.

Houses are boxes. But housing systems – who gets mortgages, how, and what kind; who builds housing, where, and what kind; who owns housing; the degree to which housing access is commodified – are deeply political.[2] On the one hand, housing systems are a dependent variable reflecting struggles over access to wealth formation, preservation of racial or social privilege, and state efforts to create or maintain social order. On the other hand, much research focuses on how housing wealth and patterns of occupation shape preferences over redistribution and the welfare state, or over gender and family relations.[3]

Here, instead, we ask how rising income and wealth inequality drives the shift from de- to re-familialization as younger cohorts seek to exit the parental household and aging parents seek to exit work into retirement. The general trend towards re-familialization contains several important components. Younger cohorts' access to housing is mediated by their own earnings and the level of parental support they receive. Four decades of rising income inequality have widened dispersion in both sets of resources. Rising income inequality has also limited older cohorts' ability to save for retirement. Increasingly unstable and inadequate access to stable pensions drives some members of older cohorts to supplement pensions by using housing as an additional financial resource. Differing access to resources produces heterogeneity inside each cohort. And differing sub-cohort trajectories create co-constitutive dynamics that manifest themselves in re-familialization. For example, at the household level, re-familialization can occur at both ends of the age distribution, as income-constrained children remain in or return to the parental home, and as aging and income constrained parents either move in with children or rely on children's income. This income pooling sustains a given standard of living for both groups.

Three notes of caution here: Re-familialization is occurring in a context of an increasing share of single person households. But these households are increasingly also financially dependent on parental and, to a lesser extent, adult children's resources. We broaden the concept of re-familialization to encompass not just physical co-location but also a level of financial dependence that is considerably higher than before 1980. That said, multi-generational, physical co-location is also rising across the OECD. We aim to provide a more fine-grained analysis of these processes.

Second, much of the literature on de-familialization addresses the question of whether women can form households independent of a male partner or father in the context of a given welfare regime.[4] Single person households cannot split the cost of housing over multiple earners, so house prices, wages, and parental resources matter even more for women's ability to remain independent from a male partner. Notwithstanding, young women exit earlier and more often than men everywhere these days, possibly reflecting the erosion of traditional well-paying low- to medium-skill jobs in manufacturing and construction for men. In other words, the use of the term de-familialization in referencing women's role in the second nuclear family is compatible with our use of the term re-familialization in referencing a return to reliance on the original nuclear family. However, we focus on the broader dynamic within the

[2] Manuel Aalbers and Brett Christophers, "Centring housing in political economy," *Housing, Theory and Society* 31, no. 4 (2014): 373-394; Richard Rothstein, *The Color of Law: The Forgotten History of How Our Government Segregated America* (New York, NY: WW Norton & Company, 2017).

[3] Ben Ansell, "The Political Economy of Ownership: Housing Markets and the Welfare State," *American Political Science Review* 108, no. 2 (2014): 383-402; Dolores Hayden, *Redesigning the American Dream: The Future of Housing, Work, and Family Life* (New York, NY: WW Norton & Company, 2002).

[4] see e.g. O'Connor, Orloff, and Shaver, *States, Markets, Families*.

entire younger cohort, because we seek to disaggregate within-cohort outcomes. Equally so, we focus on the relatively understudied housing part of the welfare regime.

Third, immigration status, racial bias, and culture all matter for the ability and desire to exit the parental household. But these factors are either causally insufficient or have contradictory effects. Below we show that the proportion of millennials remaining in the parental household rose everywhere. Culture might explain differences in the proportion *across* countries, but not the general *increase* in this proportion. Similarly, while recent immigrants and racial minorities disproportionately populate the least secure groups in all countries, the increased share of immigrants in the population is smaller than the increase in the struggling millennial population. Indeed, the gap between immigrants and minorities versus natives actually shrank in several key areas like income, homeownership rates and political participation over the last forty years. Finally, state policy in many places explicitly, if not always successfully, aimed at getting more racial minorities and recent immigrants into housing, as with Clinton- and Bush-era housing policies.

Below, section one discusses the counter-intuitive emergence of re-familialization. Section two discusses how income inequality interacted with housing finance systems to produce intra-cohort heterogeneity. Sections three and four produce analytic typologies for understanding this intra-cohort heterogeneity and differences in re-familialization respectively for the younger and older cohorts. Section five discusses the feedback loops and co-constitutive processes generating heterogeneity. Section six concludes with a discussion of the major human and policy implications of re-familialization. Re-familialization is clearly a Polanyian response to the increasing pressure of market generated risks that are no longer buffered by the modern welfare state. This private response is paralleled by an electoral response that has taken the form of a realignment of voting patterns as well as voters opting to support anti-system and anti-establishment parties and policy proposals, such as Brexit. We speculate that younger cohorts' shrinking ability to successfully launch has motivated at least some parents, and particularly those who themselves anticipate exiting into a more straitened retirement, to vote against the status quo.

1: De-familialization or re-familialization?

Has rising income inequality reversed the trend towards de-familialization? Two decades ago, feminist scholarship argued that the welfare state could not be understood in isolation from the market or from the family, asking how the welfare state shaped women's ability to form independent households.[5] This paralleled other analyses showing how states shaped markets in ways that promoted or diminished life and economic risks.[6] These analyses dismissed narrow understandings of the welfare state that looked only at tax-financed, state organized transfers and services. Instead they focused on how political struggles and state policy produced broad social systems distributing the task of ameliorating life and market risks across state, market, and family. Although more recent analyses do incorporate markets and families in their understanding of the provision of risk reduction, nearly all analyses retain the original framework put forward by Gösta Esping-Andersen.[7] This framework had a strong implicit normative bias idealizing the apparently decommodifying and low-stratification nordic-style welfare states.

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[5] O'Connor, Orloff, and Shaver, *States, Markets, Families*.

[6] Christopher Howard, *The Hidden Welfare State: Tax Expenditures and Social Policy in the United States*. (Princeton, NJ: Princeton University Press, 1999).

[7] John Myles and Jill Quadagno, "Political Theories of the Welfare State," *Social Service Review* 76, no. 1 (2002): 34-57. Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press 1990). Gøsta Esping-Andersen, with Duncan Gallie, Anton Hemerijck, and John Myles, *Why We Need a New Welfare State* (New York, NY: Oxford University Press 2002).

Part of this implicit bias is an almost teleological assumption that capitalist markets and states drive two interrelated processes of de-familialization. The first, market-led process is the continuous erosion of families and other large-scale social structures. In traditional communities, risks are pooled inside families and small religious or geographically based communities.[8] Social ties and social coercion mitigate but do not eliminate the collective action problem in these traditional societies. But money and markets liberate people from traditional social structures and practices. While this freedom in turn produces new identities around consumption or life-style patterns, those identities, communities, and groups are inherently less solidaristic than traditional ones. Capitalist markets also produce an ever-finer division of labor, which also breaks down communities based on producer, rather than consumption or life-style identities. Almost by definition, these newly liberated individuals find it difficult to manage risk on their own, in so far as the entire principle of insurance is based on the idea of pooled risk.

The second, state-led process emerges from efforts to recreate a broader risk pool. If modernity erodes families, religious affiliation, and geographical fixity, and if capitalism breaks up tight-knit producer communities, then only political authority can compel or organize participation from individuals who might otherwise free ride or prove unable to overcome the start-up costs for a broader insurance pool. Thus, as traditional family structures dissolved into divorce, blended families, and single parent (which almost always meant: single mother) households, the pressure for more state intervention surely would direct more and more states into an 'anglo-nordic' format: highly individualized households relying on extensive state support to reproduce themselves and cope with various risks. Chiara Saraceno and Wolfgang Streeck, among others, predicted that these new, expanded risks arising from de-familialization would induce states to expand welfare provision to cushion individuals, producing a 'northern' rather than 'southern' European family structure.[9] The welfare state literature thus contained an implicit teleological orientation imagining an ineluctable shift in the direction of state-driven, rather than market-driven, individuation, de-familialization and 'northernization' in pursuit of social protection.

But increased income equality, economic insecurity, and in particular declining access to housing did not produce successful demands for additional state-organized social welfare. Instead, inequality driven insecurity has produced increased reliance on the family. Put simply, rather than the south and east becoming more like the north, northern European (and North American) countries are now becoming more southern in terms of re-familialization and housing patterns. Rather than moving towards the greater market orientation and mortgage depth that used to characterize the anglo-nordic systems, housing tenure and finance is moving towards a more 'southern' system. There, families acquire housing to protect their children's future access to housing and other life-chances, and younger cohorts dwell longer in the parental household.[10]

Spain provides a significant example of these processes. Financial market liberalization and regulatory changes in the 1990s and 2000s opened the door to an American-style housing boom consistent with increased de-familialization. But the 2010 bust forced young people back into their parents' houses. The share of 18 to 34 year olds living with parents increased by 5 percentage points in France, 6.5 in Germany, 11 in Britain, 14.5 in Spain, and an astounding 20 percentage points in

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[8] Harold L. Wilensky and Charles N. Lebeaux, *Industrial Society and Social Welfare* (New York, NY: Free Press, 1966); Abram de Swaan, *In Care of the State: Health Care, Education, and Welfare in Europe and the USA in the Modern Era* (Oxford: Oxford University Press, 1988).

[9] Chiara Saraceno, "Family Change, Family Policies and the Restructuring of Welfare"; Wolfgang Streeck, "Flexible Employment, Flexible Families, and the Socialization of Reproduction"; Esping-Andersen et al., *Why We Need a New Welfare State*.

[10] Judith Allen, James Barlow, Jesús Leal, Thomas Maloutas, and Liliana Padovani, *Housing and Welfare in Southern Europe* (New York: Oxford University, 2004).

economically troubled Italy from 2007 to 2011. By 2011, 48 percent of EU28 18 to 34 year olds lived with their parents, versus 30.5 percent in the somewhat smaller EU25 in 2003.[11] Precisely this phenomenon, and more generally reduced economic prospects, generated the 'Aún no tenemos casa' chants at Spanish political rallies over the last near decade. Similarly, after 2007, the share of American 18 to 34 year olds living with their parents rose by four percentage points to an all-time high of 36 percent.[12] Three main indicators of youth well-being – failure to launch, income, and the NEET (Not in Education, Employment or Training) rate for the current 25 to 34-year old cohort – are all worse relative to the equivalent cohort three decades ago.[13] What explains this sharp reversal of de-familialization at its most basic level, namely, reversal of the former trend towards nuclear families as young people exited the parental household?

Much of the action here involves housing. The availability and affordability of housing is probably the single most important factor in household formation. Put simply, rising housing and rent costs combined with a split-level labor market (one face of rising income inequality) to hinder millennials' entry into independent living. After peaking at 50 percent in 2004, the ownership rate for US 25 to 34 year olds fell to 39 percent by 2016. Rental costs have also risen by 5 percentage points of income for US 25 to 34 year olds, and by 8 percentage points of income for 18 to 24 year olds, even as disposable income has fallen by about 10 percent.[14] The same trends in Britain and Australia put the phrase 'Generation Rent' into common parlance since at least 2004.[15] Rising income inequality and financial deregulation combined to produce rapidly rising housing prices in most rich countries in the 2000s. Despite differences in the specific mechanism, the general dynamic arose from a higher marginal propensity to save on the part of higher income groups. How did this affect access to housing and stable pensions for different cohorts?

The usual arguments pose this as an intergenerational conflict between younger and older cohorts over pension funding.[16] But this generational frame conceals heterogeneity in life chances within both the older and younger cohorts. Heterogeneity in access to parental and own resources produces heterogeneity in the ability to exit within the millennial cohort. Rising income inequality will only increase this heterogeneity. We can categorize eight ideal types within this cohort based on three variables: job quality in terms of wage level and stability; the quality and quantity of parental support they received in attaining that housing; and whether or not they have obtained housing outside the parental home. The first issue is whether young couples have enough income to launch themselves, or whether they boomerang back to the parental home. The second issue is whether parents are able to help capitalize younger cohorts or whether that cohort has to pool resources with parents to sustain the larger family's standard of living. The third issue is simply the outcome with respect to moving out: do younger cohorts form independent households? Section three characterizes each group.

The near-retirement cohort looks homogeneous because in the aggregate it holds considerable home equity and bears relatively low levels of debt. But varying levels of mortgage liability and real estate assets produce heterogeneity in the near-retirement cohort as well. Here too, income inequality

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[11] Robert Anderson and Hans Dubois, "3rd European Quality of Life Survey: Quality of Life in Europe: Impacts of the Crisis," (Luxembourg: Publications Office of the European Union, 2012).

[12] Pew Research Center, "A Rising Share of Young Adults Live in Their Parents' Home," (August 2013); online at: http://www.pewsocialtrends.org/files/2013/07/SDT-millennials-living-with-parents-07-2013.pdf

[13] Louis Chauvel and Martin Schröder, "Generational Inequalities and Welfare Regimes," *Social Forces* 92, no. 4 (2014): 1259-1283.

[14] Demos, "The State of Young America: Economic Barriers to the American Dream," (November 2011); online at: http://www.demos.org/sites/default/files/publications/SOYA_TheDatabook_2.pdf

[15] A Lexis-Nexis Academic search done on 30 June 2017 on newspaper entries for the phrase "generation rent" turns up nearly 1000 entries that begin in 2004 and accelerate from 2011 forward.

[16] Laurence Kotlikoff and Scott Burns, *The Coming Generational Storm* (Cambridge, MA: MIT Press, 2005).

segments this cohort's ability to acquire investment property and thus secure a more robust retirement income. As with the millennial cohort, aggregation conceals four different ideal types that reflect the degree to which housing can serve as an income stream or simply as imputed rent, or neither for a given household. Two factors define these four types. The first factor is the scale of mortgage debt as a household ages into retirement. The second factor is the market value of their house. These define the ability to use home equity or other real estate assets as a substitute for increasingly fragile pensions. Section four lays out these types.

The differing sub-cohort trajectories create feedback loops at the level of the household and the market, as well as one co-constitutive relationship at the level of the market. Both sets of relationships manifest themselves in re-familialization. At the household level, re-familialization can occur at both ends of the age distribution, as income constrained children remain in or return to the parental home, and as aging and income constrained parents either cohabit with children or rely on children's income. This income pooling sustains a given standard of living for both groups. At the market level, older cohorts' strategies around housing also create feedback loops. Older households, who can only enjoy imputed rent from their house, lock up larger housing units that younger cohorts might desire for family formation. Younger cohorts living at home lower demand for housing and provide fewer chances for older cohorts to cash out their home equity. Both behaviors remove liquidity from the housing market. When parts of older cohorts become landlords by buying extra houses to supplement their pensions, they necessarily constitute a parallel group of younger renters. Finally, housing wealth that traditionally was handed down as an inheritance is now being used by families at the upper end of the income distribution to help launch their children. This accelerates the reproduction of inequality as children in better resourced families receive housing wealth earlier in life.

2: Causal Drivers: Inequality and housing finance

Rising income inequality has reversed the trend towards the state supported de-familialization that characterized the post-war era and that the literature projected into the future. Income inequality on its own is a necessary but not sufficient condition for explaining the increasing heterogeneity and re-familialization in the millennial and near-retirement cohorts. Parallel changes in housing finance also drive re-familialization. Housing finance systems have translated and amplified the effects of rising income inequality in ways that fragmented both groups. Put too simply, from the 1950s through 1970s housing finance for owner-occupation and rental construction tended to deliver a standard loan at a subsidized interest rate to the ethno-national core of the adult population.[17] This homogenized housing units, redefined the social understanding of a family unit towards nuclear families and single person households, and enabled de-familialization by simultaneously tightening labor markets and rapidly expanding the housing stock.[18] By the 1990s and 2000s, the housing finance system was fractionating potential buyers and builders based on their income and credit rating, delivering finely calibrated loans with borrower specific interest rates. This magnified the effects of rising wage and wealth inequality by increasing the barriers to exit for millennials with increasingly weaker incomes and work histories. Fractionation blocked part of that cohort from exiting the parental home, producing heterogeneity. Just as insider-outsider dynamics increasingly characterized labor markets, insider-outsider dynamics increasingly characterized younger cohorts' ability to exit. Simultaneously, differential access to parental wealth and thus housing down payments created differences in millennials' long-term ability to accumulate housing wealth.

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[17] Mark Boleat, *National Housing Finance Systems* (London: Croom Helm, 1985).

[18] Hayden, *Redesigning the American Dream*; Herbert Gans, *The Levittowners* (New York, NY: Columbia University Press, 1982); Andrew Hacker, *The End of the American Era* (New York, NY: Sidgwick & Jackson, 1970).

In parallel, as the first wave of baby boomers aged out, access to secure pensions weakened.[19] This cohort experienced income inequality as increasingly insecure employment in their 50s. Here, too, differences in employment security combined with the shift in housing finance to produce heterogeneity. This cohort had enjoyed some of the homogenizing benefits of the old housing finance systems. Unlike millennials, in most countries this cohort benefited from rising nominal housing prices. Part of the flow of extra savings accruing to top income groups shifted from low yielding bonds into housing. At the same time, other, lower income near-pensioners began borrowing against home equity in an effort to shore up their lifestyle in the face of wage stagnation.[20] In a co-constitutive process, millennials' weak ability to buy housing sapped the pension replacement potential of real estate by removing liquidity from the housing market.[21]

Housing and housing finance thus allow us to understand how each cohort experienced rising income inequality and how that inequality translates into re-familialization and intra-cohort tensions. Housing as a sector and homeownership as a social relation were as central to economic growth as fordism's iconic automobile industry before the 1980s, and as important as digitalization in the decades after. Perhaps even more so. Former FED Governor Edward Leamer has argued that not only was housing central to the post-war business cycle in the United States, the archetypical fordist economy, but also that housing ***was*** the post-war business cycle, driving everything else.[22] The United States is not unique with respect to the economic centrality of housing. Housing construction historically accounted for about 4 percent of GDP in the rich OECD countries, or about 20 to 25 percent of gross investment, a share larger than the automobile industry at its peak.[23] Housing construction strongly affected labor markets and incomes. Consistent and continuous housing production helped tighten male labor markets, push up wages, and absorb immigrant labor. This enabled earlier family formation for new labor market entrants before the 1980s, unlike the somewhat lower and more erratic volumes of construction after 1980.[24]

Given its economic and political centrality, state policy everywhere targeted housing. Although the specific modalities differed, every OECD state promoted more and better housing in the post-war period.[25] The US government, for example, undertook a massive intervention in credit markets by providing mortgage insurance through the Federal Housing Administration (FHA) and other federal HAs, as well as through the giant government sponsored enterprises Fannie Mae and Freddie Mac. This stabilized the validity of the savings and loan sector's (i.e. 'bausparkassen' or 'cooperative' banks) major asset, namely mortgages; deposit insurance similarly stabilized their major liability.[26] At the other end of

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[19] Mitchell Orenstein, *Privatizing Pensions: The Transnational Campaign for Social Security Reform* (Princeton: Princeton University Press, 2008).

[20] Elizabeth Warren and Andrea Tyagi, *The Two-Income Trap* (New York, NY: Basic Books, 2007). Federal Reserve Bank, *Flow of Funds, release Z1* (Washington DC: Federal Reserve Bank 2016).

[21] Neda Delfani, Johan De Deken, and Caroline Dewilde, "Home-ownership and Pensions: Negative Correlation, but No Trade-off," *Housing Studies* 29, no. 5 (2014): 657-676.

[22] Edward Leamer, "Housing is the Business Cycle," NBER working paper No. w13428 (Chicago: National Bureau of Economic Research, August 2007). See also Matteo Iacoviello, "Housing in DSGE Models: Findings and New Directions," *Housing Markets in Europe*, Oliver de Bandt, Thomas Knetsch, Juan Peñalosa, & Francesco Zollino, eds. (Berlin: Springer Science & Business Media 2010); and Colin Crouch, "Privatised Keynesianism: An Unacknowledged Policy Regime," *The British Journal of Politics & International Relations* 11, no. 3 (2009): 382-399.

[23] Data accessed from OECD online database; online at http://www.OECD-iLibrary.org.

[24] Boleat, *National Housing Finance Systems.*

[25] Herman Mark Schwartz and Leonard Seabrooke, "Varieties of Residential Capitalism in the International Political Economy: Old Welfare States and the New Politics of Housing," *Comparative European Politics* 6, no. 3 (2008): 237-261.

[26] Herman Mark Schwartz, "Housing, the Welfare State, and the Global Financial Crisis: What is the Connection?"

the welfare state spectrum, the Swedish government undertook a massive home construction and upgrading project, the 'one million home' project, in the 1960s. Scale this effort against Sweden's population of roughly 8 million in 1970. In between lie France's *banlieu* of *Habitation à loyer Modéré*, Britain's council housing, and more variegated German projects like Berlin's *Märkisches Viertel*.

This state policy helped create a huge pool of assets (and thus liabilities) that showed up on household balance sheets, and directly affected the ability of older cohorts to exit into retirement without financial stress. As an asset class, housing is often the single largest private (i.e. non-state) asset in most countries.[27] Even in the US, which has an enormous equity market relative to its economy, and one that proportionately is twice as large in relation to GDP as that of the Eurozone, mortgages constituted roughly 70 percent of the total US private debt stock in the 1950s and 1960s, with the savings and loan sector holding between a third and half of this debt.[28] In 2015 the equity value of US residential housing approximated stock market capitalization that year, and the total value of residential housing (mortgages plus equity) exceeded either of stock market equity or total Federal public debt by a considerable margin.[29] For those at the top of the income pyramid, the housing market was a channel to transform their extra income into an asset (particularly after rates of return for cash essentially turned negative in the late 2000s).

State policy combined with social desires to drive homeownership rates up across the rich OECD. Roughly speaking, almost all rich OECD societies shifted from a 1/3 – 2/3 society in which most people rented, to a 2/3 – 1/3 society in which most people owned their dwelling. The timing on this differed. The United States led, with owner occupation roughly doubling in the 1950s and 1960s. Societies with robust more social housing programs experienced this transition later. Table 1 shows the increase in ownership in western Europe from the mid-1990s, when financial deregulation combined with partial privatization of social and cooperative housing to produce one last jump in ownership.

Again, state policy helped increase the number of affordable housing units, accommodating rising de-familialization in a physical sense as each rich OECD country experienced a post-war marriage and baby boom. Easy access to housing should not be exaggerated, however, as immigrant populations (including internal migrants, like northbound African-Americans in the United States or southern Italians to the industrial north) often ended up in slums or shanty towns.[30] The homogenization described above thus was largely limited to an ethno-national core with privileged access to mortgage finance.

In the past two decades, however, these two trends have reversed. Rising income inequality and financial deregulation produced rapidly rising real and nominal housing prices in the 2000s. Despite the 2008-2010 crisis, housing prices remain elevated almost everywhere. Real home prices more than doubled in Britain, Australia, Sweden, Norway and Canada from 1998 to 2014. US housing prices regained almost all of the ground lost in the crash by mid-2016. Only Japanese housing prices have receded substantially in real terms.[31] These trends produced the re-familialization and heterogeneity that sections three and four consider for our two different cohorts.

Politics & Society 40, no. 1 (2012): 35-58.

[27] Thomas Piketty, *Capital in the 21st Century* (Cambridge, MA: Harvard University Press, 2014).

[28] Federal Reserve Bank, *Flow of Funds, release Z1* (Washington DC: Federal Reserve Bank 1973).

[29] Federal Reserve Bank, *Flow of Funds, release Z1* (2016).

[30] See, e.g. Rothstein, *Color of Law*.

[31] OECD (Organization for Economic Cooperation and Development), *Global Economic Outlook #97, June 2015* (Paris: OECD, 2015).

Table 1: Level of and change in homeownership rates in the US and Europe, percent, 1981-2013								
	1981*	1996	2003		*delta 1981-2003, percentage points*	2013**		*delta 2003-2013, percentage points*
Belgium	61	65	72.9		*11.9*	72.0		*- 0.9*
Denmark	52	50	65.0		*13.0*	63.0		*- 2.0*
France	47	54	62.7		*15.7*	64.3		*1.6*
Italy	59	67	75.5		*16.5*	73.2		*- 2.3*
Spain	64	76	85.3		*21.3*	78.8		*- 6.5*
Sweden	n/a	43	59.9		*(16.9)*	69.6		*9.7*
UK	59	67	70.6		*11.6*	64.6		*- 6.0*
USA	65.2	65.4	68.6		*3.6*	65.2		*- 3.4*

Source: Boleat, *National Housing Finance Systems*; EMF (European Mortgage Foundation), *Hypostat* (Brussels: European Mortgage Foundation, various years).
* = 1981 or nearest year, usually 1979-1981; ** = 2013 or 2014

3: Younger cohorts disaggregated

Income inequality mediated through housing and housing financial institutions produces varying degrees of re-familialization, i.e. an increased reliance on parental social and financial resources, in the millennial cohort. Two things drive independent household formation: young adults' desire to exit and the resources to realize that desire. With respect to desire, nearly all young adults seek to live independently, albeit with some culturally driven variation. With respect to resources, young adults' job situation obviously matters, so inequality in their income affects exit. For example, in 2011, only one-third of employed 18 to 29 year olds in the EU lived with their parents, as compared to two-thirds of the unemployed.[32] But parental resources to supplement young adults' wages or help provide a down payment also vary. These jointly determine the total volume of resources available for exit. Parental resources provide the link to older cohorts' pension situation, so the discussion below foregrounds that. Re-familialization can occur through co-location or transfers of money, thus creating different pathways and obstacles to the ability to attain typical life-cycle milestones like independent living, home ownership, and entry into parenthood. Combining these three variables – success in exiting, the level of parental resources, and own resources – produces eight ideal types with varying degrees of re-familialization.[33] This typology blends both causes and outcomes to identify different kinds of re-familialization. It allows us to move beyond generic labels like 'Generation Rent' and 'Generation Landlord' that obscure the more variegated sets of social circumstances facing younger and older cohorts.

Figure 1 compresses this three-dimensional array of social situations into a two by two chart to highlight the kind of re-familialization produces by variation in exit and level of parental support. Using

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[32] Eurofound, *Social Situation of Young People in Europe* (Luxembourg: Publications Office of the European Union, 2014).

[33] A visualization is available at http://www.people.virginia.edu/~hms2f/PAS-figureA.pdf or http://lindsayflynn.net/PAS-figureA.pdf.

only own income conceals one type of re-familialization by aggregating groups that have already exited the parental home with those who have not. Each box contains groups that differ on the dimension of their quality of employment, with higher income earners as the first line and lower income earners as the second, and with the source of financial support in italics. We provide provisional descriptive statistics confirming our intuitions about these groups at the end of this section.

Figure 1: Ability to realize desired milestones mediated by housing access

Parental Support		Living Arrangements: Independent Housing	Living Arrangements: Living with Parents
	High	**1** **Launchers** **'Trustafarians'** Able to realize desired milestones *Parental credit*	**2** **Cautious Savers** **Interns** Difficulty realizing desired milestones; some ability to catch up via rapid saving *Freeloading*
	Low	**3** **Renters** **Precariat** Difficulty realizing desired milestones because of expensive housing relative to income *Formal and informal credit markets*	**4** **Pooled Households** **Marginalized** Difficulty realizing desired milestones; difficulty catching up as saving is slower *Income pooling across generations*

Three situations in Figure 1, namely 1, 2, and 4, involve some degree of re-familialization, captured in the italicized sources of extra resources. Going clockwise, in quadrant 1, Launchers combine robust employment related resources and access to parental social and financial resources. This helps them overcome the barrier created by rising house prices, and in particular the problem of acquiring a down payment or a rental security deposit. Parents' social and cultural resources provide entrée to desirable jobs with stable incomes, and also the financial literacy to navigate a difficult housing market. This group attains life-cycle milestones more easily, and often on their preferred timetable. While that timetable is delayed relative to the baby boomer generation because of changing social and educational norms, the people falling into this quadrant have the least stressful path to those outcomes. This quadrant also contains a much smaller group of people, pejoratively labeled *Trustafarians* in the United States, who either have no job or badly paid but creative jobs, and who are living independently using trust funds supplied by their parents.

In quadrant 2, the Cautious Savers and Interns groups have access to parental social and financial resources but still remain in the parental home. The latter lack their own resources while the former have a good job but desire to save up in anticipation of a later launch window. Cautious Savers have good jobs, but remain in the parental home in order to accumulate substantial savings for housing. Parental resources help this type to avoid accumulating debt, enabling them to catch up in terms of

milestones later. In particular, fertility here is 'postponed but not foregone.'[34] In the ideal typical Interns case, parental resources provide access to and the financial cushion to take on prized but unpaid internships. Less ideally, this group may be in poorly paid work that potentially tracks into higher quality jobs, like entry level jobs for non-degreed, non-credentialed positions in the professions, or in menial employment while they pursue artistic ambitions.[35] Because the filtering process for these professional tracks is quite strict, many of them will ultimately fail to launch. This is not a uniquely American phenomenon. Between 5 and 10 percent of entering French cohorts – roughly 1.2 million people – are hired annually as *stagiaires* (interns), of whom about one-third are over the age of 35.[36] In Germany, roughly 40 percent of each cohort starts out in internships or apprenticeships.[37] Finally, this quadrant also contains less ambitious individuals that are socially significant in Japan, pejoratively called *parasite singles* and *Freeters*. The Italian equivalent is the much larger group of 'mammoni,' adult males living with their mothers. Almost 70 percent of Italian men aged 27-30 live with their parents.[38]

Quadrant 4, in the southeast, contains two groups facing the greatest difficulties. Lacking their own resources and robust parental resources, they can neither form nor maintain independent households. In either case, nuclear families persist or re-form in order to pool resources. The largest sub-group in this quadrant is the Marginalized, whose poor employment situation throws them back on parents' resources. This reliance on limited parental resources strains parents' ability to accumulate sufficient pension savings. At the other end is a much smaller group of Pooled Households in which income-poor parents rely on their children's resources. Unlike Cautious Savers, whose access to parental resources allows them to accumulate from their adequate wages, this group consumes its potential savings supporting the pooled household. The degree of stress can be seen in the fact that in the United States only 35 rental units exist for every 100 households considered to be extremely low income. This forces these low-income households into housing that is unaffordable, such that over 70% of them spend more than half of their income on rent and utilities.[39]

Southern Europe's weak youth labor markets and poor pensions for elderly non-formal workers make this familial resource pooling a necessity.[40] Racial minorities and recent immigrants are also disproportionately found in this group. Typically, the only way for these groups to exit the parental household is to take on considerable debt from formal or informal credit markets, or to become perpetual renters. Equally so, to pick one key milestone, earlier fertility relies on pooled family labor, as when grandparents provide childcare for mothers working low wage jobs, or where independent living requires remaining in close proximity to parents regardless of job opportunities. While this characterizes the poor in many societies, not just southern Europe, stagnant wages are pushing more and more people into this category. Here fertility is postponed and sometimes foregone, because the financial

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[34] Francesco Billari and Hans-Peter Kohler, "Patterns of Low and Lowest-Low Fertility in Europe," *Population Studies* 58, no. 2 (2004): 161-176.
[35] Lena Dunham's HBO TV series *Girls* provides a fictionalized portrait of this group.
[36] Timothy Smith, *France in Crisis: Welfare, Inequality, and Globalization since 1980* (New York, NY: Cambridge University Press, 2004).
[37] Dieter Grühn and Heidemarie Hecht, *Generation Praktikum? Prekäre Beschäftigungsformen von Hochschulabsolventinnen und -absolventen* (Berlin: DGB-Bundesvorstand, 2007); Kolja Briedis and Karl-Heinz Minks, *Generation Praktikum-Mythos oder Massenphänomen?* (HIS Hochschul-Informations-System-GmbH, 2007); online at http://his.de/pdf/22/generationpraktikum.pdf
[38] Maria Iacovou, "Leaving Home: Independence, Togetherness and Income," *Advances in Life Course Research* 15, no. 4 (2010): 147-160.
[39] National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," (March 2017); online at: http://nlihc.org/sites/default/files/Gap-Report_2017.pdf.
[40] Allen et al. *Housing and welfare in Southern Europe*.

trade-off between housing and children is sharpest.[41] By failing to get ahead, people in these groups fall behind with respect to socially expected life milestones.

Renters, in quadrant 3, have become an iconic group of our time as 'Generation Rent.' Everyone wants to leave home, but this group lacks the parental resources to easily access home ownership. In the ideal typical case, young adult couples here have better than average jobs that nevertheless do not allow them to save fast enough to accumulate a down payment for houses whose prices keep rising. Unlike the Marginalized, this group can afford to exit the parental home. But like the Marginalized, they face a trade-off between saving for a down payment and immediately starting a family. This could also take the form of having children but in more cramped housing. Less ideally, at lower incomes the Precariat type starts to shade into the Marginalized and finds itself perpetually renting or struggling to remain in adequate rental housing. The absence of parental resources throws this group into formal credit markets when they try to access homeownership. As with Pooled Households, racial minorities and recent immigrants are disproportionately located in the Precariat.

As with all typologies, these eight types conceal more complex situations combining features of several types as well as transitions among types. For example, someone in a Renter situation might partner up with someone who has parental resources and thus constitute a new Launcher household. Likewise, people might change jobs and move from a below average income to an above average income (or lose a good job, and fall into one of the worse-off situations). Despite these complexities, this static typology helps us understand the dynamics driving re-familialization by giving us broad categories of social positions in an era of decreased social mobility. Three of the four quadrants contain social groups that are either delaying or reversing emancipation. Three of four quadrants also suggest increased barriers to attaining desired life-cycle milestones.

Can we empirically confirm these ideal types? Does the change over time match our prediction? We determine the extent to which young households map onto the ideal types identified above using individual and household level survey data for thirteen countries from the Luxembourg Income Study (LIS).[42] The data span three decades, from approximately 1980 to 2010, but are repeated cross-sectional data, not longitudinal data. We use data for the 25 to 34-year old cohort to capture the young adult years after tertiary education.

For conceptual and practical reasons we use own income and emancipation rather than parental support and emancipation (as above in figure 1) to re-group our eight types into four groups. Practically, the nature of household survey data makes it difficult (and in most cases, impossible) to ascertain the level of parental support for 25 to 34-year olds once they exit the parental household. Once formerly dependent children exit the parental household, they constitute their own household. Typically, no identifier links the younger and older cohort households, and moreover there is no guarantee that both households are surveyed. We assess their own income in terms of whether household income is above or below the average household income for the entire society. Using the mean rather than median income as the dividing point captures the effects of rising income inequality and falling access to 'good jobs.' We classify living arrangements based on whether individuals live with their parents or have acquired housing independent from their parents. This produces four pooled groups: Launchers and Renters; Cautious Savers and Pooled Households; the Precariat and Trustafarians; and the Marginalized and Interns. Regrouping puts Launchers and Renters together. These two groups should have the easiest path towards reaching key milestones, so highlighting them shows the degree to which everyone's life chances have worsened.

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[41] Lindsay Flynn, "Delayed and Depressed: From Expensive Housing to Smaller Families," *International Journal of Housing Policy* 17, no. 3 (2017): 374-395.

[42] Luxembourg Income Study (LIS) Database, http://www.lisdatacenter.org (multiple countries; January 2017). Luxembourg: LIS.

What happened within and across these groups? From roughly 1980 to 2010 – that is, before the full effects of the global financial crisis – the share of Launchers and Renters in our 13 countries declined, and within this pooled group the share of homeowners also declined relative to societal averages. Put simply, the combined share of these best-case scenario groups in the younger cohort – those living independently and enjoying above average wages – is shrinking essentially everywhere, implying that more people are moving downwards into the Precariat and other groups. Table 2 compares comprehensive data for all four combined pairs of ideal types, using four countries representing the major welfare state regimes.[43] The trends largely conform to our expectation. The pooled group of emancipated youth with above average incomes – Launchers plus Renters – shrinks in each of the four countries, though least of all in Norway. On average, Launchers and Renters combined represented 29.4% of the 25 to 34 year old cohort in 1980, but by 2010 they had fallen to 22.0%. Those falling from this group go to the other more economically precarious groups in varying proportions, depending on the robustness of economic growth in their economy, the degree to which the welfare state cushions new entrants to the housing market against rising home prices or illiquid housing markets, and social norms about living with one's parents. Thus, the United States and Italy see the largest increases in the Marginalized / Interns group, while the more generous welfare states in France and Norway partially ameliorated the pressures confronting this younger cohort.

Table 2 masks acquisition of homeownership, a major lifecycle milestone. Table 3 thus shows the changing level of homeownership among 25 to 34 year old cohort sub-groups from 1980 to 2010 compared with the change in the general rate of homeownership in our thirteen countries. Assessing the change in homeownership rates is not straightforward, for two reasons. First, homeownership overall rose in many countries as states liberalized mortgage markets in the 1990s, lowering the barriers that the younger cohort faced entering the homeownership market. This could mask the extent of the overall decline of the Launched share, just as increasing mean income can mask increasing inequality. Second, mortgage liberalization contributed to rising housing prices, with contradictory effects on the homeownership rate in this group. On the one hand, rising prices pushed some of the Launchers into the Renter group and some of the Renter group out into the Precariat. On the other hand, as Renters exit this group, it raises the relative share of Launchers, who are more likely to own homes. We adjust for broader changes in homeownership to properly measure the trend.[44]

Properly adjusted, the share of home-owning Launcher and Renter households among the 25 to 34-year old cohort fell relative to the society-wide change in homeownership (Column 3) in at least ten and possibly eleven of the thirteen countries.[45] Finland saw a minute 0.5% increase from 1980 to 2010 versus a society wide 0.4% increase. In Norway, the other exceptional case, younger cohorts saw a 2.3% increase that lagged the even larger 11.3% society-wide, oil revenue-driven increase in homeownership. This shows that the ideal type-derived intuition about increasingly difficult launching into ownership holds up. Younger households dropped out of the combined Launcher and Renter categories, and increasingly found themselves locked out of homeownership. The data in Tables 2 and 3 thus reveal a deteriorating ability in the 25 to 34 year-old cohort to exit and attain traditional life-cycle milestones, as

[43] We use France, not Germany, because Reunification creates an irremediable data break between 1990 and 2000.

[44] We adjusted by multiplying the homeownership rate among the Launcher and Renter group by the share of Launchers and Renters in the 25 to 34-year old cohort in 1980 (or 1990) and in 2010, and then subtracting the earlier data point from the later one. This yields the change in the Launcher and Renter homeownership share in the millennial cohort. This number can then be compared to the delta in society-wide homeownership. Failing to adjust may produce an apparent but misleading increase in the homeownership share, as non-homeowners exit the relevant group, shrinking the combined renter and homeowner denominator in the fraction while leaving the homeowner numerator unchanged.

[45] Missing data for Sweden in 1980 and 1990 make it impossible to assess the trend accurately.

well as the shrinking proportion of younger people in the upper half of the income distribution.

*Table 2: Trend in type shares of 25 to 34 year-old cohort, 1980-2010, four select welfare regimes**

		Living Arrangements									
		Independent Housing					Living with Parents				
Own Resources	High	**Launchers / Renters**					**Cautious Savers / Pooled Households**				
			US	**FR**	**NO**	**IT**		**US**	**FR**	**NO**	**IT**
		1980	27.2	32.7	22.6	20.9	**1980**	5.6	5.1	8.5	18.5
		1990	21.7	28.3	19.1	16.4	**1990**	8.1	8.8	11.3	25.0
		2000	20.8	19.8	21.8	11.5	**2000**	6.4	7.7	6.9	27.9
		2010	19.6	24.2	19.9	8.4	**2010**	8.7	6.3	7.6	27.0
		delta 1980 - 2010	**-7.6**	**-8.5**	**-2.7**	**-12.5**	**delta 1980 - 2010**	**3.0**	**1.3**	**-0.9**	**8.6**
	Low	**Precariat / Trustafarians**					**Marginalized / Interns**				
			US	**FR**	**NO**	**IT**		**US**	**FR**	**NO**	**IT**
		1980	62.3	56.2	63.1	42.7	**1980**	4.9	6.1	5.8	18.0
		1990	60.2	57.3	63.2	38.6	**1990**	10.0	5.6	6.4	20.0
		2000	63.0	66.1	68.0	33.0	**2000**	9.8	6.5	3.2	27.7
		2010	59.2	63.2	68.4	37.6	**2010**	12.5	6.3	4.1	27.0
		delta 1980 - 2010	**-3.1**	**7.0**	**5.2**	**-5.1**	**delta 1980 - 2010**	**7.7**	**0.2**	**-1.7**	**9.0**

Source: Authors' construction from LIS data; average sample size 6006 households
* Cells with the same country / year sum to 100% (thus US 1980: 27.2 + 5.6 + 62.3 + 4.9 = 100)

Table 3: Change in share of millennial cohort groups, level of homeownership by group, and change in national level of homeownership, 1980-2010, thirteen OECD countries

	Launchers / Renters			Cautious Savers / Pooled Households	
	Δ share of cohort	Δ adjusted homeownershi p rate	Δ national homeowner-ship rate	Δ share of cohort	Δ adjusted homeownership share
Australia	-1.6	-4.7	-3.1	2.7	2.6
Denmark	-18.0	-16.0	-14.3	3.9	1.5
Finland	-0.6	0.5	0.4	-3.9	-3.5
France	-8.5	-0.8	4.0	1.3	1.0
Germany	-11.3	-10.3	2.0	3.5	2.9
Ireland*	-0.9	-4.0	-10.7	-1.2	-1.6
Italy	-12.5	-5.8	8.4	8.6	10.4
Netherlands**	-10.2	-2.8	12.5	2.5	2.8
Norway	-2.7	2.3	11.6	-0.9	-0.1
Spain	-9.6	-2.4	13.4	8.1	10.1
Sweden***	-1.9	n/a	2.0	1.1	n/a
United Kingdom	-6.2	-6.1	12.4	1.3	3.7
United States	-7.6	-8.2	-1.7	3.0	2.4

	Precariat / Trustafarians			The Marginalized / Interns	
	Δ share of cohort	Δ adjusted homeownershi p rate	Δ national homeownership rate	Δ share of cohort	Δ adjusted homeownership share
Australia	-5.6	-11.4	-3.1	4.6	3.7
Denmark	10.1	-7.3	-14.3	3.9	0.7
Finland	7.7	-0.1	0.4	-3.1	-2.9
France	7.0	-3.5	4.0	0.2	-1.0
Germany	3.7	-6.5	2.0	4.1	1.5
Ireland*	-0.3	-16.8	-10.7	2.4	3.4
Italy	-5.1	-2.1	8.4	9.0	6.5
Netherlands**	6.5	8.1	12.5	1.1	0.6
Norway	5.2	5.5	11.6	-1.7	-0.6
Spain	-7.3	-2.4	13.4	8.9	7.8
Sweden***	0.7	n/a	2.0	0.1	n/a
United Kingdom	1.1	-9.2	12.4	3.8	3.9

United States	-3.1	-8.8	-1.7		7.7	4.2

Source: Authors' construction from LIS data. * = 1994; ** = 1990; *** = 2000

4: Precarious pensions

Just as rising income inequality impedes younger households' exit and acquisition of housing, rising income inequality impedes older households' exit from the market into retirement by using home and other real estate equity as a pension supplement or substitute. Rising income inequality and rising prices have reversed the earlier relationships among ownership and pensions. Rather than acting as a pension supplement, housing has become a drain on household finances for some. Many households now find that accumulating debt-free housing competes directly with pension savings as mortgages persist into the retirement years.[46] Put simply, cash-constrained households increasingly have to choose between paying the mortgage and saving for retirement, or launching their children and saving for retirement.

Partly this reflects the precise timing of entry into ownership for older households. Sustained nominal and real price increases in many countries convinced many households and policy makers that housing could be used as a form of self-insurance. Yet rising prices, at least until the 2008 crash, also seduced older homeowners into borrowing against home equity or delaying principal repayment, and thus carrying a mortgage into retirement. Though some older households tried to supplement pensions with rental income from ownership of additional houses, this of course blocked some younger household's access to ownership.

The older cohort can be broken up into four groups. We disaggregate older households' degree of cash constraint by using their loan-to-value ratio (LTV – the ratio of mortgage debt to the value of the mortgaged property) for all real estate owned (on the vertical axis) and by the absolute value of all real estate owned (on the horizontal axis) (Figure 2). The combined LTV for all real estate assets tells us the degree to which a household enjoys both lower cash outflows for housing as well as real cash inflows from rental property. By definition, a higher LTV implies greater net cash outflows, because a household is paying actual money 'rent' to the bank via their mortgage payment. The absolute value of real estate assets tells us the degree to which a household could mobilize extra cash, via a second mortgage, home equity loan, or reverse mortgage to supplement or substitute for pension income, or to help launch their children. As with younger cohorts facing re-familialization and delayed milestones, weak cash flow pushes three quadrants here towards re-familialization and delayed exit into retirement.

Do these groupings exist? Table 4 shows the relative share across these groups for the *home-owning*, 55 to 69 year-old population in the five countries for which comparable data exist in the new Luxembourg Wealth Study (LWS).[47] Fortunately these five countries encompass most of the traditional welfare state types. The first two indicators, the percentage of homeowners in each group who carry a mortgage and the average LTV for mortgagers, tell us the relative degree of financial stress for these households. Median real estate asset value indicates the potential to mobilize cash by borrowing against equity as well control over rental property. The percentage of households owning real estate beyond their primary residence combined with the relative share of non-primary residence assets in total real estate assets more finely indicates control over rental property. Finally, the last two indicators, the percentage of households in each group with rental income and the average value of that income, indicate the magnitude of the income stream from real estate and the distribution of 'Generation Landlord' across these groups. Generation Landlord should be characterized by ownership of additional

[46] Harvard University Joint Center for Housing Studies, "The State of the Nation's Housing 2014," (Cambridge: Harvard University JCHS, 2014), p. 3; online at: http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf

[47] Luxembourg Wealth Study (LWS) Database, http://www.lisdatacenter.org (multiple countries; January 2017). Luxembourg: LIS.

real estate, possibly using borrowed money, that generates substantial rental income.

Figure 2: Relative ability to use house as a pension substitute / supplement

		Absolute Home Value: High	Absolute Home Value: Low
Loan to Value Ratio (current mortgage liabilities over total real estate assets)	Low	**1** **Freeholders** Imputed rent or income stream	**2** **Over-housed** Imputed rent but no income stream
	High	**3** **Over-Leveraged** Limited imputed rent and no income stream	**4** **Housing Stress and Underwater** No imputed rent; no income stream

The ideal typical Freeholder in quadrant 1 is poised to exit into retirement and to help their children launch. Outside of the United States and Scandinavia, most have paid off the mortgage debt on high value houses. Those with mortgage debt combine low LTVs with ownership of real estate assets with a high market value. Finally, many have rental property as a second source of income. If desired, they can release real estate equity as a form of self-insurance, albeit with some difficulty in illiquid mortgage markets.[48] The very high percentage of owners of additional properties, the high share of those secondary properties in total real estate assets, and the high values for rental income indicate that the largest share of Generation Landlord lives in this quadrant (except in Britain, discussed below, and perhaps Australia).

Quadrant 2 contains the Over-housed. Their low housing values, rather than substantial lingering debt, block meaningful cash out of home equity. For example, limited home equity blocks access to reverse mortgages. But rent-free living allows them to stretch a weaker pension farther.[49] In the worst case, this group has insufficient cash-flow to maintain their dwelling. The subsequent deterioration of that dwelling further inhibits their mobility into more appropriately sized housing by deterring buyers. Because they cannot move out of their old family home, they block younger potential buyers' access to housing suitable for family formation. Although as many as a third of this group owns a second property, very few actually receive rental income. Many of the properties are likely to be true second homes, as with Scandinavian *hytter* or *sommerhuse*. The lack of rental income distinguishes the Over-housed from the Freehold group.

Quadrant 3 contains the Over-Leveraged, who are nearing or entering retirement with high mortgage debt, and thus considerable pressure on their cash-flow. High home values partially offset the dangers created by high mortgage debt, but they neither can use their house as a vehicle for asset-based welfare nor can enjoy rent-free living. This group faces difficult choices as on-going mortgage

[48] Delfani, De Dekken, and De Wilde, "Home-ownership and Pensions."
[49] Francis G. Castles, "The Really Big Trade-Off: Home Ownership and the Welfare State in the New World and the Old," *Acta Politica* 33, no. 1 (1998): 5-19.

payments necessitate continued employment. Alternately, they could downsize to a smaller dwelling with a proportionately smaller mortgage; even so, the mortgage necessitates employment unless a robust pension provides enough cash. The Over-leveraged are trying to behave the same way as the Freeholders by acquiring secondary properties. But lacking Freeholder-level cash flow, they must borrow

Table 4: Descriptive statistics for Home-owning Pensioners by ideal type, select countries, 2010

		Freeholders	Over-housed	Over-leveraged	Stressed
Australia					
	(1) % of home-owning population in each type	24.8	52.0	6.8	16.3
	% of (1) with a mortgage	18.1	10.0	93.3	97.7
	average LTV for mortgages %	3.8	4.2	25.5	36.1
	Median home value *	$1,150,000	$400,000	$1,050,000	$400,000
	% of (1) owning secondary property	64.0	9.6	65.3	11.0
	Secondary property value/ Total property value	46.0	37.2	48.5	37.4
	% of (1) with rental income	29.1	2.1	9.4	0.3
	annual rental income	$19,892	$5,394	$12,289	$2,442
Finland					
	(1) % of home-owning population in each type	29.8	49.9	5.9	14.4
	% of (1) with a mortgage	16.0	9.3	100	100
	average LTV for mortgages %	3.1	3.3	23.4	36.6
	Median home value *	€ 395,566	€ 132,644	€ 345,814	€ 119,080
	% of (1) owning secondary property	84.4	36.1	78.2	21.9
	Secondary property value/ Total property value	49.4	36.0	45.5	37.5
	% of (1) with rental income	23.9	5.8	28.4	7.6
	annual rental income	€ 10,581	€ 3,653	€ 5,691	€ 3,869
Italy					
	(1) % of home-owning population in each type	25.4	65.2	3.5	5.9
	% of (1) with a mortgage	4.2	2.9	62.1	64.0
	average LTV for mortgages %	1.3	0.8	17.7	28.9
	Median home value *	€ 550,000	€ 200,000	€ 480,000	€ 200,000
	% of (1) owning secondary property	65.8	19.7	79.1	19.3
	Secondary property value/ Total property value	38.7	27.1	37.6	25.7
	% of (1) with rental income	22	2.8	16.8	1.3
	annual rental income	€ 10,481	€ 5,823	€ 13,515	€3000**

UK		Freeholders	Over-housed	Over-leveraged	Stressed
	(1) % of home-owning population in each type	23.8	51.7	7.9	16.7
	% of (1) with a mortgage	11.4	8.1	84.1	95.1
	average LTV for mortgages %	4.0	4.8	33.4	37.3
	Median home value *	£400000	£165000	£405000	£165000
	% of (1) owning secondary property	27.4	4.2	35.5	6.2
	Secondary property value/ Total property value	28.2	17.9	31.5	29.2
	% of (1) with rental income	14.6	3.4	29.7	7
	annual rental income	£15275	£14114	£17997	£10959
USA					
	(1) % of home-owning population in each type	16.6	42.8	6.7	33.9
	% of (1) with a mortgage	46.2	28.6	92.9	97.2
	average LTV for mortgages %	15.6	17.0	52.2	73.6
	Median home value *	$940,000	$150,000	$750,000	$165,000
	% of (1) owning secondary property	73.5	25.1	73.8	16.9
	Secondary property value/ Total property value	51.5	31.0	35.5	24.2
	% of (1) with rental income	n/a	n/a	n/a	n/a
	annual rental income	n/a	n/a	n/a	n/a

Source: Authors' construction from Luxembourg Wealth Study database, accessed 19 January 2017; average sample size 3063 households.

to do so, producing the observed high LTVs. With mortgage payments absorbing rental income, these secondary properties only weakly serve as a pension substitute. They can however, help launch their children, because the lack of rental income could indicate re-familialization as parents help children by purchasing condos or apartments. In effect, this group is speculating on rising property values to help them exit into retirement.

Quadrant 4 experiences housing stress. Nearly all have a mortgage. Although it often is not large relative to their home value – a consequence of robust price appreciation – the low average value of their property prevents home equity release. Few households in this group own secondary property. A weak pension system leaves this group chronically cash short. Here we would expect the highest probability of re-familialization coming from the parent's side, as we can see in the United States where over one-third of households fall into this group. By 2010, about one-fifth of retirement age Americans were living with adult children, an increase that started in 1980.[50] Countries with more robust welfare states have fewer households in this category, as the data for Finland and Australia show. Finally, re-

[50] Paul Taylor, Jeffrey Passel, Richard Fry, Richard Morin, Wendy Wang, Gabriel Velasco, & Daniel Dockterman, "The Return of the Multi-Generational Family Household," (Pew Research Center, March 2010); online at: http://www.pewsocialtrends.org/files/2010/10/752-multi-generational-families.pdf

familialization in Italy shrinks this category because roughly two-fifths of the elderly live with their children, a rate almost half again as high as the G7 average.[51]

These data imply three major points about the so-called Generation Landlord. First, inequality generates social conflicts that are not primarily generational in nature. No uniform older Generation Landlord confronts a younger Generation Rent. To the extent that Generation Landlord exists, it can be found in varying proportions in all four quadrants of Figure 2. Three of those groups face varying problems of exit into retirement, while only the Freeholder group – which admittedly contains a higher proportion of landlords – has a secure exit. Second, state cultivation of generation landlord-type households cannot create an adequate pension replacement for near-retirees, because most households will have to resort to mortgage debt to buy secondary real estate. This means that they are essentially resorting to what Hyman Minsky called speculative finance (where rental income covers interest payments but not principal repayment) or ponzi finance (where rental income covers neither interest nor principal repayment), and relying on capital gains to provide additional financial resources in retirement.[52] But real house prices cannot rise indefinitely if younger, home-buying cohorts do not have rising real income. The exception might be in small markets experiencing large foreign inflows, as is the case for Australia, where nominal housing prices still defy gravity.

Third, while Britain is usually thought to provide the best example of both Generation Landlord as a social phenomenon and as a state sponsored pension supplement strategy, our data imply that the British case does not generalize. Ronald and Kadi show that the number of private British landlords has quadrupled in the past 20 years, such that roughly 6.5 percent of the over 50 year-old cohort now owns rental property.[53] But the bulk of British Generation Landlord lives in the Over-leveraged group, rather than the Freeholder group more typical of other countries. British households' efforts to avoid re-familialization and deal with the increasing fragility of pensions rests on a massive bet that rising housing prices will generate capital gains.

Finally, these data also suggest a major point about welfare states and homeownership. A robust welfare state and in particular comprehensive pension and health care provision both enable homeownership and reduce the need for freehold ownership in old age. Stable incomes before retirement make it possible to service a mortgage; secure pensions in retirement reduce the need to own secondary property. America's highly stratified and stingy welfare state puts a much larger share of its near retirement cohort into the Stressed group as compared to the cases, and limits the share of the population that can claw its way into the Freehold group. Drilling down into each group and looking at the effects of discrimination against racial and ethnic minorities makes this clear, because these groups typically rely more on the overt welfare state.

Tables 5 and 6 show the over or under-representation of racial and ethnic groups in our four ideal typical near-pension groups and our four groupings of the eight younger types. Unsurprisingly, among near-pensioners blacks and Hispanics are under-represented in the fortunate Freeholder group, whereas whites and especially Asians are overrepresented. These data understate the disparity, because all households in our four groups have already made it into homeownership. While 82% of US white households are homeowners by the age of 55, only 58% of black households are homeowners. Although racial and ethnic minorities (including immigrants) experience greater barriers to exit into retirement, in

[51] Edward Whitehouse and Richard Disney, "The Economic Well-Being of Older People in International Perspective: A Critical Review," *Annual Review of Gerontology and Geriatrics* 22 (2002): *Economic Outcomes in Later Life: Public Policy, Health, and Cumulative Advantage*, Stephen Crystal, PhD, and Dennis Shea, Eds.
[52] Hyman Minsky, "The Financial Instability Hypothesis," The Jerome Levy Economics Institute Working Paper No. 74 (Bard College, 1992); online at https://ssrn.com/abstract=161024
[53] Richard Ronald and Justin Kadi, "The Revival of Private Landlords in Britain's Post-Homeownership Society," *New Political Economy* forthcoming 2018.

all the countries for which we have data, all of the near pensioners in groups 2, 3, and 4 experience pressure for re-familialization and difficulty exiting, just as the younger cohorts in the parallel groups face barriers to enter into adulthood. Blacks and minorities are under-represented to a similar extent in the fortunate Launched/Renter youth group. This is even more true of black and Hispanic youth living with their parents, where the lack of potential parental resources can be seen in a 20 percentage point difference in homeownership rates relative to whites (LWS). Moreover, the differences between older and younger black cohorts are not large, suggesting little improvement from one generation to the next. But these are not independent phenomena. How do processes operating in both older and younger cohorts interact?

Table 5: Ideal types by race/ethnicity in the United States, percentage point deviation from average group share

			By ideal type			
	Ownership Rate (total)		Freeholders	Over-housed	Overleveraged	Stressed
Group Share			17.8	41.1%	7.7%	33.4%
White	82%		+ 1.5	- 2.1	+ 0.8	- 0.2
Black	58%		- 14.4	+ 15.3	- 5.1	+ 4.2
Hispanic	57%		- 9.1	+ 21.5	- 4.8	- 7.6
Asian and Other	72%		+ 16.2	- 17.4	+ 1.7	- 0.5

Source: Luxembourg Wealth Study

Table 6: Ideal types by race/ethnicity in the United States, percentage point deviation from average group share

		By ideal type:				*Ownership rate:*	
		Launchers / Renters	Savers / Pooled	Precariat / Trustafarians	Marginalized / Interns	Launchers / Renters	Precariat / Trustafarians
Group Share		19.6%	8.7%	59.2%	12.5%		
White		+ 4.9	+ 0.1	- 1.6	- 3.4	71%	45%
Black		- 12.5	- 2.0	+ 8.7	+ 5.8	53%	18%
Hispanic		- 8.5	- 0.9	+ 3.1	+ 6.3	52%	28%
Asian and Other		+ 2.9	+ 5.1	- 9.5	+ 1.6	58%	23%

Source: Luxembourg Income Study

5: Feedback loops and co-constitutive processes

The dynamics in the younger and older cohorts combine into self-sustaining feedback loops and co-constitutive processes operating at the level of the household and the level of the market. Two feedback loops operate at the household level. Both involve re-familialization, but in one loop children rely on parental income, and in the other the reverse. One co-constitutive process and one feedback loop operate at the level of the market. The co-constitutive market process has the putative generation landlord on one side and renters on the other. The feedback loop begins with older households with weak pensions who find it financially or emotionally difficult to exit family-appropriate housing. This reduces the supply of family-sized housing. At the same time, re-familialization of the young through co-location with parents makes it harder for older sellers to find younger buyers.

We have already sketched out the first re-familialization feedback loop, where children draw on parental resources, above. In the fordist period, insecurity about housing produced demands for additional state-organized social welfare and social housing, rather than the re-familizalization observable today. But now, instead of housing systems moving towards the greater market orientation and mortgage depth that used to characterize the anglo-nordic systems, housing tenure and finance is moving towards a more 'southern' system in which families acquire housing to protect their children's short and long-term access to housing. This loop links the younger Launched, Intern, and Marginalized mostly with the older Freeholder quadrant in which generation landlord is more prevalent. In the second feedback loop, parents rely on children's resources, draining potential down payment savings. Parents in the Stressed quadrant are the most likely to do so. In countries as varied as the United States, Italy, and Germany, respectively 28 percent, 20 percent and 18 percent of parents over the age of 65 receive financial assistance from their children. That said, the bulk of financial assistance still flows 'downhill' from parents to children. In the countries just mentioned, it is two to three times as likely that parents are helping children financially as the reverse.[54]

At the market level a co-constitutive process links younger and older generations and renters and landlords. The landlord-renter process is fundamentally driven by the behavior of the older Freeholder and Over-leveraged groups. These people are consciously choosing to become landlords to shore up potentially inadequate pensions or to assure their own children's access to housing. This dual hedge is particularly pronounced in the anglo-economies, which have many smaller private landlords. On the one hand, they (correctly) fear weaker pensions given stock market volatility and a twenty-year history of attacks on public pension generosity. On the other hand, particularly in the nordics, small landlords see an extra house as a way to ease their own children into an extremely expensive housing market before price appreciation puts housing beyond their children's reach. Often this starts when the child is still a student, in effect putting them on the housing ladder before they are even employed.[55] This strategy paradoxically also increases the size of the Renter sub-group. Every dwelling controlled by generation landlord implies a dwelling occupied by Renters.

A feedback loop also operates in the market, creating housing market imperfections. This loop begins with older households, especially those falling in quadrants 2, 3, and 4, whose inadequate pension income and lower net housing equity for the Over-leveraged and Stressed groups leads them to retain housing more appropriate for younger families. This in effects locks up that segment of the housing stock for potential young families. These unrealized families remain in the original nuclear household, reducing demand for this kind of housing in the short term, and thus reinforcing their parents' inability to exit.

What do these intersecting dynamics mean for housing prices, and thus the subsequent ability of older cohorts to exit into retirement and younger cohorts to exit the parental home? Even though younger cohorts remain longer in the parental home, this reduction in demand does not generate the decrease in housing prices that normal supply and demand models would predict, for three reasons. First, pent up demand by potential family formers pushes up prices for those few houses that actually enter the market. Adult children living in the parental home still want to enter the market as buyers, so their apparent exit from the market is not a real exit from the market. Second, buy-to-let purchases by generation landlord sustains higher prices.

Normally, higher prices would equilibrate downwards as potential (young) buyers exited the market. But on the demand side, older households bidding for investment property replace the lost

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[54] Kim Parker and Eileen Patten, *The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans* (Washington DC: Pew Research Center, 2013).

[55] Lars Gulbrandsen and Hans Christian Sandlie, "Housing Market and Family Relations in the Welfare State," *Critical Housing Analysis* 2, no. 1, (2015): 74-81.

demand from younger households priced out of the market. On the supply side, limits on available land induce builders to supply the biggest and most expensive houses possible in order to maximize profits. Thus, in the US market, the share of new single-family homes with over 3000 square feet (about 300 square meters) doubled to 28% from the 1990s to 2010s. Conversely, the share of more affordable starter homes under 2000 square feet has fallen from 52% to 35%.[56] In principle higher prices should induce more people in the older cohort to increase supply by selling their old family homes. But even apart from the emotional attachment that people have to their family home, the disaggregation above indicates that many in the older cohort will not realize substantial financial gains by selling, especially after transaction costs. Moreover, exiting older households do not shift demand away from the house segment younger cohorts wish to occupy. When older US households exit their family home they do not substantially downsize. The average selling household over age 60 in 2015 shed only 10% of the original space of their prior home, and reduced the nominal value of their home by only 5%.[57] Finally, third, in the anglo-OECD markets with the biggest buy-to-let, generation landlord phenomenon, foreign investment inflows provide an exogenous source of demand that pushes up regional and national average house prices.[58]

Growing income and wealth inequality thus creates dynamics that lead to generational and class conflict in the housing market that in turn reinforces that income and wealth inequality. Efforts by better off groups in the older cohort to self-insure themselves via property ownership create more housing insecurity for lower income groups and younger cohorts. This also has a class polarizing effect inside younger cohorts, as only parents with higher incomes can afford to give their children access to secure housing. And over the long run, given the centrality of housing wealth in the average person's portfolio, this means less wealth formation for the millennial cohort compared to previous generations, along with greater wealth disparities within it. And as noted above, this is true with even greater force for racial and ethnic minority groups. Equalizing the homeownership rate for blacks and latinos in the United States would do more to equalize household wealth than equalizing the shares of the population with higher education.[59]

6: Inequality, housing, households, and the future

Rising income inequality is mediated through housing markets in different countries to produce three new inequalities: unequal access to housing, unequal access to launch and form families and unequal access to stable and adequate pensions. Many people now face difficulty transitioning into what had been the socially accepted next stage of life: parenthood and independence for the young, and for the old entry into retirement or retirement at the same standard of living. Households have responded to these new realities not with the expected Polanyian countermovement in favor of more state-supplied welfare, but rather in different ways depending on their different generational and class (or employment) locations. These variegated responses fragment households across and within generational cohorts to produce the heterogeneous groups described above, even though they all share a common strategy of re-familialization as a form of self-protection from the consequences of rising

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[56] Data reported in Bill McBride, Calculated Risk Blog; online at http://www.calculatedriskblog.com/2016/06/lawler-single-family-home-production-in.html.

[57] National Association of Realtors, "2015 National Association of Realtors Home Buyer and Seller Generational Trends," (Washington DC: NAR, 2015), pp. 90, 92; online at: https://www.nar.realtor/sites/default/files/reports/2015/2015-home-buyer-and-seller-generational-trends-2015-03-11.pdf.

[58] Herman Mark Schwartz, *Subprime Nation* (Ithaca, NY: Cornell University Press, 2009).

[59] Laura Sullivan, Tatjana Meschede, Lars Dietrich, & Thomas Shapiro, *The Racial Wealth Gap: Why Policy Matters* (New York, NY: Demos, 2016); Online at http://www.demos.org/sites/default/files/publications/RacialWealthGap_2.pdf.

inequality. Paradoxically re-familialization self-defense strategies create feedback loops or co-constitutive processes that exacerbate the very inequalities initially driving those strategies.

What are the consequences of these processes, what are possible policy responses, and what is the path for future research? Re-familialization has four major policy-relevant consequences. First, delayed household formation and reduced demand for market-based housing by new young households reduces aggregate demand, exacerbating the weak employment markets that keep young people in their parents' home. While the residential capital formation rates that immediately preceded the recent financial crises were unsustainable, the current depressed levels of residential investment are a drag on economic growth and employment. OECD-wide gross fixed capital formation has fallen from 20.2 percent of GDP in mid-2006 to 17.6 percent in early 2014.[60] Housing remains a major driver of the business cycle and economic growth, but slower household formation retards a rebound from the crises.

Second, the ability to pursue multiple life-cycle goals simultaneously is unequally shared within the millennial cohort. This paper focused on the ability of younger cohorts to form households, a crucial step in social and population reproduction. But because access to housing rests on unequal access to parental resources, those segments of the younger cohort who lack such resources will have greater difficulties reconciling their preferred housing outcomes with their preferred partnership outcomes. Those who want to become homeowners without partnering may find it impossible to achieve either without parental support, reinforcing the inequality in their initial starting position. While sharing a rental unit or pooling income and savings with a partner to afford a down payment might be enough to overcome the absence of parental support, it further divides the younger cohort across traditional cleavages like class and gender. Women who want to remain independent from a male partner may be able to so if they are part of the Launched for instance, but not if they are part of the Precariat. This increased differentiation within the cohort is likely to ramify through future generations because of assortative mating and subsequent growing income and wealth inequalities. Unsurprisingly, recent immigrants and racial minorities, who already have lower average incomes, more volatile employment, and less home ownership, experience these negative wealth and re-familialization effects most strongly. In addition, rising economic stress and fear about the difficulty of social and generational reproduction may be fueling the quasi-populist voter revolts seen not only in Brexit and the election of Donald Trump, but also in the rising share of anti-establishment parties.

Third, individually rational behaviors are producing collectively irrational outcomes by exacerbating the underlying inequality dynamics producing re-familialization and insecurity. The more that Freeholders secure housing and good employment for their children, the more insecure pensions, employment and housing access become for Renters, for the even weaker Marginalized, and for their struggling parents. This polarization perpetuates and intensifies already acute class and racial inequalities. Unfortunately, public policy currently reinforces this trend through its emphasis on asset-based welfare and fiscal austerity. Marketization and individuation of pensions will most likely lead to lower long-term returns and greater risks for pensioners. This conflicts with pensioners' ability to fund a mortgage into their early retirement years precisely at the point in time when delayed household formation pushes amortization of a mortgage later in life. Pursuit of austerity in a low interest rate environment encourages higher income earners to divert savings into real estate as the only viable investment. And slow growth locks young cohorts into marginal employment, especially for groups outside a given country's ethno-national core.

Possible policy responses include fiscal expansion, a stabilization of existing welfare programs and a renewed state role in housing. Fiscal expansion would help create a more robust job market that in turn would enable younger cohorts to exit the parental home or reduce their reliance on parental resources. In particular, creating a green economy or renovating aging infrastructure seem like obvious

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[60] Data accessed from OECD online database; online at http://www.OECD-iLibrary.org.

targets for public spending. Additionally, easing regulations that ratchet up the costs of housing (e.g. transaction costs) will help both younger would-be buyers and older would-be sellers. Marketization of pensions and the shift towards defined contribution pensions have introduced new risks rather than diminished the risks of exiting the labor market. More equitable public pensions in Italy or France, and more generous public pensions in the United States or Britain, would both stabilize older cohorts' incomes and add to aggregate demand. A renewed public push for homebuilding and rehabilitation will also expand supply and thus decrease prices.

Most generally, the fragmentation of the millennial and near retirement cohorts can be seen as the social side of the increasing income and wealth inequality that Piketty and others document.[61] Much of the unequal accumulation of wealth occurs through possession of real estate. It is thus unsurprising that strategies of defense involve households returning to configurations more typical of the period before the historically unusual post-war 'golden era.' Polanyi was surely correct about the corrosive effects of the market.[62] But counter-movements are political in nature, and most academics forget that the counter-movements Polanyi described were not, at first, benign efforts to shelter everyone. Like today's populist outbursts, they most often sought to shelter ethno-national core populations by backing authoritarians who promised to control markets. In the context of today's increasingly brutal politics, it is thus also not surprising that families are seeking shelter from the market by huddling together in their remaining shelters.

[61] Thomas Piketty, *Capital in the 21st Century.*
[62] Karl Polanyi, *The Great Transformation* (Cambridge, MA: Beacon Press, 1944).