

**Self-Interest and Solidarity  
in the "Silver Age" of the Welfare State:  
Older People's Preferences for Youth-Oriented Social  
Spending in Times of Scarce Resources**

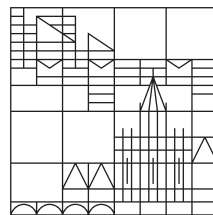
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*To my parents,  
Brigitte and Friedrich*

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## Zusammenfassung

In vielen westlichen Ländern geben demografische, soziale und ökonomische Entwicklungen Grund zur Sorge über eine altersbasierte Spaltung der Gesellschaft im Hinblick auf den Wohlfahrtsstaat. Die Alterung der Bevölkerung, neue soziale Risiken und begrenzte staatliche Mittel machen aller Voraussicht nach ein Abwägen zwischen Leistungsempfängern, insbesondere zwischen Altersgruppen, erforderlich. Da die Gesundheitsversorgung und die Renten den größten Teil der Sozialausgaben ausmachen dürfte dies vor allem die ältere Bevölkerung treffen, was einen Generationenkonflikt über die Verteilung von Sozialleistungen auslösen könnte.

Die Ergebnisse hierzu sind allerdings nicht eindeutig. Während Kritiker monieren, dass wir uns auf dem Weg in eine Gerontokratie befinden, in der ältere Menschen erfolgreich ihre Ansprüche verteidigen, verweisen andere auf die Solidarität der Älteren gegenüber den Jüngeren, die sich in deren Unterstützung für Ausgaben in Bereichen wie Bildung und Erziehung ausdrückt. Die vorliegende Dissertation argumentiert jedoch, dass die meisten Studien das kompetitive Umfeld des gegenwärtigen Wohlfahrtsstaates nicht ausreichend berücksichtigen und daher den Einfluss von altersbasiertem Eigeninteresse auf die Präferenzen zu Sozialausgaben unterschätzen, bzw. die generationenübergreifende Solidarität älterer Menschen überschätzen. Sie argumentiert aber auch, dass es bestimmte Normen und Werte gibt, die den Einfluss von Eigeninteresse abmildern.

Kapitel 2 verwendet einen neuen Datensatz, der ein Umfrage-Experiment beinhaltet, und macht deutlich, dass die Folgen von Sozialausgaben in einem bestimmten Bereich tatsächlich Präferenzen verändern. Während altersbasiertes Eigeninteresse kaum eine Rolle spielt, wenn Befragte nach ihrer Unterstützung für Bildungsausgaben befragt werden, wird es ein entscheidender Faktor sobald deutlich wird, dass Bildungsausgaben nur gegen Rentenkürzungen zu haben sind. Das Kapitel zeigt aber auch, dass zwischenmenschliches Vertrauen, anders als die politische Orientierung,

den Einfluss von altersbasiertem Eigeninteresse abschwächt und generationenübergreifende Solidarität stärkt.

Kapitel 3 greift auf Daten aus dem European Social Survey (2008) und dem International Social Survey Programme (2006) zurück und zeigt, dass ältere Menschen ein größeres Interesse an Ausgaben für die Älteren haben als an Ausgaben für die Jüngeren. Darüber hinaus liefert es aber Hinweise, dass eine reine Fokussierung auf das Eigeninteresse zu stark vereinfachend ist. Obwohl anzunehmen ist, dass Religiosität Solidarität fördert, zeigt die Analyse, dass religiöse Menschen zurückhaltender sind, was die Ausgaben für die Jüngeren betrifft. Nichtsdestotrotz reduziert Religiosität den Einfluss von Eigeninteresse auf die Präferenzbildung und wirft damit ein neues Licht auf ein lange vernachlässigtes Thema.

Kapitel 4, schließlich, verwendet Daten aus dem European Social Survey (2008) und deutet an, dass sich ältere Menschen an die Norm der Reziprozität halten. Was jedoch für ihre Unterstützung für Erziehungsausgaben wichtig ist, sind nicht ihre persönlichen Beziehungen zu ihren erwachsenen Kindern oder ihren Enkelkindern, sondern ihre Wahrnehmung der jüngeren Bevölkerung außerhalb der Familie. Diejenigen, die der Meinung sind, dass die jüngeren Generationen ihren Beitrag zur Gesellschaft und zur Wirtschaft leisten, zeigen eine deutlich höhere Unterstützung für Erziehungsausgaben, als ihre eher skeptischen Altersgenossen.

Insgesamt betont diese Arbeit, dass die rein auf das Eigeninteresse fokussierenden politisch-ökonomischen Modelle zu kurz greifen. Eigeninteresse ist zwar ein wichtiger Faktor für die Präferenzbildung. Politisch-soziologische Modelle, die auch Faktoren wie Normen und Werte berücksichtigen, sind aber besser geeignet, um die Präferenzen älterer Menschen für Sozialausgaben, die der jüngeren Bevölkerung zugutekommen, zu erklären. Ob die gegenwärtigen Entwicklungen zu einem Generationenkonflikt führen werden, bleibt abzuwarten. Diese Arbeit hebt allerdings zwei Punkte hervor: Erstens können politische Entscheidungsträger ihre wohlfahrtsstaatlichen Reformen nicht auf generationenübergreifende Solidarität gründen, zweitens, aber, sind Menschen, einschließlich der Älteren, nicht ausschließlich von Eigeninteresse angetrieben, sondern auch von Normen und Werten, die die Solidarität gegenüber anderen Altersgruppen fördern.



## Abstract

In many Western countries, demographic, social, and economic developments give rise to concerns about an age cleavage concerning the welfare state. Population aging, new social risks, and constraint government budgets are likely to require trade-offs between benefit recipients, especially between age groups. Since healthcare and pensions are the most expensive parts of social spending, cutbacks are likely to affect the older population, which might unleash a generational conflict over the distribution of welfare resources.

Nevertheless, findings are mixed. While some critics argue that we are on a way to gerontocracy where older people will successfully defend their benefits, others point to the elderly's intergenerational solidarity in the sense that they support spending in areas like childcare and education. However, this dissertation argues that most studies do not take into account the competitive environment of current welfare states and therefore underestimate the impact of age-based self-interest on social spending preferences and overemphasize older people's intergenerational solidarity, respectively. But it also argues that certain norms and values are able to mitigate or even to offset the impact of self-interest.

Chapter 2 uses a novel dataset containing a survey experiment and highlights that preferences indeed change on grounds of the consequences of social spending in a certain area. While age-based self-interest plays only a marginal role when respondents are asked for their support for education spending, it becomes significant when education spending comes along with pension cutbacks. Moreover, the chapter shows that, contrary to political ideology, social trust mitigates the impact of age-based self-interest and increases intergenerational solidarity of the elderly.

Chapter 3 draws on data from the European Social Survey (2008) and the International Social Survey Programme (2006) and shows that older people prioritize elderly-oriented over youth-oriented spending. It also provides evidence that a pure

focus on self-interest is oversimplifying. Although religiosity is expected to promote solidarity, the analysis finds that religious people are less supportive of youth-oriented spending. Nevertheless, religiosity mitigates the impact of self-interest on preference formation, thereby shedding new light on a largely neglected topic.

Finally, using data from the European Social Survey (2008) Chapter 4 indicates that older people adhere to reciprocity. However, what is relevant to older people's support for childcare spending are not personal relationships with their adult children or their grandchildren, but their perception of the younger population on a non-family-member level. Those who think that the younger generations contribute to the society and the economy are significantly more in favor of social spending to the benefit of the youth than their rather pessimistic counterparts.

In sum, this dissertation emphasizes that political-economy models which focus only on the role of self-interest are not justified. Self-interest is an important factor in preference formation. However, political-sociological models considering other factors like norms and values are more suitable to explain older people's preferences for youth-oriented social spending. Whether the current developments will result in a generational conflict remains to be seen. But this dissertation raises two points: First, policymakers cannot base their welfare reforms on intergenerational solidarity, but second, people, including the elderly, are not exclusively driven by self-interest but also by certain norms and values which foster their solidarity towards other age groups.

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# Chapter 1

## Introduction

Dominik Lober

## 1.1 The Welfare State in its “Silver Age”

The welfare state is a hotly debated topic nowadays, not only among politicians in election campaigns and political discourses, but also among scholars of comparative politics, social policies, and related fields. Most industrialized countries face enormous challenges regarding their social systems and many scholars agree that the “Golden Age” of the welfare state is gone (Armingeon, 2006; Pierson, 2001a; Taylor-Gooby, 2001a,b). The time after the Second World War, especially the 1960s and 1970s, was marked by growing expenses on social issues, an increasingly better and encompassing protection of citizens against the hardships of life, and a rising generosity in terms of benefits and services. However, time has changed and the discussion now evolves into the question of how to get the social systems adapted to a new “Silver Age” of welfare spending. This era is characterized by several unfavorable developments confronting decision-makers as well as benefit recipients with challenges which could affect the scope and the generosity of the welfare states. Although some trends are rooted in changes in the global economy (e.g. Busemeyer (2009) highlights the problematic effects of globalization), the main sources of struggle are based on domestic social and economic transformations (Pierson, 2001b). Three of them appear to be of great importance.

One challenge stems from the trend towards permanent austerity in Western economies (Pierson, 1998, 2001a). Many countries face a situation of low economic growth resulting in stagnant public revenues. At the same time, taxes have reached a level where no further increases are tolerable. In addition, the EU member states and the accession candidates are *de jure* forced to reduce their public debt and deficits and are therefore no longer able to finance a generous welfare state through public debt increases. At least since the global financial crisis and the resulting Eurozone crisis, many of them are now *de facto* compelled to balance their budget as the interest rates on sovereign bonds have risen considerably. These economic and fiscal developments urge countries to focus, among others, on cost containment with regard to social policies. Under these circumstances, a major expansion of welfare spending is no longer possible (Taylor-Gooby, 1999, 2).

Contrary to the trend towards permanent austerity forcing countries to reduce or hold constant public spending, there is also an increasing demand for welfare expendi-

tures, which constitutes the second challenge. Beyond the traditional risks during the industrializing postwar era (e.g. unemployment, sickness, retirement), the formation of new social risks brings to mind new potential beneficiaries and social hardships against which the state should secure its citizens (Armingeon, 2006; Bonoli, 2007; Kitschelt and Rehm, 2006). One facet of this development is the deindustrialization and the tertiarization of employment which leads to massive long-term unemployment among industrial workers. Furthermore, low-skilled workers are threatened by the payment of poverty wages since they are mostly employed in sectors with no or very limited productivity gains. In addition, working careers have changed since part-time work, work interruptions, and later entry into the labor market are now common. Another phenomenon is the increased labor force participation of women which raises demands for adequate childcare provision since the inability to combine work and family life is an important driver of poverty risks especially among low-income parents. A related issue is single parenthood resulting from a rising instability of family structures which in many cases increases the risk of poverty. In both cases, demand for publicly funded childcare increases and poses a new challenge to the distribution of scarce welfare resources. In face of these fundamental changes, governments are forced to adapt to a variety of new problems and implement policies such as the provision of public childcare and family services, more and better education, and active labor market policies to secure newly emerging risk groups.

The third development that is considered as a challenge for the sustainability of mature Western welfare states is the aging of societies. It is widely recognized for the industrialized countries that the number of young people is in decline due to low fertility rates, while the proportion of older people is steadily growing through increases in life expectancy (Goerres, 2009; Sinn and Uebelmesser, 2002; Tepe and Vanhuyse, 2009). On the one hand, of course, this is a positive development indicating better and better living conditions in these countries. However, as most people in later life end their economically active career, this trend not only reduces the share of the working population. It also increases the number of citizens depending on welfare benefits and raises the costs in areas which are mainly directed towards old-age related risks, i.e. health care and pensions (Goerres and Vanhuyse, 2012; Pierson, 2001b, 11). These areas already make up the greatest part of social spending in affluent democracies. Rising costs to provide for the older population, however, reduce the government's

financial leeway to invest in other social policy areas, e.g. those which target the new social risks of the younger population, like childcare services and education.

Since these developments occur simultaneously, the Western welfare states are going through hard times. While governments are forced to constrain welfare spending as a result of legal regulations relating to the level of public debt, pressure from the international financial markets, and a strategy of permanent austerity, new social risks and aging societies push to widen social expenditures. Thus, a conflict evolves between cost containment on the one hand, and new and rising demands for social spending on the other hand. There are several ideas how to approach these problems. Constantly increasing the legal retirement age is one of them, but it appears to be a highly controversial topic between political actors and it is unlikely to solve the problem of aging societies all alone. Other plans point to a wide privatization of social risks and to a general reduction of the social systems. Nevertheless, welfare states do not suffer from wholesale dismantling or retrenchment. What happens instead is a restructuring and recalibration of programs and structures (Brooks and Manza, 2007; Pierson, 1998, 2001b; Taylor-Gooby, 2001a,b). Cutbacks in one program are accompanied by expansions in other programs so that the overall output in terms of the level of expenditures remains broadly constant.

However, restructuring the welfare state is anything but easy. The fact that the welfare state does not undergo a process of retrenchment demonstrates its high resilience against deep and painful shifts. This high resilience is based on two sources (Pierson, 1998). First, welfare state institutions appear to be “sticky” and exhibit a high degree of path-dependency. Once set into place, they can be protected through formal veto points and may show a pattern of self-reinforcement which makes them resistant against major changes. Second, resilience results from beneficiary groups privileged by the current arrangement of institutions. These groups fight for their benefits and against any cutbacks which might hurt their interests. Thus, overall, there is a tension between budgetary pressures on the welfare state and new and rising demands making trade-offs between recipients and programs more and more important (Busemeyer and Garritzmann, 2017; Busemeyer et al., 2017).

Considering the demographic trend and the emergence of new social risks mainly affecting the younger population, one could expect that a new cleavage will be added to the old struggle between the rich and the poor over the welfare state: an age

cleavage separating the elderly and the young. In this scenario, the increasing number of people in retirement will demand rising pensions thereby increasing the costs of old-age related social policy areas, while the younger generations will claim higher investments in youth-oriented programs, like education and childcare. Whether or not this will actually happen remains to be seen, but – as a result of the outlined developments – many politicians and scholars alike anticipate a generational conflict to emerge over the distribution of scarce welfare benefits (e.g. Sinn and Uebelmesser, 2002).

## 1.2 Puzzle and Research Question

Evidence referring to a generational conflict is rather mixed. On the one hand, there is research pointing to diverging social spending preferences along the life cycle. While older people prefer local school spending to state spending on education, support for education spending in general declines with age (Brunner and Balsdon, 2004). Similar findings are provided for Swiss voters indicating that older people are less in favor of education spending and instead prefer higher expenditures on health and social security (Cattaneo and Wolter, 2009). Busemeyer et al. (2009) extend these findings to 14 OECD countries showing that especially support for education spending decreases with age. These results can be interpreted as evidence in favor of an age cleavage and a generational conflict.

On the other hand, several analyses find no clear indications for an age cleavage and no concrete signs for an upcoming clash of generations (Attias-Donfut and Arber, 2000). Examining people's opinion towards government spending on old age assistance Hamil-Luker (2001) finds that the respondents' age is not a major factor influencing their preferences. Emery (2012) takes into account the demographic structure of countries and its consequences on support for old-age related social spending. Although he finds less legitimacy of state support for the elderly in countries where the old-age dependency ratio is high, he claims that there is no sign for a generational conflict to emerge, because preferences are not more polarized along the factor of age in countries with a high old-age dependency-ratio compared to countries with a low ratio. Krieger and Ruhose (2013), too, argue that there is only little support for a generational conflict. While they show that people close to retirement age want

less spending on families and education, this effect diminishes after retirement and is thus only a temporary phenomenon. Finally, Svallfors et al. (2012) point in a similar direction. Analyzing welfare attitudes across 26 European countries they find that age is not a relevant dividing line, even when it comes to age-related social programs. They conclude that age is unlikely to constitute a cleavage regarding social policies.

Considering the current situation of the welfare state outlined above, one might wonder why the existing research provides less evidence for a generational conflict than we should expect. There are at least two plausible explanations: self-interest and intergenerational solidarity. Especially the younger generations can be expected to support old-age related social spending in alliance with the elderly on grounds of self-interest. On the one hand, those who are young and go to work today will eventually retire and benefit from a generous pension system (Preston 1984). On the other hand, they could benefit from intergenerational redistribution inside the family which is fostered by state-based support for the elderly (Gulbrandsen and Langsether, 2000). Moreover, generous old-age related benefits and services likely reduce the burdens of the younger generations when they have to care for their older parents (Daatland and Lowenstein, 2005).

Nevertheless, people might support social spending in favor of other age groups on grounds of solidarity, too. It is shown across European countries that elderly-oriented social policies enjoy great support from the younger generations, because older people are perceived as deserving of state-based care (van Oorschot, 2000, 2006). Conversely, there is research showing that older people are willing to support spending which benefits the younger age groups and are not overly focused on maximizing their own material pay-offs, which is mainly based on other-regarding preferences and solidarity (Berkman and Plutzer, 2004; Goerres and Tepe, 2010; Logan and Spitze, 1995; Street and Cossman, 2006). In sum, one could conclude that beyond self-interest, which is mainly a factor among the younger population, it is intergenerational solidarity that prevents a generational conflict over welfare spending.

However, I argue that especially the existing research promoting the idea of widespread intergenerational solidarity neglects or underestimates the importance of trade-offs as outlined above. All analyses examining people's welfare preferences only ask for the respondents' support for social spending in certain areas, without mentioning possible negative externalities of their preferences, like cutbacks in other social policy

programs. In the current era of the welfare state, however, it is hardly possible to accommodate all the demands from different age groups for social spending. Instead, it is likely that increases in one area come along with cutbacks in other areas. This constitutes a major change of the situation with probably considerable consequences for solidarity.

Both experimental and survey-research provide evidence that solidarity is not ubiquitous but depends on the broader context of the situation. According to Fehr and Schmidt (2006, 618), the crux of the matter is not if people have other-regarding preferences, but the circumstances under which these preferences have important economic and social effects. Various experiments demonstrate that the impact of other-regarding preferences can completely disappear in a competitive environment where solidarity towards others comes along with personal costs (Fehr and Schmidt, 2006). Indeed, this is exactly the scenario of attitude formation during welfare state restructuring. Traditional benefits, like pensions and health care, engage in competition with new demands, like increasing education spending and the provision of childcare. Extending the experimental insights on people's preferences for welfare spending would result in a decline of support for social spending to the benefit of other age groups.

The experimental evidence is corroborated by findings from survey analysis. Kangas (1997) shows that preferences are not very stable and depend on situational factors and the context of an action, respectively. Of major importance is the framework in which an issue is presented. This could be a different wording of a question which might effectively change the responses. In his analysis based on an opinion survey referring to the welfare state in Finland, the author finds that the commitment to solidarity is very strong on a general level. However, if benefits are targeted towards specified groups, solidarity begins to decline. This is even more pronounced, if respondents are asked to pay for the support of the less well-off, e.g. via a work tax. In this case, solidarity declines further and self-interest begins to surface. Thus, the author concludes that solidarity matters, but also that altruism and self-interest are two sides of the same coin and that it depends on the situation or the framework of an action, which motivation dominates. His results indicate that as soon as people are confronted with trade-offs, self-interest is predominant and other-regarding preferences vanish.

Therefore, the “Silver Age” of the welfare state calls for a reexamination of people’s preferences for social spending and a redefinition of intergenerational solidarity which is consistent with a competitive environment, e.g. welfare state restructuring. Previous studies rejecting the possibility of a generational conflict think of intergenerational solidarity as respondents’ support for welfare spending catering to the needs of other age groups. In doing so, they underestimate the relevance of trade-offs and thereby overestimate the existence of solidarity across generations. Among others, this is acknowledged by Street and Cossman (2006, 93) when they state that it is unknown whether older people’s support for education spending would be as high if such spending induced a trade-off in terms of limited spending on health and social security. Thus, the current situation could become a crucial test for the social cohesion between generations since the younger population can support generous old-age related social policies only by sacrificing their claims for more childcare and education spending, while the elderly have to abandon their demands for higher pension payments in order to support rising investments in youth-oriented policies.

Consequently, I use a definition of intergenerational solidarity which differs in an essential point: intergenerational solidarity describes people’s support for social spending to the benefit of other age groups, even if such support implies personal costs in terms of cutbacks in areas directed towards one’s own needs. This definition resonates well with the one used by Goerres and Prinzen (2012, 424) who define solidarity towards another generation as a person’s willingness to incur costs in favor of another generation’s members. Nevertheless, the question is, as citet[133]TaylorGooby.2001 puts it, “*who will foot the bill?*”. Or, in words directly related to intergenerational solidarity and age-related social spending: Who is willing to accept cutbacks and trade-offs in order to enable new or to increase existing welfare benefits in favor of other age groups?

Against the backdrop of aging societies, great attention should be given to the group of older people due to various reasons. Firstly, two areas of major interest to them, i.e. health care and pension spending, make up the greatest part of social expenditure and are therefore prime targets for restructuring in many countries (Pierson, 2001b, 11). If cutbacks can be realized at all, it probably happens in the most expensive parts of social policy.

Secondly, based on the demographic trend the ratio of younger to older people



constantly deteriorates. This has severe implications for a pay-as-you-go pension system. Fewer and fewer working-age people are financially liable for the pensions of more and more retired people. This development almost necessarily requires painful reforms in the pension systems.

Thirdly, the growing proportion of older people in democracies leads to fears of a “grey peril” (Berkman and Plutzer, 2004; Rattsø and Sørensen, 2010; Street and Cossman, 2006) and of a trend towards “gerontocracies” (Sinn and Uebelmesser, 2002; Tepe and Vanhuysse, 2009). These fears are based on the assumption that older people stick to their material interests, e.g. a high level of health care and pension payments, and oppose any attempts to cutback these expenditures in order to increase public spending to the benefit of the younger generations, e.g. through family allowances or education spending. If the elderly eventually should gain a majority in democratic votes, it would render welfare state reforms at their expense impossible. In combination with the emergence of new social risks mainly concerning younger citizens and families with children, this development would increase the probability of a generational conflict over scarce welfare resources.

Finally, the group of older people is particularly well-suited to examine the impact of self-interest on preferences for age-related welfare spending. Contrary to the younger generations who will eventually grow old and will benefit from generous old-age related social policies, the elderly will never be young again and therefore should not have an interest in youth-oriented social policies, at least from a strictly material point of view. It is highly unlikely that older people will enter into education again just as it is fairly unlikely that they have small children who would benefit from raising childcare and education spending. Therefore, while younger people have a considerable material interest in elderly-oriented social spending, this relationship does not hold in a comparable strength for older people. This makes the elderly a good case to examine the concurring influence of (material) self-interest and intergenerational solidarity on social spending preferences.

Nevertheless, although the group of older people constitutes one of the decisive parties when it comes to welfare state restructuring, relatively little is known about their attitudes and preferences and about what exactly influences them, especially with regard to cutbacks and trade-offs in social spending (Daatland et al., 2012; Svallfors, 2008). Beyond that, the existing research partially provides quite contradictory find-

ings indicating, on the one hand, that elderly people are driven by self-interest and, on the other hand, that older people behave altruistic (e.g. compare the findings of Poterba (1997) and Berkman and Plutzer (2004) on the effect of elderly people on the level of education spending). As the prevention of a generational conflict and the sustainability of the welfare state in times of tight budgets, new social risks, and aging societies depend to a large extent on the behavior of older people, more knowledge about their attitudes and preferences is of utmost importance. With the dissertation at hand I want to contribute to fill this research gap. The overarching question of interest is thus: *Are older people purely self-interested, or do they commit to intergenerational solidarity by supporting youth-oriented social spending, even if this implies trade-offs and personal costs in terms of cutbacks in own benefits, and which factors influence their preferences?* To answer this question, I apply a political-sociological approach and contribute to the literature about public opinion on the welfare state and social policy.

### 1.3 State of the Art

In general, there are two approaches to analyze people's attitudes and preferences referring to welfare spending and redistribution: a "political-economy approach" and a "political-sociological approach" (Svallfors, 2012a, 231). In the former, people are assumed to be mainly driven by material self-interest. Individuals build their attitudes on calculations to maximize their own material utility, regardless of the well-being of others. From a purely economic perspective, interests are derived from economic circumstances and changes therein (Brooks and Manza, 2007, 99). In its simplest configuration, the competition for welfare and redistribution is unidimensional and is decided between the rich and the poor (Persson and Tabellini, 2000). However, further dimensions can be added, e.g. the conflict between the young and the old in which the possibility of altruistic behavior across generations is rejected.

The political-sociological approach is characterized by including further considerations like social justice, social rights, and reciprocity in addition to self-interest (Svallfors, 2012a, 231). Similarly, in their "embedded preferences approach" Brooks and Manza (2007, 100) take into account multiple social factors ranging from the individual social-structural position and the influence of institutions to the impact

of historical developments, apart from economic processes. Nevertheless, it needs to be emphasized that the rather sociological approaches, too, regard (economic) self-interest as one factor among others which is likely to affect individuals' attitudes and preferences. However, according to Svallfors (2012a, 232) the relative importance of self-interest in the formation of welfare attitudes is still unsettled and is in need for clarification. To sum up, according to the extended approach, the factors influencing people's welfare preferences can be roughly differentiated into three determinants: self-interest, norms and values, and institutions.

### **Self-Interest, especially Age-Based Self-Interest**

While self-interest has its stake in both approaches, it certainly figures more prominently in the political-economy approach. Scholars who approach the issue of welfare attitudes from this perspective state that actors are basically driven by self-interest (Persson and Tabellini, 2000). Concerning the welfare state, this means that individual preferences for social spending depend on two basic characteristics: people's income, usually in relation to the median income (Finseraas, 2009; Meltzer and Richard, 1981), and the risks people are exposed to, most commonly labor market risks (Anderson and Pontusson, 2007; Cusack et al., 2006; Iversen and Soskice, 2001; Kitschelt and Rehm, 2006; Rehm, 2009; Rehm et al., 2012). According to these assumptions, demand for redistribution increases with declining income and rising risks. People with a below-average income support redistribution in order to increase their post-tax and -transfer income and thus their utility. Rich people – those with above-average income – object to income redistribution as they lose money through taxes which is given to the poor and thus reduce their material utility. Similarly, people exposed to higher risks, like unemployment, support redistribution (or social insurance) to secure their income against these risks, while people with safe jobs are less supportive of such measures. In sum, people form their welfare preferences on considerations about their own economic situation and related expectations for the future.

Referring to the elderly, preferences motivated by self-interest are based on slightly different assumptions. As most older people are no longer exposed to labor market risks since they retired, this aspect of self-interest does not apply anymore. Nevertheless, they still depend on income in the form of pension payments. Self-interest related to old-age, thus, implies that the elderly are expected to support policies

which increase their income, e.g. generous pensions, and oppose policies which benefit the younger generations, e.g. education spending and the provision of public childcare. Such expectations are underpinned by the assumption that elderly people are single-minded and thus can focus exclusively on the promotion of generous pension payments, while younger people have to deal with multiple considerations simultaneously (Mulligan and Sala-i Martin, 2003).

Empirical evidence for the consequences of age-based self-interest in times of population aging, i.e. generous pension systems and declining benefits for the younger generations resulting in a generational conflict is rather ambiguous. While advocates of emerging gerontocracies expect a severe age-bias in public spending in favor of the elderly (Sinn and Uebelmesser, 2002), some scholars indeed present patterns of a similar development. Already for the late 1970s and the early 1980s, Preston (1984) points to an emerging elderly-bias in public spending for the United States, as spending on children experienced considerable cutbacks while redistribution towards the elderly continued to increase. At the end of the 1990s, Poterba (1997, 1998) provides results indicating that the number of older people has a negative effect on education spending. He shows that per-child education spending on the state-level decreases with a growing fraction of elderly residents. More recently, Rattsø and Sørensen (2010) demonstrate for the case of Norway that a higher proportion of older people decreases the level of school and childcare spending.

While all these findings speak clearly in favor of age-based self-interest, more recent analyses mitigate the observed age-effect or reject it. Even though Harris et al. (2001) admit that older people actually have a negative effect on public education spending, they also state that this effect is far smaller than suggested from earlier research. In the same vein, Ladd and Murray (2001) show that the depressing effect of elderly people on education spending at the county-level is smaller than proposed by Poterba (1998) for the state-level. Beyond that, several studies conclude that age-based self-interest plays no or only a minor role when it comes to redistribution. Pampel (1994) finds that a higher share of older people increases the elderly-bias of public spending only in the absence of class-based corporatist institutions and strong leftist parties. Berkman and Plutzer (2004) demonstrate that age-based self-interest is relevant for the level of education spending only if larger proportions of the elderly are recently migrated to a certain location. From a more general perspective, Tepe

and Vanhuyse (2009) show that the anticipation of more generous pension benefits as a result of “elderly power” lacks empirical support and Tepe and Vanhuyse (2010) provide evidence for various OECD countries that welfare spending does not follow shifts on the demand side, which includes no pro-elderly bias as a result of population aging. For the UK, similar results are found by Bradshaw and Holmes (2013).

The contradictory results gained from the analyses of actual spending patterns are corroborated by findings from individual-level survey research. Various scholars provide evidence for age-based self-interest derived from individual attitudes towards the welfare state and redistribution. Busemeyer et al. (2009) show that age matters and that the age cleavage affects the formation of spending preferences, at least in some areas. As expected, older people are clearly less in favor of spending on education compared to people still in work or in education. The opposite holds true for spending on pensions. Younger people in education are less supportive of pension spending than the older population. Regarding health care and unemployment results are mixed with remarkable differences between countries. Svallfors (2008) gains similar results for Sweden. Young people are more in favor of spending on families with children, while older people prefer elderly-oriented policies to support for families. Equivalent findings are provided by Bonoli and Häusermann (2009) and Cattaneo and Wolter (2009) for Switzerland, where age appears to be the most important cleavage when it comes to attitudes towards distributional issues and education spending. Age also shapes preferences for public childcare in Germany, as Goerres and Tepe (2012) show.

By differentiating between the familial and the societal level, Daatland et al. (2012) find generational altruism to be the dominant principle inside families, while attitudes with reference to the welfare state are dominated by age-related interests. Blekesaune and Quadagno (2003) and Sørensen (2013), too, find evidence that support for age-specific programs changes with the age of respondents and that spending priorities overall vary along the life cycle. However, both of them emphasize that the age effect is only very moderate. Fullerton and Dixon (2010) find mixed evidence for age-specific spending preferences. They observe that older people indeed support spending on education to a lesser extent than younger citizens, but their further analysis claims that this is a cohort effect rather than an age effect.<sup>1</sup>

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<sup>1</sup>An age effect refers to a person’s stage in the life cycle, while a cohort effect refers to the year someone was borne. A more detailed discussion follows below.

As in the case of actual spending patterns, there are also survey analyses which reject age-related self-interest as the prime motivation referring to social policies. In their interview-based study, Logan and Spitze (1995) conclude that the attitudes of the older generations are driven by altruism and not by self-interest. Similarly, Street and Cossman (2006) find that among the elderly, social security benefiting the old is the least preferred area of spending increases compared with health care and education. This contradicts the assumption of self-interest-driven preference formation. Comparable results are provided by Goerres and Tepe (2010). They focus on older people's attitudes towards public childcare spending and conclude that age-based self-interest is not able to explain the observed patterns. Concerning support for beneficial social policies, Lynch and Myrskylä (2009) find no evidence for age-based self-interest. In the case of reforming the pension system, beneficiaries, i.e. older people, do not appear to be the defenders of their own interests. Finally, Emery (2012) states that an intergenerational conflict is not to be expected. Although the legitimacy of the pension system declines with a growing proportion of the population receiving pensions, the decrease in legitimacy is evenly spread across age groups and thus will not increase the probability of conflict between generations.

In sum, research on actual spending patterns as well as on individual-level surveys yields ambiguous results referring to age-based self-interest. There are both analyses supporting the political-economy perspective and studies rejecting the assumption of people forming their preferences exclusively based on (material) self-interest. Moreover, even scholars who find evidence in favor of it emphasize that age-based self-interest is hardly probable to be the only and all-encompassing explanation for individual attitudes and preferences (e.g. Busemeyer et al., 2009). There is great variation between individuals, over policy areas, time, and countries. In light of such findings, many scholars conclude that there are other factors in addition to self-interest which influence people's preference formation and thus prefer a more sophisticated approach which includes other sources, like norms and values, and institutions.

## **Norms and Values**

People, regardless if they are younger or older, are no isolated individuals but regularly interact with each other. This can happen at a more personal level like the family, or at a rather anonymous level like society. In any case, people get to know each other and

something about the situations of other individuals including their needs. Moreover, personal interaction at any level is mostly based on commonly shared norms. These considerations lead many scholars to doubt that individuals deduce their attitudes and preferences exclusively from self-interest. Like in the “political-sociological approach” (Svallfors, 2012a) or in the “embedded-preferences approach” (Brooks and Manza, 2007), they assume a more nuanced process of preference formation in which self-interest plays a certain role, but not the only or the most important one.

Experimental economists and psychologists have been successful in showing that a large proportion of people does not act according to the purely self-interested “Homo economicus”, but that many are strongly driven by other-regarding preferences and that they care a lot about the well-being of others, about fairness, and reciprocity (Fehr and Fischbacher, 2005; Fehr and Schmidt, 2006, 617). For example, in an experiment, called the “dictator game”, people are found to donate more money to fellow players than they should according to the assumption that they behave like a Homo economicus (Fong et al., 2005). If people are assumed to be solely self-interested and able to freely decide how much money they donate to other people, like in the dictator game, they are expected to give nothing away. However, researchers demonstrate that a lot of people are willing to share their money with others, even if they do not have to and that they donate a considerable amount of money to other players (Forsythe et al., 1994). Consequently, scholars conclude that individuals are not only driven by self-interest, but that altruism is also evident. In extended and more sophisticated games, experimental researchers show that norms like altruism, reciprocity, and fairness play an essential role in the formation of attitudes towards other people and in the formation of preferences for redistribution (for an overview see Fehr and Schmidt (2006) and Fong et al. (2005)).

Evidence from survey research underpins these findings. Some scholars concentrate on people’s perceptions of the social conditions of the society and find that considerations about values like equity and fairness play an important role in individual attitude formation. Alesina and Angeletos (2005) show that beliefs about the fairness of income inequality in a society has an important effect on people’s attitudes towards redistribution. If people perceive income inequality as a fair result of effort and talent, they are rather opposed to redistribution. On the contrary, people support redistributive policies if they perceive income inequality to be the result of

bad luck. Thus, the idea of “social justice” or “fairness” appears to be a key element in people’s attitude formation. Beyond that, beliefs about the possibility of upward social mobility also seem to affect people’s attitudes (Linos and West, 2003). People who believe that upward social mobility is mainly dependent on exogenous factors, like wealthy parents or social and political connections, are more supportive of redistribution than people who emphasize self-determined factors, like hard work and ambition. In a similar way, Fong (2001) examines the role of beliefs about whether poor or needy people are solely responsible for their situation or if poverty and need is exogenously determined. Her analysis shows that beliefs about the influence of self- versus exogenous-determination are important factors for the attitude formation towards redistribution, while income, as an indicator of self-interest, seems to be a poor predictor. The more people believe that need is caused by exogenous factors, the more they support redistribution.

In a related way, some scholars find that the ideological orientation of respondents also shapes their welfare attitudes. This includes political ideology in terms of people’s left-right orientation. It is affirmed on many occasions that people leaning towards a left-wing ideology prefer a more generous welfare state and higher levels of redistribution, while their right-wing counterparts are less supportive of state involvement (Alesina and Giuliano, 2011; Alesina and Glaeser, 2004; Breznau, 2010; Feldman and Zaller, 1992; Fong, 2001; Gelissen, 2000; Jaeger, 2006, 2008; Linos and West, 2003; Margalit, 2013). Beyond that, ideological orientations also comprise the emphasis of work ethic as well as the endorsement of social rights, as Hasenfeld and Rafferty (1989) demonstrate. According to their analysis, support for means-tested and contributory programs partially build on different ideological fundamentals, while the orientation towards social rights is shown to be a central element for general welfare state support. Moreover, attitudes towards welfare state policies, at least for the unemployed, are driven by the stance on an egalitarian ideology (Blekesaune and Quadagno, 2003). Apart from the influence of the national unemployment rate, the authors show that active welfare state policies towards the unemployed gain higher support in countries where an egalitarian ideology is more popular and grounded in public attitudes.

Furthermore, reciprocity is of major importance for the formation of welfare attitudes. Bowles and Gintis (2000) provide evidence that people’s attitudes towards



welfare state policies cannot be explained with reference to the self-interested *Homo economicus*. In the same way, they reject that unconditional altruism is better able to explain observed patterns of support for the welfare state. Instead, they argue that individual attitudes are shaped to a considerable extent by strong reciprocity. This concept describes the willingness to cooperate and share with others who hold similar beliefs, even if this comes at personal costs (*ibid.*, 37). Simultaneously, it includes also the willingness to punish others who violate cooperative and other social norms, if necessary again at personal costs. Thus, people who act according to reciprocity care about the well-being of others and about the processes which determine outcomes. Consequently, reciprocity also shapes their attitudes towards redistribution and the welfare state in general (see also Fong et al., 2005). In his case-study, Mau (2003) analyzes the impact of reciprocity for the UK and Germany and demonstrates its importance in the formation of welfare attitudes. He differentiates between various forms of reciprocity based on the actors involved, the type of expected returns, and the social circumstances under which reciprocal exchanges take place. Nevertheless, the basic conception of reciprocity, or of “*Homo reciprocus*” as he calls reciprocity-oriented individuals, is quite similar to that of Bowles and Gintis (2000).

Another source of influence which has been neglected in research on welfare attitudes for a long time is religiosity. Religion is found to be a quite important factor, as it overrules in some contexts the influence of economic self-interest on attitudes towards redistribution (De La O and Rodden, 2008). The authors show that many people rather tend to vote according to their religious beliefs, i.e. they vote for conservative parties, than to their economic self-interest, i.e. voting for leftist parties in the case of poor people. Similar results are provided by Stegmueller (2013b), who identifies a causal pathway from religion to preferences and vote choice indicating that religious people tend to have anti-welfare attitudes. Others find that religion works as a substitute for social insurance via the welfare state which further explains religious people’s opposition against welfare policies (Scheve and Stasavage, 2006). These findings are corroborated by Stegmueller et al. (2012) who show that religious people dislike income redistribution.

A concept that draws, among others, on the norm of reciprocity is the issue of deservingness perceptions. While authors like Alesina et al. (2001) argue that Americans tend to oppose income redistribution because they perceive citizens on welfare to

be lazy, van Oorschot (2000) elaborates more differentiated criteria on which people base their attitudes towards welfare recipients: control, need, identity, attitude, and reciprocity. He argues that people who are perceived to be in control of their situation are not treated as deserving and thus get no support. In the same way, recipients who are not perceived as needy will not get any help. Support, furthermore, depends on whether recipients are perceived to be close to their fellow citizens, whether they live according to the societal rules, and whether they have contributed something to the society or can be expected to contribute in the future. The more welfare recipients correspond to these criteria, the more they are perceived as worthy of support. The concept of deservingness is underpinned by several studies providing evidence in favor of it (e.g. Groskind, 1991; Jeene et al., 2013; van Oorschot, 2000, 2006, 2008a; Will, 1993).

Referring to the specific case of preferences for age-related social policies, deservingness perceptions again play a certain role. In his comparative analysis across 23 European countries, van Oorschot (2006) shows that elderly people are perceived to be the most deserving welfare recipients in comparison with the sick and disabled, the unemployed, and immigrants. Even though attitudes vary considerably, this pattern holds true for all countries under consideration. Svallfors (2008) also examines the impact of deservingness in Sweden and concludes that the high deservingness perception of older people is part of an explanation of attitude formation towards age-related policies.

Finally, altruism is mentioned as a further source of impact on the relationships between generations. Logan and Spitze (1995) find elderly people to be least likely to urge improvements of their own situation with regard to welfare spending. Instead, they seem to give more weight to the necessities of the younger generations. This pattern is reverted for the younger generations, i.e. they care more about older people than about themselves. Therefore, the authors conclude that people's attitudes do not reflect their current generational self-interest, but, in contrast, exhibit inter-generational solidarity and altruism. These attitudes can be found at the familial as well as at the societal level. Similar results are provided by Ward (2001). Thus, both studies reject the hypothesis by Becker (1981) that altruism dominates familial relationships, while self-interest is dominant in market relationships.

However, a more recent analysis underpins Becker's hypothesis. Daatland et al.

(2012) provide empirical evidence that on the one hand, attitudes are mixed in both areas, the welfare state and the family. On the other hand, they show that attitudes are skewed towards altruism in the realm of the family, while age-based self-interest is superior in welfare state attitudes. Thus, while altruism can be expected to play a role in attitude formation, the level at which it shapes attitudes is yet unclear. Moreover, it could well be that support for the welfare demands of other generations is not completely unconditional, but shaped by intra-familial solidarity. This is what Goerres and Tepe (2010) show in their analysis of public support for childcare policies: age-based self-interest is attenuated by the experience of intergenerational solidarity inside the family.

In sum, the political-sociological approach receives broad support from both experimental research and empirical analyses. It can be shown that welfare attitudes in general and preferences for age-related social policies in particular cannot be fully explained by the narrow-minded political-economy approach which takes into account only self-interest. Instead, various norms and values appear to exert considerable influence on people's attitude formation which should not be neglected in order to gain a better understanding of this issue.

### **Institutional Context**

Although the inclusion of norms and values improves our knowledge about people's welfare attitudes, it cannot explain why some studies reveal varying attitudes across nations and policies (e.g. Busemeyer et al., 2009). This might be related to the fact that countries offer various institutional contexts. Thus, some scholars try to explain the variation in attitudes by referring to different welfare regimes and institutional contexts (e.g. Svallfors, 2012b). Almost all of them follow the classification by Esping-Andersen (1990) or some extension of it (for an overview see (Arts and Gelissen, 2002)). In his seminal work, Esping-Andersen (1990) divided countries into three different welfare regimes based on the criterion of de-commodification. De-commodification means that the use of a social service is a matter of right and that people can assure their livelihood without being dependent on the market (Esping-Andersen, 1990, 21 f.). Social-democratic welfare regimes are found to be those with the highest level of de-commodification. In countries belonging to this regime type, mainly the Scandinavian countries, most welfare programs are usually universalistic.

On the contrary, liberal welfare regimes exhibit the lowest level of de-commodification and are primarily found in Anglo-Saxon countries. Most programs are means-tested. Finally, conservative welfare regimes lie somewhere in between and are found in many continental European countries. Welfare programs are mainly contribution-based.

Several scholars examined the impact of the welfare regime types on popular attitudes with mixed results. Papadakis and Bean (1993) and Bean and Papadakis (1998) find only weak evidence for the argument that mass support for and the level of popularity of social services vary with the institutional structure of welfare regimes. Similar results are provided by Gelissen (2000) who finds no systematic variation between the institutional set-up of regime types and popular support for the welfare state. Rather mixed evidence for a systematic influence of regime types on attitudes is provided by Jaeger (2006) indicating that no clear-cut relationship exists between welfare regimes and support for redistribution.

However, there is also a variety of studies pointing to a major impact of institutions on mass support for welfare states. While Svallfors (1997, 2003) finds no evidence that different welfare regimes produce varying class-cleavage structures, he is able to show that the regime types differ systematically in public support for (re)distribution. The result that class differences in welfare attitudes do not vary across welfare regimes is further underpinned by Svallfors (2004). On the other hand, the finding that mass public's attitudes towards state intervention are shaped by the institutional design and institutional changes of welfare regimes is backed by Alesina and Fuchs-Schuendeln (2007), Andreß and Heien (2001), and Svallfors (2010).

Further support for the argument of a systematic regime-type impact on welfare attitudes comes from Jaeger (2009) who shows that welfare regimes affect both the mean and the variance in public support for redistribution. His analysis reveals that mean support is highest in conservative regimes and lowest in liberal regimes, while variance in attitudes is highest in social-democratic regimes and again lowest in liberal ones. The results found by Larsen (2008) are slightly different from the ones presented so far. He argues that the link between regimes and support for welfare policies is indirect and that both variables are connected via deservingness perceptions which in turn are affected by the diverging regime types. Arts and Gelissen (2001) demonstrate that public attitudes regarding solidarity and justice principles vary according to the diverse welfare regimes which represent divergent frames of solidarity through their

institutional structures. Finally, the findings by Sabbagh and Vanhuyse (2006) point in a similar direction. They show that students' support for certain facets of welfare attitudes are systematically influenced by welfare regime types.

Considering these results, even if they are mixed or partially contradictory, it seems reasonable to take into account the impact of different welfare regimes when analyzing attitudes towards the welfare state and redistribution. Several studies highlight that attitudes are not only based on individual characteristics but are also shaped in a broader societal context by welfare institutions representing various ideological and normative orientations.

## 1.4 Empirical Approach

To answer my research question on older people's preferences for youth-oriented social spending and the factors that influence them, I follow the political-sociological approach, which means that I take age-based self-interest as a starting point for the analysis and as a factor that vitally influences older people's preference formation. However, unlike the political-economy approach, I assume that other factors, too, have an impact and might be capable of mitigating or reinforcing the influence of self-interest. In doing so, I draw on insights from political science, (social) psychology, behavioral economics, and sociology. Moreover, I strictly follow a quantitative micro-level approach in my analyses. This means that I investigate social spending preferences at the individual level by using survey data and that I examine only individual-level factors in my analyses, which means age-based self-interest and norms and values. In more detail, the norms and values investigated are: political ideology and social trust (Chapter 2), religiosity (Chapter 3), and reciprocity with reference to some forms of extra- and intra-familial intergenerational solidarity (Chapter 4). Only in Chapter 4, where there are data for some more countries, I include country-level factors as control variables to take into account the influence of the institutional context. In this case, I compare the explanatory power of the welfare regime concept with the power of the elderly-bias indicator of social spending (EBiSS), introduced by Vanhuyse (2013) and explained in more detail in the respective chapter.

Age-based self-interest finds expression in specific spending preferences due to changing needs along the life cycle, i.e. the elderly prefer old-age related expendi-

tures, like pensions, and the younger population is in favor of youth-oriented policies, like childcare and education. This implies that where I consider the whole sample of respondents the effect of age on spending preferences is one of the effects of interest (Chapters 2 and 3). In the fourth chapter, I do not include all respondents in the analysis but only people at the age of 55 and older. In this case, the effect of age only plays a minor role, as it is already taken into account by restricting the sample to older people.

Regarding the effect of age, there is an important comment that has to be made. Some of the literature dealing with this issue emphasizes that it is necessary to take into account not only the possibility of changing preferences along the life cycle, but also across cohorts and even across periods of time. Especially the issue of cohort effects is occasionally addressed (e.g. de Mello et al., 2017; Fullerton and Dixon, 2010; Sørensen, 2013). It is assumed that different spending preferences between older and younger people are not necessarily the result of the respective age, but of the cohort in which people were born. The argument claims that spending preferences are quite stable and endure along the life cycle, which causes differences between birth cohorts but not between people assigned to groups based on their stage in the life cycle.

Nevertheless, across all my analyses I do not control for cohort effects due to a simple reason: there are no panel data available which fit to my research question. Other methods, too, like repeated cross-sectional or pseudo-panel analysis are not possible with regard to the aim of this work. Thus, the term “age group” in this work refers to people at a similar stage in the life cycle and *not* to people belonging to a certain birth cohort. However, the articles which do control for cohort effects provide evidence that age is still an important factor influencing people’s preferences for social spending. Only Fullerton and Dixon (2010), using repeated cross-sectional data, find that differences in spending preferences are the result of cohort effects rather than age effects. Therefore, it seems reasonable to assume that the results referring to the age effect provided by this work were robust, even if one would include variables to control for a cohort effect.

Intergenerational solidarity is a somewhat less clear-cut concept. In its simplest configuration, it describes spending preferences that benefit other age groups. From the perspective of older people this would include their support for policies catering to the needs of the younger population, most prominently education and childcare.

In this definition, intergenerational solidarity has previously been analyzed providing mixed results. As indicated above, however, I slightly refine the concept for use in my dissertation. I define intergenerational solidarity as the willingness to support social spending in favor of other age groups, even if this comes along with personal costs and trade-offs, i.e. cutbacks in spending areas of one's own interest. In this sense, age-based self-interest and intergenerational solidarity are two sides of the same coin: intergenerational solidarity increases as age-based self-interest decreases, and vice versa.

Nevertheless, despite this conceptualization of intergenerational solidarity, there might be the problem of disentangling solidarity from self-interest. It could well be that what looks like solidarity on first sight actually is self-interest. This originates from the fact that, for example, under certain circumstances older people could benefit from rising education spending just as the younger generations do, although education is not a social policy area that primarily targets old-age related problems. This is addressed, among others, by Brunner and Balsdon (2004). They argue that the support for local school spending among older people is partially driven by considerations of housing values. Higher local investments in education have positive effects on the prices for houses in an area. As many older people are house owners, they have at least an indirect interest in education spending which increases the value of their asset. Thus, what initially seems to be solidarity among the elderly towards the younger generations in reality partly is material self-interest. Boldrin and Montes (2005) put forward a similar argument. Reflecting that they depend on a prosperous economy to get generous pension payments, the elderly support education spending which is beneficial to the economy. The effect is similar to the one outlined before: intergenerational solidarity in terms of older people supporting youth-oriented spending turns out to be at least partially self-interest. In sum, there is always a chance that long-term self-interest conceals behind seeming solidarity. Unfortunately, this indirect effect or this kind of hidden self-interest can never be completely ruled out when using existing survey data.

However, the aim of this dissertation, i.e. analyzing older people's spending preferences in a competitive environment of scarce welfare resources, mitigates this problem. The one key difference compared to previous analyses is the consideration of trade-offs. Taking into account that support for youth-oriented social spending might

imply personal costs in terms of cutbacks should change the situation considerably and make indirect, hidden, or long-term self-interest less likely. To make this argument more tangible: reflecting that higher education spending could come at the expense of pensions cutbacks renders it fairly unlikely for older people to support education spending anyway in order to increase housing prices or to boost the economy. Moreover, as outlined above taking into account trade-offs between age-related social policy areas to examine older people's welfare preferences is more appropriate to capture the current condition of the welfare state.

The topic of trade-offs in social spending has been neglected in empirical analyses so far because none of the surveys contains questions about it. The only exception to my knowledge is the survey on "Investing in education in Europe: Attitudes, politics and policies" (INVEDUC) conducted in 2014. This project contains a survey experiment which confronts subgroups of the sample with the possibility that higher spending on education might cause taxes or public debt to increase, or pensions to get cut back. This experiment is worthwhile to analyze changes in preferences due to trade-offs and is particularly suited to examine the impact of age-based self-interest on spending preferences and which factors mitigate its influence. Consequently, this original dataset is used in Chapter 2. For the third and fourth chapter I make use of data from the International Social Survey Programme (ISSP) from 2006 and the European Social Survey (ESS) from 2008. Unfortunately, these surveys contain no items on trade-offs. To alleviate this problem, I operationalize the dependent variable as the difference in preferences for elderly-oriented and for youth-oriented social spending. Thus, the dependent variable depicts relative spending preferences and ranges from negative values indicating pro-elderly preferences to positive values indicating pro-youth preferences.

Although it is not possible to measure older people's absolute preferences for youth-oriented spending by using this variable, the approach is well-suited to examine their preferences in a competitive environment. The variable clearly depicts whether respondents' give more weight to youth-oriented policies or to elderly-oriented expenditures. However, this leads to a second constraint with regard to the dependent variable: operationalized as relative preferences the variable does not capture a trade-off in the narrower sense. There is no guarantee that people are aware of possible negative externalities when forming their preferences for spending in certain social policy



areas. Thus, it is unknown whether people trade off their preferences for spending in one area against their preferences regarding another area. Nevertheless, given the fact that until now there are no surveys containing trade-off questions except for the INVEDUC, the approach of taking relative spending preferences appears to be the best solution to measure self-interest and solidarity in a competitive environment. Moreover, it seems reasonable to assume that people giving more weight to one or the other policy issue would decide in the same way if they were asked to directly trade off these issues against each other.

For the empirical analyses, this implies that I examine the influence of norms and values, which are considered to promote solidarity, on the effect of age on preferences for direct trade-offs and on relative spending preferences, respectively. In practice, this means that I am mainly interested in interaction effects between age and the norms under consideration (Chapters 2 and 3). The question is therefore whether or not norms and values mitigate or reinforce the effect of age on spending preferences. In Chapter 4, where the analysis is restricted to older people, the relevant findings are the main effects of the concepts that are examined. Here, the question is whether norms and values increase or decrease the support for youth-oriented social spending among older people.

To find answers to these questions, I use different regression models appropriate for the structure of the respective data. In the second chapter, I use a logistic regression model and in the third chapter I use simple ordinary least squares (OLS) analysis. In both cases data are available for only few countries, which is why I neither examine country-level variables nor make use of multilevel modeling.<sup>2</sup> Instead, to take into account country-level influences and institutional contexts I include country-dummies in the analyses and use standard errors clustered in countries. In Chapter 4, in contrast, I use multilevel modeling and include also country-level variables, since data are available for 18 countries.<sup>3</sup> While the results for the individual-level variables are statistically reliable, the effects for the country-level variables should be interpreted with caution, which is why this is only a first step of analyzing country-level influ-

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<sup>2</sup>The analysis in Chapter 2 comprises eight countries (Sweden, Denmark, Germany, France, the UK, Ireland, Spain, and Italy) and in Chapter 3, the analysis comprises 14 countries (Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Spain, Sweden, and Switzerland).

<sup>3</sup>Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany Great Britain, Greece, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Spain, Sweden, and Switzerland.

ences on older people's spending preferences. Moreover, I want to make clear that throughout this dissertation whenever there is talk of effects I do not want to give the impression that I find evidence in favor of causal mechanisms, but instead this refers to correlations between variables.

In sum, the linkage between the empirical chapters is threefold. First, it consists of the investigation of the effect of age on spending preferences for age-related social policies and is thus about the dichotomy between age-based self-interest and intergenerational solidarity. Second, each chapter examines the influence of certain norms and values commonly expected to promote solidarity and pro-social behavior on spending preferences and, more important, on the strength of age-based self-interest in this respect. Third and contrary to many previous analyses, the work in this dissertation takes into account the current situation of the welfare state and deals with the topic of trade-offs referring to spending preferences in one way or the other. This current situation of the welfare state, which is described in more detail above, mainly refers to industrialized countries which is why the analyses are restricted to the OECD countries included in the respective surveys. To sum up the results in one sentence: there is overwhelming evidence in favor of age-based self-interest, which is even more pronounced in face of trade-offs, but, on the other hand, is mitigated by certain norms and values promoting intergenerational solidarity.

## 1.5 Summary of Chapters

All three empirical chapters deal with the same controversial question of whether older people support youth-oriented social spending – and thus show intergenerational solidarity – or whether they rather prefer higher pensions regardless of what happens to the younger population – and thus behave according to the ideal type of the “Homo economicus” who is only interested in maximizing its own material utility. As outlined above, the results from previous analyses referring to this question are quite ambiguous ranging from the finding of the altruistic elderly to the fears of the “grey peril” and emerging gerontocracies. However, previous analyses suffer from an important shortcoming well summarized by Street and Cossman (2006, 93) who argue in favor of the elderly as a pretty great generation: *“Whether elderly respondents would be as supportive of increased educational spending if such spending came as an explicit*

*tradeoff in terms of limiting spending on health or Social Security is unknown.”*

The solution of this problem is at the heart of Chapter 2 which is co-authored with Busemeyer. Using an original dataset which contains a survey experiment we examine the effect of age on the respondents' preferences for education spending in face of different trade-offs. Based on the assumption of self-interest being an important determinant of people's preferences we expect the effect of age to be less pronounced in an unconstrained setting where rising education spending is possible without negative consequences for other people. Age-based self-interest should more and more emerge as trade-offs are mentioned and should be most pronounced when respondents become aware of the fact that age-related social policies are traded against each other. Beyond that, we expect that age-based self-interest is moderated by certain norms and values, in this case by political ideology and by social trust.

We draw our expectations on previous analyses showing that preferences for a generous welfare state and a high level of redistribution generally are associated with a left-wing political orientation, while people leaning towards a right-wing ideology prefer only limited state involvement (Alesina and Glaeser, 2004; Feldman and Zaller, 1992; Jacoby, 2000; Rudolph and Evans, 2005). In light of these findings one could assume that left-wing citizens are more concerned about the well-being of others and are more likely to hold solidary attitudes. Consequently, we argue that political ideology moderates the impact of age-based self-interest on preferences for education spending in the sense that self-interest is less pronounced among the left-wing elderly compared to their right-wing counterparts. Similarly, there is evidence that social trust is positively associated with support for the welfare state and welfare state generosity and universality (Bergh and Bjørnskov, 2011, 2014; Daniele and Geys, 2015; Rothstein and Uslaner, 2005). Therefore, one could assume that people with a higher level of trust in others care more about the well-being of their fellow citizens than people being rather suspicious. This is why we argue that social trust, too, alleviates the impact of age-based self-interest on preferences for education spending. Finally, we argue that the mitigating effect of both ideology and trust should be most meaningful when age-related social policies are traded against each other making the trade-off especially painful for older people.

Our findings justify the concerns raised by Street and Cossman (2006). While the effect of age on preferences for education spending is less prominent in the un-

constrained setting and in the contexts which relate education spending to fiscal trade-offs, it becomes highly relevant as soon as increases in spending in age-related social policies become mutually exclusive. This contributes to the research of public opinion on the welfare state by highlighting the importance of trade-offs in this regard. Moreover, we find that although left-wing ideology is significantly related to support for higher education spending, it barely affects the impact of self-interest. The opposite holds for social trust. When age-related spending areas are traded against each other and age-based self-interest figures most prominently, trust in other people has a strongly mitigating effect.

Bearing in mind the results from the second chapter regarding the impact of trade-offs, Chapter 3 further elaborates on the analysis of older people's preferences for youth-oriented spending in a competitive environment. For lack of other data containing trade-off questions I make use of the International Social Survey Programme (Role of Government IV, 2006) and the European Social Survey (2008) and examine the impact of age on respondents' relative preferences for age-related social spending. This means that I put people's support for youth-oriented expenditures in direct relationship to their support for elderly-oriented expenditures by subtracting their preferences for pension spending from their preferences for childcare and education spending. This procedure yields a dependent variable ranging from decidedly pro-elderly spending preferences (negative values) to markedly pro-youth spending preferences (positive values) which should be significantly driven by the age of the respondents.

Beyond that, the chapter brings into focus a variable that has been neglected in research on welfare attitudes for a long time: religiosity. This could be justified with reference to two important social developments taken place primarily in the Western hemisphere: modernization and secularization. It is undoubted that religion has lost some of its impact on people's everyday life, that the numbers of regular churchgoers is in a steady decline, and that the appeal of the churches to people in postindustrial societies has decreased (Norris and Inglehart, 2011). Consequently, the academic world in a time of enlightened and secular societies predominantly attributes to religion only a minor role in people's daily lives (Stegmueller et al., 2012). Political attitudes and beliefs are perceived to be free of any religious impact. However, religion and denomination played an important role in early welfare state development and

there is evidence that religion remains an important force shaping people's attitudes and preferences, even in affluent democracies (e.g. Dalton 2014). Thus, there appears to be good reason to investigate the role of religiosity when analyzing individual attitudes towards the welfare state and spending preferences.

Nevertheless, expectations about how religiosity works within the proposed context are less straightforward. While religiosity is generally assumed to promote solidarity and other-regarding preferences, it is usually found to be associated with anti-welfare attitudes (De La O and Rodden, 2008; Scheve and Stasavage, 2006; Stegmueller, 2013b; Stegmueller et al., 2012). Referring to previous studies I make a twofold argument. On the one hand, it is shown that religious people dislike state involvement in education and even more so in childcare as they want children to be socialized inside the family or in church-based institutions (Morgan, 2002, 2009). Therefore, I argue that religiosity is associated with pro-elderly spending preferences, because religious people object to higher investments in childcare and education. On the other hand, there is evidence that religious people are less supportive of social spending as they insure themselves against adverse life events via their belief and their church community (Scheve and Stasavage, 2006). Therefore, older religious people should be less interested in pension spending than their secular counterparts. Consequently, I argue that religiosity mitigates the impact of self-interest with regard to age-related social spending and increases intergenerational solidarity among the elderly.

The findings back up the notion of age-based self-interest in competitive environments and are in line with the results of the second chapter. People's relative preferences for age-related social spending are significantly affected by their stage in the life cycle with older people preferring elderly-oriented to youth-oriented spending and vice versa. But religiosity plays a role in this relationship, too. On the one hand, the findings confirm the expectation that religious people are skeptical towards state involvement in children's socialization and are thus less youth-oriented in their spending preferences than secular people. On the other hand, religiosity is positively associated with intergenerational solidarity among the elderly by alleviating the impact of age-based self-interest on relative spending preferences. Therefore, this chapter contributes to the existing research by highlighting the importance of age-based self-interest as a determinant of spending preferences, by showing that religious people do not hold anti-welfare preferences per se but differentiate between spending

areas, and by providing evidence that religiosity indeed mitigates self-interest and increases intergenerational solidarity.

Finally, based on the findings of Chapters 2 and 3 regarding the impact of age-based self-interest and due to the variables of interest, the sample of respondents analyzed in Chapter 4 is restricted to people at the age of 55 and older. Again, I use data from the European Social Survey (2008) and operationalize the dependent variable in the same way as in the third chapter. At the center of attention is the norm of reciprocity. Reciprocity describes the willingness to cooperate and share with like-minded people, even at personal costs, and to punish defectors of cooperation, again if necessary at personal costs (Bowles and Gintis, 2000). It is claimed to be one of the central foundations of human interaction (Bowles and Gintis, 2011). Thus, one might wonder whether reciprocity has its stake in intergenerational support for age-related welfare spending, too.

Two theories of social science give reasons to believe that this is actually the case. The deservingness theory argues that support for social policies partially depends on whether the specific recipient group already has contributed or can be expected to contribute to the society and thus meets the criterion of reciprocity (van Oorschot, 2000). Relatedly, the social capital theory states that relationships are relevant and constitute some sort of capital to their members which pays off, among others, in mutual cooperation and support (Putnam, 2000). One of the essential ingredients of these valuable relationships is reciprocity. Thus, when it comes to older people's support for youth-oriented social spending, one should ask for the impact that intergenerational reciprocal relationships might have on such support. As intergenerational solidarity regarding welfare spending takes place at an anonymous societal level, I argue that the relevant intergenerational relationships will be found at the non-family-member level and include some sort of solidary behavior across generational borders. To examine this issue, I draw on the dimensions of intergenerational solidarity in aging families established by Bengtson and Roberts (1991) and translate them to the societal level. Nevertheless, it is still important to take intra-familial intergenerational relations and solidarity into account.

The findings confirm my expectations. Two dimensions of extra-familial intergenerational solidarity are positively related to youth-oriented social spending preferences among the elderly. These dimensions are most plausibly associated with the deserv-

ingness theory and include some valuable contributions of the younger generations to the society and the economy. Dimensions consisting of rather personal relationships, in contrast, do not matter. This holds true for intra-familial intergenerational solidarity as well. Moreover, the existence of close intergenerational relationships between family members does not offset the positive association between the younger generations' contributions and older people's support for youth-oriented social spending. These findings are important in two ways: first, the results indicate that older people are not purely self-interested but engage in reciprocity with the younger population, and second, the welfare state and social policies are not the first choice among the elderly to back up their own offspring.

## Chapter 2

# Between Self-Interest and Solidarity: The Elderly and Support for Education Revisited

Marius R. Busemeyer and Dominik Lober

### Abstract

Proceeding population aging might fuel generational conflicts about the distribution of scarce welfare state resources in the future, but so far, the existing evidence on the extent of generational cleavages in attitudes towards the welfare state is mixed. In this chapter, we argue that these mixed findings are partially related to an underestimation of fiscal trade-offs on the level of individual preferences. Using novel data from a survey experiment conducted in eight Western European countries, this chapter shows that age-related self-interest is an important determinant of social policy preferences. When elderly respondents are confronted with hypothetical cutbacks in pensions, they are much less likely to support additional spending on education. However, we also find evidence for a mediating effect of social, interpersonal trust: High-trusting elderly individuals are more likely to support education spending – contrary to their narrow self-interest – than low-trusting elderly. Contrary to our initial expectation, we do not find evidence for a similar mediating effect of political ideology.



## 2.1 Introduction

In the large majority of post-industrial welfare states in the Western world, population aging will significantly increase public expenditures in the coming years in policy areas such as health care and pensions (Goerres and Vanhuysse, 2012). Since population aging also contributes to a rising influence of elderly voters during elections (Goerres, 2009), some scholars and pundits predict the emergence of generational conflicts about the distribution of scarce welfare state resources, in which younger generations are expected to be increasingly disadvantaged (Sinn and Uebelmesser, 2002). A necessary condition for the emergence of a large-scale generational conflict about welfare state policies is that older and younger generations in fact have different preferences regarding social policy. So far, the evidence for the existence of a generational cleavage in welfare state attitudes and preferences is mixed, however. Some studies find no evidence for such a cleavage (Arber and Attias-Donfut, 2000; Naumann, 2014), while others confirm that age-related self-interest is a significant determinant of preferences for social policies with the elderly being more opposed to increasing spending on education, for instance (Bonoli and Häusermann, 2009; Busemeyer et al., 2009; Cattaneo and Wolter, 2009). A third line of research highlights the role of intergenerational solidarity and social capital in mitigating the effects of self-interest (Berkman and Plutzer, 2004; Goerres and Tepe, 2010; Street and Cossman, 2006). This perspective suggests that the elderly might support policies that primarily benefit younger generations because of family ties or concerns about social solidarity.

This chapter contributes to this debate by providing new evidence from an original survey of public opinion in eight Western European countries. In contrast to existing international comparative surveys such as the European Social Survey (ESS) or the International Social Survey Programme (ISSP), this survey employs more sophisticated instruments, which take into account political and fiscal trade-offs between different categories of public spending. In existing surveys, support for spending is gauged without taking spending constraints into account, which might potentially underestimate the existence of conflict and therefore the presence of a generational cleavage in terms of preferences. Furthermore, including spending constraints in question wording comes closer to decision processes in the real world of policy-making in

the “era of permanent austerity” (Pierson, 2001a), when political actors are regularly confronted with difficult fiscal trade-offs. In the words of Kuklinski et al. (2001, 415): *“Making tradeoffs is as central to the judgment of policy as voting is to electoral democracy.”* Thus, the primary goal of our chapter is to provide a more robust and reliable assessment of whether a generational cleavage really exists and if so, which factors might influence its strength. We do this by studying the association between old age and public support for a policy area that primarily benefit younger generations: education.

To briefly foreshadow our main findings: Our analysis largely confirms self-interest based accounts. Support for additional spending on education drops significantly among the elderly, in particular when the question wording mentions spending constraints which would directly affect older people. However, we find some support for the notion that social trust fosters intergenerational solidarity by mitigating the negative association between old age and support for education spending, but this counterbalancing effect cancels out the self-interest mechanism only under specific circumstances. Finally, we do not find strong evidence for ideology to have a similarly mediating effect on self-interest.

In the following, we present a short review of the relevant literature and develop a set of testable hypotheses. The main part of the chapter is devoted to the empirical analysis. We introduce the INVEDUC survey used in this chapter, which contains several questions directed at measuring popular support for education and other social policies in the face of fiscal trade-offs and spending constraints. In the final concluding section, we discuss the implications of our findings for the welfare state literature.

## 2.2 Self-Interest and Solidarity in face of Trade-Offs

A standard argument in the large and ever growing literature on welfare state attitudes is that individual preferences are to a large extent driven by material self-interest, defined by income, educational background, skills or labor market risk (Alesina and La Ferrara, 2005; Anderson and Pontusson, 2007; Bean and Papadakis, 1998; Cusack et al., 2006; Finseraas, 2009; Iversen and Soskice, 2001; Kitschelt and Rehm, 2006; Meltzer and Richard, 1981; Rehm, 2009, 2011; Rehm et al., 2012). According to this literature, demand for redistribution increases with declining income and rising risks.

Besides income, education, and risk, age can be a defining category for self-interest as well (Busemeyer et al., 2009). This is because some policies are geared towards supporting individuals in a particular income or socio-economic position (social assistance or unemployment insurance), while others are directed at particular stages in the life cycle (pensions, education, partly health care). A straightforward argument based on age-related self-interest is therefore that elderly people should be more opposed to policies and spending programs that primarily benefit younger generations (education and family care policies) and instead should be in favor of spending increases on old-age related programs such as pensions and partially health care. The elderly might also be less supportive of spending increases on unemployment insurance, since – once retired – they are not affected by unemployment spells anymore. The argument is analogous for younger generations with an important caveat: While elder generations cannot become young anymore, the young will turn old at some point and might therefore be equally supportive of maintaining or increasing pension spending (Busemeyer et al., 2009).

The empirical evidence for age-based self-interest is rather mixed, however. Some analyses of actual spending patterns find that spending for the young is negatively associated with the population share of older people (Poterba, 1997, 1998; Preston, 1984; Rattsø and Sørensen, 2010). This is backed up by survey research which emphasizes the impact of age-based self-interest by showing that older people tend to support pro-elderly spending, but oppose increasing expenditures in favor of younger generations (Blekesaune and Quadagno, 2003; Bonoli and Häusermann, 2009; Busemeyer et al., 2009; Cattaneo and Wolter, 2009; Goerres and Tepe, 2012; Sørensen, 2013; Svallfors, 2008).

Other scholars find less evidence for a strong age-based cleavage. Several studies question the supposedly marked association between a large population share of the elderly and a strong pro-elderly bias in welfare expenditures (Berkman and Plutzer, 2004; Bradshaw and Holmes, 2013; Pampel, 1994; Tepe and Vanhuyse, 2009). Instead, they show that under certain circumstances an increasing share of elderly people can go along with more spending on education, or that the pension benefit generosity and the relationship between elderly- and youth-oriented benefits at least remain stable. Moreover, some studies on attitudes and preferences find evidence that older people do not solely concentrate on maximizing their own benefits and that they

are actually willing to support spending to the benefit of the younger generations. Goerres and Tepe (2010) show that older people experiencing solidarity from their adult children are more supportive of childcare spending. Logan and Spitze (1995) demonstrate that the elderly are less likely to demand more effort on old-age related social programs and attribute this finding to altruism. Similar to Goerres and Tepe (2010), they also find a significant impact of family relationships. Finally, Street and Cossman (2006) show that while older people are generally less supportive of more social spending regardless of the specific program, their rank order of support is in opposite to what can be expected from an age-based self-interest argument, i.e. they are more supportive of education and health care than of pensions. Although the authors also find cohort and period effects, their evidence in favor of other-regarding older people remains stable.

A significant shortcoming of existing studies of popular attitudes towards the welfare state is that they do not take into account spending constraints and fiscal trade-offs in a sufficient manner. Some public policies such as education are widely popular among the electorate with huge majorities supporting more public investments in this policy area (Ansell, 2010; Busemeyer, 2012). However, given the deficiencies of available survey data, it is unknown how stable this support is. For instance, support for education spending among the elderly could drop significantly if this would depend on lower spending on health care or pensions (Street and Cossman, 2006). In other words, self-interest might become a more important determinant of policy preferences compared to notions of social solidarity in constrained settings, when individuals are confronted with difficult trade-off decisions.

This is also shown in experimental studies, which find that the impact of other-regarding preferences can completely disappear in a competitive environment (Fehr and Schmidt, 2006, 618). In a survey experiment in Finland, Kangas (1997) finds that the commitment to solidarity is very strong on a general level. However, if benefits are targeted towards specified groups, the impact of solidarity begins to decline and self-interest becomes more important. Using survey data from the US, Hansen (1998) finds that citizens are usually opposed to any kind of trade-offs, i.e. their support for spending increases drops significantly if these increases would have to be financed with cutbacks in other parts. This is confirmed by Busemeyer and Garrizmann (2017) showing that trade-offs like higher public debt and taxes and even more so

cutbacks in other areas severely affect people's spending preferences. Since other surveys (and studies using these data) do not consider this in a satisfactory manner, the existence and severity of a generational cleavage might have been underestimated so far. Therefore, our first hypothesis states that:

**Hypothesis 1:** *The elderly should be opposed to spending increases on policies, which primarily benefit the young, such as education and – as a related expectation – this effect should become more pronounced in constrained settings modeling the impact of spending constraints and fiscal trade-offs with the strongest effect to be expected when spending increases would have to be financed with cutbacks in other parts of the welfare state rather than tax increases or debt hikes.*

Critics might object to this rather narrow reading of economic self-interest. If one adopts a broader perspective on self-interest, the elderly might support additional investments in education out of a sense of enlightened self-interest. They could be convinced that additional public investments in education will have positive benefits on the long-term competitiveness of their country's economy, which also affects the fiscal sustainability of the welfare state upon which they depend (Boldrin and Montes, 2005). Furthermore, the elderly might support education spending because it increases the quality of local schools, which in turn has a positive effect on housing values (Brunner and Balsdon, 2004). Empirically, these arguments are difficult to verify since surveys usually do not ask people why they support particular policies. What is more, it seems plausible to argue that the role of "enlightened self-interest" is particularly small in constrained settings, when respondents are confronted with actual cutbacks in policies from which they directly benefit. Finally, older people might be supportive of education spending due to social network effects (Goerres and Tepe, 2010). When elderly respondents have children (or grandchildren) of their own, they should be more inclined to express solidarity and therefore a higher degree of support for pro-young spending. The underlying mechanism for this association might be related to altruism, but it could also be interpreted as a form of enlightened self-interest, i.e. respondents are interested in expanding those policies that benefit their offspring and therefore indirectly themselves. Unfortunately, our data does not allow to test the social network effect directly since we lack sufficiently detailed information on family structures.

Besides self-interest, there are other factors that shape welfare state attitudes such as political ideology. The existing literature has already extensively documented the direct association between this factor and social policy preferences (Alesina and Giuliano, 2011; Alesina and Glaeser, 2004; Breznau, 2010; Feldman and Zaller, 1992; Fong, 2001; Gelissen, 2000; Jacoby, 2000; Jaeger, 2006, 2008; Linos and West, 2003; Margalit, 2013; Rudolph and Evans, 2005). In broad terms, individuals identifying with a left-wing ideology are more supportive of a more generous welfare state and a higher degree of redistribution, while right-wing supporters are opposed to more state involvement. Even though we also control for the direct association between ideology and preferences, we are primarily interested in understanding the interaction between ideology and age-related self-interest.

Following the established argument, elderly respondents leaning towards the left should support a higher level of education spending compared to those leaning towards the right, because they are more supportive of greater state involvement in principle. However, whether the effect of left-wing ideology is strong enough to cancel out the negative effect of age-related self-interest or even turn it around, is an open empirical question. In any case, right-wing ideology should exacerbate the negative association between age-related self-interest and support for pro-young spending. This leads to our second hypothesis:

**Hypothesis 2:** *There is an interaction effect between age-related self-interest and partisan ideology in the sense that left-wing ideology is expected to mitigate the negative association between old age and support for education spending.*

Finally, we propose a limitation of pure self-interest which is related to the role of social trust. Although it has not received any attention so far, we argue that trust plays an important role in building solidarity across generations. All the more so if solidarity towards others implies personal costs. Miller (1995, 90 f.) argues that mutual trust is one of the crucial premises for a state to function, ultimately to the benefit of its citizens: *“Much state activity involves the furthering of goals which cannot be achieved without the voluntary co-operation of citizens. For this activity to be successful, the citizens must trust the state, and they must trust one another to comply with what the state demands of them.”* He also provides an example to illustrate his ideas that fits well to the topic of this chapter: financial support to an

industry that suffers from changes in the terms of trade. He states that other actors of the community would be willing to support such measures, if they feel confident that they themselves will get similar support in case they get into trouble. And this, in turn, depends mainly on trust in others.

Another example could be the welfare state (Miller, 1995, 93). Citizens contribute to social programs catering to the needs of fellow citizens who are not able to satisfy their demands through market transactions. Again, this act of solidarity mainly builds on trust in the community or society to commit to this principle. Therefore, if trust declines, it should have severe consequences for solidarity. Soroka et al. (2007) examine this nexus in the context of ethnic diversity and support for the welfare state in Canada. The argument is that racial heterogeneity decreases trust and, eventually, support for social programs. This argument is also promoted by social capital theorists showing that in the medium-term large-scale immigration decreases trust with negative consequences for social solidarity (Putnam, 2007). Although Soroka et al. (2007) find only a weak direct effect of ethnic heterogeneity on support for social programs, they show that ethnic heterogeneity affects trust and that trust positively influences support for social programs.

This link between trust and solidarity is further analyzed in various contexts. Likki and Staerklé (2014) find that people with a higher level of interpersonal trust are significantly more likely to support a societal order characterized by a high level of social solidarity and a low level of social control, and vice versa. The authors conclude that as trust mitigates fears of free riding and encourages people to rely on reciprocity, a higher level of trust increases the chance to support social solidarity as an important mode of societal organization. This association has direct consequences for the welfare state. It is shown that trust is positively related to support for the welfare state and redistributive policies (Daniele and Geys, 2015; Sumino, 2014). Beyond that, Daniele and Geys (2015) demonstrate that causality runs from trust to welfare support and Sumino (2014) finds that trust decreases the impact of self-interest on preferences for redistribution. Similar results are provided by Nagayoshi and Sato (2014). Finally, these findings get support from analyses of aggregate-level data. Rothstein and Uslaner (2005) provide evidence in favor of a positive feedback cycle consisting of impartial government and high equality, trust, and solidarity, and Bergh and Bjørnskov (2011, 2014) find a causal relationship that links the current

size of the welfare state to historical levels of trust.

While Rothstein and Uslaner (2005, 45) state that “[g]eneralized trust reflects a bond that people share across a society and across economic and ethnic groups, religions, and races”, we assume that trust connects people also across generations. Therefore, we argue that social trust is positively related to intergenerational solidarity in the sense that older people are more willing to support education spending – especially if this implies direct trade-offs for themselves – when they show a higher level of trust in others. This connection is less about decreasing fears of free riding, since this phenomenon should be less common in the area of education compared to issues like paying taxes. Instead, the linkage builds on decreasing fears of getting exploited by others (Daniele and Geys, 2015) and on a greater confidence in reciprocity (Likki and Staerklé, 2014; Miller, 1995). Referring to preferences for youth-oriented social spending in constrained settings, this relation implies that older people with a high level of social trust are more likely to support increases in education spending as they are less afraid of the younger generations to take advantage of their goodwill and because they feel confident that the younger generations will support them if they need their help. Therefore, our third hypothesis reads as follows:

**Hypothesis 3:** *The negative association between age-based self-interest and support for pro-young spending is expected to be less pronounced for individuals expressing a high degree of social trust.*

Ex ante, it is an open question whether the mitigating effects of both ideology and social trust become stronger or weaker in more constrained choice scenarios. As stated in Hypothesis 1, age-based self-interest as a factor determining preferences for youth-oriented social spending should become stronger relative to other factors in constrained scenarios because respondents are made aware of the costs associated with hypothetical spending increases. This implies that the direct association between political ideology and social trust – which are expected to increase solidarity – and support for education spending should be weaker in the constrained compared to the unconstrained scenarios. However, this does not necessarily extend to the interaction effects under examination. On the one hand, the dominating impact of self-interest in constrained scenarios might be so strong that it also negates the mediating impact of other factors. On the other hand, one could argue that the mitigating effect of



ideology or social trust on self-interest should actually be *strongest* in the constrained scenarios, because this is where self-interest most clearly comes to the fore so that differences related to ideology and trust become *more* important within the group of those supporting spending despite constraints. From a theoretical perspective, both alternatives are plausible, which is why we leave this question open to empirical investigation.

## 2.3 Data, Methods, and Variables

The three hypotheses identified above will be tested using a range of questions from an original survey of public opinion in eight Western European countries<sup>1</sup>, which was conducted in the project “Investing in education in Europe: Attitudes, politics and policies” (INVEDUC).<sup>2</sup> The fieldwork for the survey took place in 2014, and the dataset contains a maximum number of 8.905 respondents (see Busemeyer et al. (2017) for a more detailed description). The survey contains several questions, which aim at comparing preferences for different kinds of spending in a constrained and unconstrained setting, which we will present in the sub-sections below. Responses are usually coded on a five-point scale, which we transform into a binary measure indicating strong (or very strong) support for a particular statement or spending type. This is done to facilitate the interpretation of regression results and the readability of the output. For the multivariate regression analyses, we employ logit regression models with country dummies and robust standard errors to take into account the clustering of individuals within countries. Alternative model specifications are tested in the robustness section in the Appendix.

All analyses use the same set of control variables. The main independent variable is, of course, the respondent’s *age*. We use three different operationalizations of this variable. The first is simply the exact age of the respondent. In the robustness section, we test the second operationalization, which is an indicator of whether the respondent is *retired*. The third measure captures distinct *age groups* in the form of a categorical variable. Using these different operationalizations is important for several reasons. First, the association between age and spending support might be non-linear with

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<sup>1</sup>Sweden, Denmark, Germany, France, the UK, Ireland, Spain, and Italy.

<sup>2</sup>The project is funded with a Starting Grant from the European Research Council (ERC), Grant No. 311769.

people in the middle of their working careers expressing different kinds of demands on the welfare state compared to the very young who might still be in education and the elderly who are out of the labor force. Therefore, it is necessary to include a categorical measure of age to be able to distinguish between different stages of the life cycle. Second, including a dummy variable indicating whether someone is retired or not is important, because the retirement age might differ across countries as well as across socio-economic classes. At the same time, moving from active participation in the labor force to the retirement is linked to a significant transformation of the relationship between an individual and the welfare state, since individuals' livelihood depends on public transfers in retirement. Hence, the retirement dummy variable can pick up these effects independent of the exact age when somebody retires. Since all three variables are obviously correlated, we use them in different regression models.

*Social trust* is measured by respondents' replies to the statement "that most people can be trusted or that [one] can't be too careful in dealing with people" on an 11-point scale. A low value indicates low levels of trust, whereas a high value signifies the opposite. *Political ideology* is captured by the respondent's self-placement in response to the following question: "In politics people sometimes talk of 'left' and 'right'. Where would you place yourself on this scale, where 0 means the left and 10 means the right?" As mentioned above, we are primarily interested in the interaction effects between age-related self-interest on the one hand and political ideology and social trust on the other. But of course, these two variables might also have a direct effect on support for education spending. Based on the literature cited above, we expect a direct positive association between trust, left-wing ideology and support for education spending.

*Income* is given in income quintiles, based on country-specific distributions of incomes, which take into account differences in purchasing power. Previous studies have shown that the association between income and support for education spending is weak, because education is less redistributive compared to other social policies (Ansell, 2010, Chapter 4; Busemeyer, 2012; Garritzmann, 2015). *Educational background* – operationalized as the respondent's highest level of education or training completed based on a five-point scale ranging from basic/lower secondary education via secondary to higher education completed –, in contrast, should be positively associated with support for education spending since highly educated individuals have

been found to be more supportive of further spending on education (Busemeyer, 2012). The *gender* of respondents (coded as 1 for women) is expected to matter in the sense that women are usually more supportive of greater state involvement (Arts and Gelissen, 2001; Svallfors, 1997). We also control for the presence of *children in the household* (similar to (Goerres and Tepe, 2010)). The straightforward expectation is that individuals with children at home should be more likely to support pro-young types of spending.

To evaluate the determinants of the respondents' preferences for increasing education spending we use a simple survey experiment. This allows us to control for the impact of various fiscal constraints and trade-offs on people's support for higher education spending on the one hand, and to examine how the influence of self-interest, social trust, and ideology on support for education spending changes as a consequence of introducing constraints on the other hand. Each of the following questions is presented to a subsample of the whole sample of respondents, whereby people are randomly assigned to the groups. This gives us around 2,000 observations per group.

The first group of respondents was asked: *"The government should increase spending on education. Do you: strongly agree; agree; neither agree nor disagree; disagree; strongly disagree?"* This question measures overall support for education spending regardless of potential costs, which is similar to what is done in most other surveys. The second and third question add constraints related to taxes and public debt when asking for respondent's support for education spending: *"The government should increase spending on education, even if that implies a higher public debt. Do you ..."* and: *"The government should increase spending on education, even if that implies higher taxes. Do you ..."*. The final group was confronted with a scenario pointing to a direct trade-off between social policy programs: *"The government should increase spending on education, even if that implies cutting back spending in other areas such as pensions. Do you ..."*. Corresponding to Hypothesis 1, we expect that age-related self-interest appears more clearly in the constrained settings with the strongest effect to be observed in the last group.

## 2.4 Empirical Analysis

### Descriptive Analysis

Figure 2.1 shows the average support of various age groups for education spending across the different scenarios.<sup>3</sup> The first age group consists of all respondents younger than 35 and serves as reference group. The following age groups capture the respondents in ten-year steps until the age of 64. All respondents at the age of 65 or older are included in the last group. The figure confirms that increasing education spending is a very popular policy proposal independent of the respondent's age, which resonates well with previous findings (Ansell, 2010, 136; Busemeyer, 2012). The average support for people younger than 35 is almost 80 percent. Even among the oldest respondents the level of support is quite high: two out of three people older than 64 are in favor of higher education spending when no trade-off is mentioned.

However, things clearly change as soon as respondents are confronted with fiscal constraints and spending trade-offs. Although increasing taxes is commonly assumed to be highly unpopular, more than half of the respondents at all stages of the life cycle would be willing to accept higher taxes in order to increase spending on education. Of course, average support decreases significantly compared to the unconstrained setting. Nevertheless, people are more willing to accept higher taxes in exchange for education spending rather than higher levels of public debt. Even in the youngest age group – the main profiteers of higher education spending – average support for education spending in exchange for more public debt does not reach 50 percent. This strong opposition to higher public debt could be an aftershock of the sovereign debt crisis in many European countries or it could be a genuine skepticism to finance additional public spending with debt.

Finally, cutting back pensions is even less popular than increasing public debt across all age groups. While the differences between the age groups are quite remarkable, any of the groups reaches an average level of support of at least 40 percent. Instead, average support of the youngest and the middle-age group fluctuates around 30 percent and drops to slightly more than 20 percent for the oldest respondents. Referring to our first hypothesis, Figure 2.1 partially confirms our expectations. Av-

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<sup>3</sup>More specifically, this is the average share of respondents who "agree" or "strongly agree" on increasing education spending despite the proposed trade-offs.

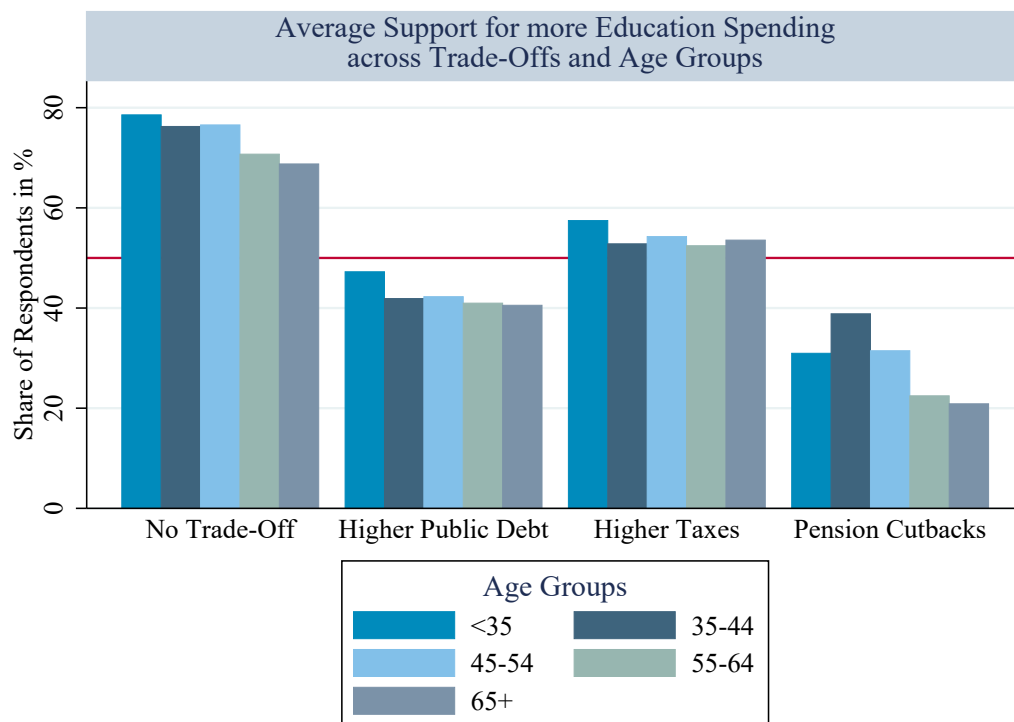


Figure 2.1: Average Support for more Education Spending across Trade-Offs and Age Groups

average rates of support for further education spending are higher among the young and decline with increasing age. Interestingly, the difference between the youngest and the oldest respondents is higher in the unconstrained setting – where the average support drops by ten percentage points from around 78 percent to 68 percent – than in the scenarios with increasing public debt (47 percent vs. 40 percent) or taxes (57 percent vs. 53 percent). Apparently, there is some degree of consensus across the age groups regarding increases of public debt or taxes in return for higher spending on education compared to the situation when there is no indication of how additional spending would be financed.

However, as expected from a self-interest based perspective, the age cleavage is strongest when respondents are confronted with the scenario of pension cuts. While the effect of age appears to be non-linear – the average support increases from almost 31 percent in the youngest age group to almost 39 percent among those between 35 and 44 –, support for youth-oriented spending drops most significantly for the last two age groups comprising respondents at the age of 55 and older (22 percent and slightly less than 21 percent, respectively). In this setting, older respondents clearly see their

own benefits endangered which makes them more opposed to increases in education spending. This generally confirms our first hypothesis that age-related self-interest plays an important role in people's opinion on social spending, all the more so when benefits and trade-offs are directed towards specified age groups.

### Multivariate Analysis

To examine how the effects of age-based self-interest as well as political ideology and social trust on support for education spending vary under different circumstances, we analyze the respective subsamples separately.<sup>4</sup> The results for our main independent variables are presented graphically in Figure 2.2, which presents changes in the predicted probability of supporting more education spending.<sup>5</sup> The complete results can be found in Table 2.1 in the Appendix. The first important finding refers to the impact of age. Although age has a negative coefficient in all four models, it is only significant at conventional levels in the last model which confronts respondents with pension cutbacks in return for higher education spending. This implies that age-related self-interest is not necessarily a strong determinant of policy preferences on education spending as long as the latter does not affect the generosity of social programs which primarily benefit the elderly.

As Figure 2.2 shows, when more education spending implies cutbacks in pensions, the probability of supporting more education spending decreases by 0.2 percentage points for a unit increase in age (one year), or by 3.34 percentage points for a one standard deviation increase in age (16.7 years). Simulating the difference between two women, without children in the household and all other variables at their means, one of them aged 37.6 (one standard deviation below the mean age) the other aged 71 (one standard deviation above the mean age) yields a predicted probability of support for education spending of 26.5 percent and 19.5 percent, respectively.<sup>6</sup> This simulation highlights two points: first, cutting pensions to increase education spend-

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<sup>4</sup>Throughout this chapter, whenever we talk about effects we do not claim to find causal mechanisms but rather correlations between two variables.

<sup>5</sup>Note that the scale for age differs considerably from the scales for political ideology and social trust: age ranges from 18 to 96, while ideology and trust range only from 0 to 10. This restricts the comparability of the effect sizes. To overcome this problem, we provide Figure 2.6 in the Appendix, showing the effects for x-standardized variables. Although these coefficients should not be interpreted directly (Long and Freese, 2014), they are well-suited to compare effect sizes (Menard, 2011).

<sup>6</sup>Throughout the analyses, we simulate results for women without children in the household as this is most representative. There are more female respondents and a majority lives in a household without children. Taking mean values of binary variables makes less sense.

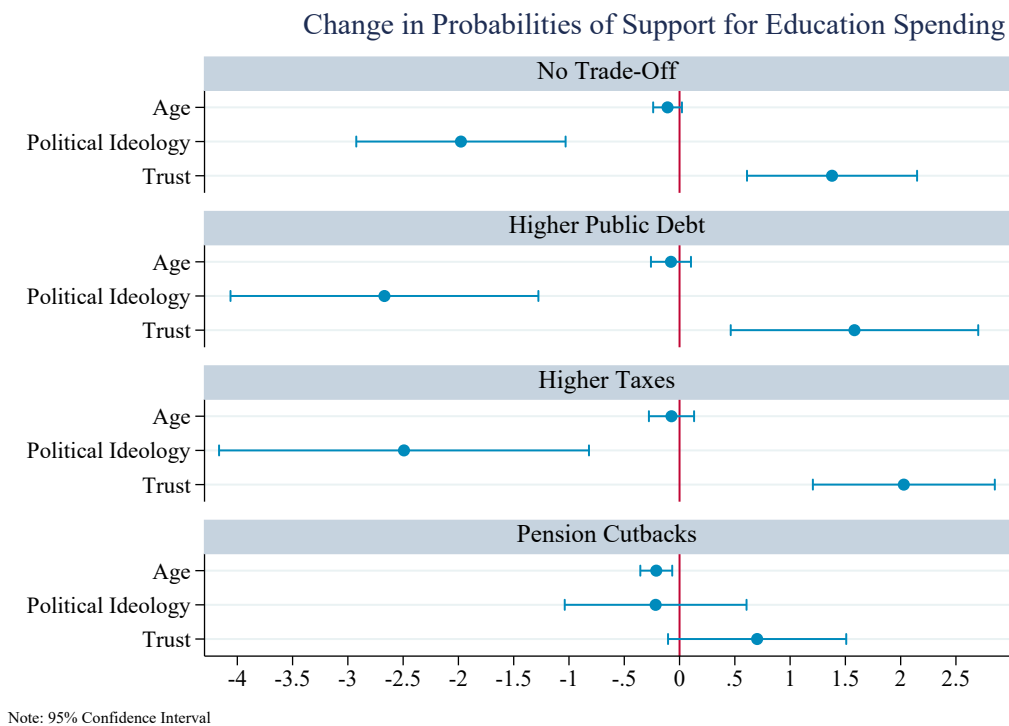


Figure 2.2: Change in Probabilities of Support for Education Spending

ing is fairly unpopular, and second, the age of respondents plays a significant role in this respect. As mentioned above (Fn. 4), Figure 2.6 in the Appendix repeats the analysis underlying Figure 2.2, but using x-standardized variables instead. This reveals that the magnitude of age-based self-interest is similar to the size of the coefficient estimates of political ideology and social trust. This finding confirms previous analyses about the existence of a generational cleavage in attitudes towards education spending (Busemeyer et al., 2009; Cattaneo and Wolter, 2009)(Busemeyer et al. 2009; Cattaneo/Wolter 2009) with the important addition that this cleavage is most pronounced when citizens are confronted with potential cutbacks in other spending programs.

The association between political ideology and social trust on the one hand and spending support on the other shows a very different pattern: Both variables are statistically significant in the first three models, but they are no longer significant at conventional levels in Model 4. Concerning political ideology, the results confirm that more conservative individuals generally oppose higher education spending, while their left-wing counterparts are in favor of such a policy. If we again compare two women,

without children in the household and with mean values on the remaining variables, the one identifying with a heavily left-wing ideology supports education spending in an unconstrained setting with a probability of 85 percent, while her fellow citizen leaning towards the far right is supportive only with a probability of 65 percent. However, when benefits for distinct groups of recipients are traded against each other (Model 4), left-wing and right-wing people no longer differ significantly in their preferences. This might indicate that those generally supporting the welfare state are conflicted in their preferences if they have to decide between two different policy areas.

We find a similar dynamic at work in the case of social trust. In Models 1 to 3, the coefficient is statistically significant and positive, but it loses strength and significance in the last model. This is basically in line with our expectation of a positive association between trust in other people and support for social spending, in this case education spending. This relationship holds regardless of whether higher spending comes along with higher public debt or higher taxes. In terms of probabilities, when all variables – except gender and the binary variable for whether there are children in the household – are held at their means, the effects of social trust in Models 1 to 3 vary between an increase of support by 3.6 and 5.2 percentage points for a one standard deviation increase in trust (2.6 units). All the effects are significant at the 1 percent level. However, things change in Model 4. The effect of trust is considerably smaller and only significant at the 10 percent level. Similar to respondents subscribing to a left-wing ideology, high-trusting respondents might be conflicted by having to prioritize between different social policy areas, which in turn weakens the statistical association between trust and spending support. To better understand what this means in practice, we again compare the two women introduced earlier. The first one completely distrusts others, while the latter shows the highest level of social trust. This yields a remarkable difference in the probability of supporting higher education spending in the unconstrained scenario: the distrustful woman supports this policy proposal with a probability of 68 percent, while the trusting woman agrees with a probability of 83 percent.

Next, we analyze the interaction effects between ideology, trust, and age to test Hypotheses 2 and 3, i.e. whether ideology and trust mitigate the impact of age-related self-interest on preferences for education spending. Including interaction effects changes the interpretation of the coefficients in important ways. Following the



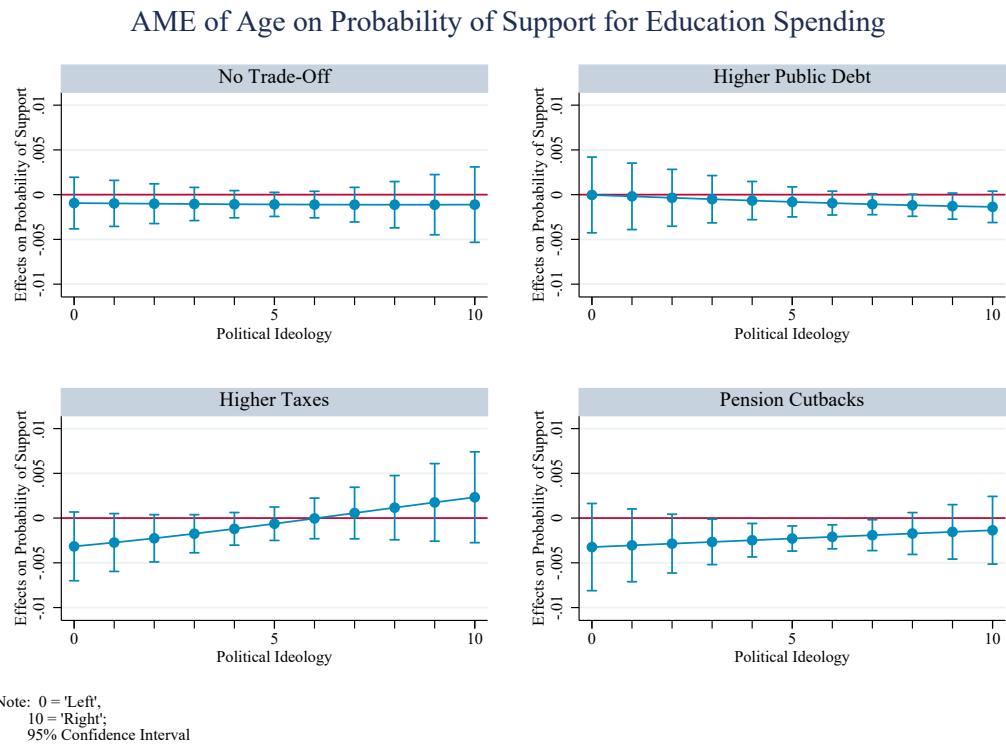


Figure 2.3: Average Marginal Effect of Age (Interaction with Political Ideology)

recommendations by Brambor et al. (2006), we display the interactions graphically in Figures 2.3 and 2.4. More detailed regression analyses can be found in Tables 2.2 and 2.3 in the Appendix.

Concerning the interaction between age and ideology, the four panels in Figure 2.3 show that the effects of age on support for higher education spending do not significantly vary due to different political orientations. The most sizable effect is found for the subgroup when education spending is connected to rising taxes. The graph shows that older people on the left tend to oppose this policy measure, while the elderly on the right would be more willing to support this suggestion. This (unexpected) finding contradicts Hypothesis 2 as we expected left-wing orientation to mitigate the effect of age-related self-interest. It turns out that the opposite holds true. Potentially, conservative respondents are more concerned about how to finance education spending and they are more willing to accept rising taxes compared to their left-wing counterparts. In any case, this finding should not be over-interpreted since the effect of age is insignificant regardless of the respondents' political orientation in this group.

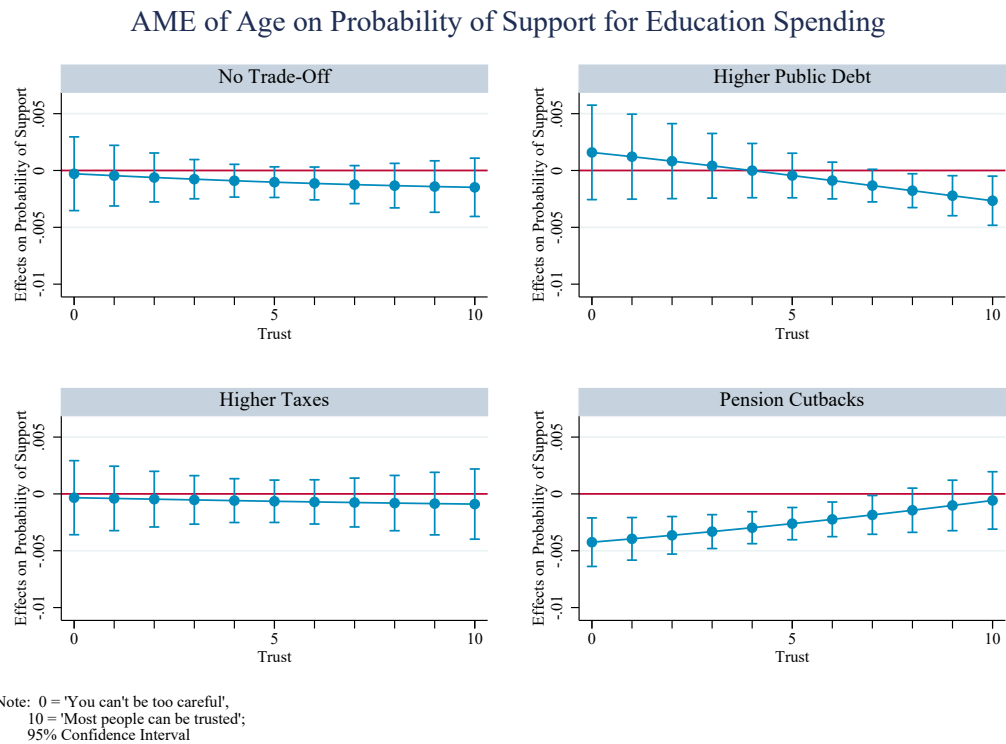


Figure 2.4: Average Marginal Effect of Age (Interaction with Social Trust)

In the remaining three panels, the conditional effect of ideology is negligible. Only if respondents are confronted with the possibility of pension cutbacks, we find a significantly negative effect of age on support for education spending for center-left as well as center-right people. This confirms the negative association between age and support for education spending in the highly constrained scenario, which we also obtained above. The slope of the regression line of the interaction is still rather flat, suggesting that this negative effect also holds for respondents located towards the extremes of the political ideology variable, but – as indicated by the larger confidence intervals – there are fewer observations in these areas. All of these findings are backed up by the more detailed results in Table 2.2 in the Appendix, which confirms that none of the interaction effects is statistically significant. Therefore, in sum, our second hypothesis – stating that left-wing political orientation mitigates age-based self-interest – is not supported by the empirical results, even though we find a strong and theoretically plausible direct association between ideology and spending support.

In contrast to this, we find a significant interaction effect between social trust and age, in line with Hypothesis 3. Moreover, Figure 2.4 shows that this interac-

tion reaches conventional levels of statistical significance only in the scenario when youth-oriented social spending is linked to cutbacks in elderly-oriented programs. As discussed above, from a theoretical perspective, it is quite ambiguous whether the interaction between social trust and self-interest should become stronger or weaker in the constrained scenario. The evidence clearly indicates the former: Older respondents expressing a high degree of social trust are *more* likely to accept cutbacks in pension spending in exchange for education spending compared to low-trusting individuals. Above, we hinted at the connection between social trust and intergenerational solidarity. This finding confirms this hunch in the sense that social trust matters most in those cases, where motivations related to self-interest are generally more prevalent. Moreover, compared to the almost non-existing effect of political ideology it highlights the importance of social trust for solidarity across generations.

To emphasize the practical relevance of this relationship, we again compare women without children in the household, but this time across the whole range of age in the sample (i.e. 18 to 96 years). One group of women shows the highest level of social trust, while the other group consists of the most distrusting women. Figure 2.5 displays the results. It shows that women with a high level of social trust are almost equally supportive of education spending when traded off against pensions regardless of their age. Age-based self-interest has hardly any influence in this group. A woman aged 37.6 shows a predicted probability of support of 27 percent, a 71 years old woman a probability of 25 percent. The opposite holds for very skeptical women. In this group, age-based self-interest has a significant influence decreasing the probability of support from 26 percent for a 37.6 years old woman to only 13 percent for a 71 years old woman. Especially among older respondents there is a considerable gap in support between those who trust others and those who do not.

Considering the remaining three panels of Figure 2.4, we do not find any statistically significant association, confirming the hunch that social trust matters most in highly constrained scenarios. In the scenarios with no constraints and the one with tax increases, the slope of the interaction regression line is essentially flat. In the upper right panel of Figure 2.4, where higher education spending is linked to rising public debt, trust somewhat unexpectedly works in the opposite direction than assumed. In this case, low-trusting older people tend to support additional education spending despite higher levels of public debt, while their high-trusting fellows are

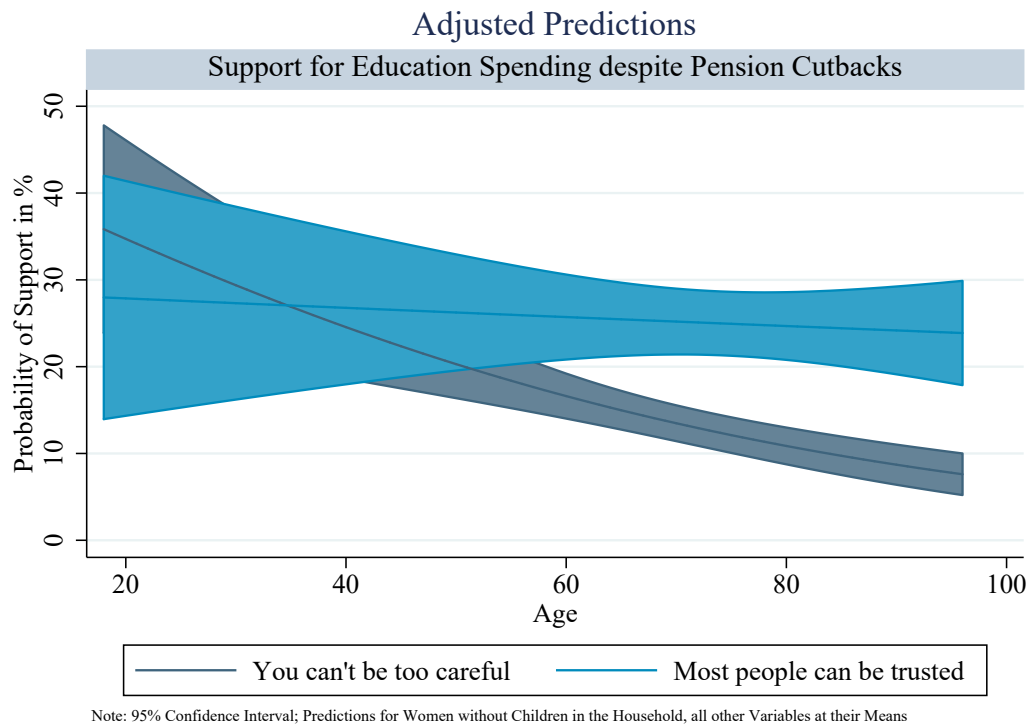


Figure 2.5: Adjusted Predictions: Support for Education Spending despite Pension Cutbacks

significantly against it. This finding is rather puzzling at first sight, but it might be related to the fact that high-trusting elderly people are particularly reluctant to finance additional spending with public debt, even if this spending is directed at the younger generations. At some point in the future, the younger generations who now benefit from additional education spending would have to repay the debt and suffer from severe cutbacks. Thus, the elderly with a high level of trust do not perceive it as an act of solidarity to support higher education spending at the costs of rising public debt and consequently reject it.

Before we elaborate on the robustness of the findings, a short comment on the control variables: First, the association between gender and spending support varies across the four models. While women are more supportive of education spending than men in the unconstrained setting and in the scenario where more education spending causes higher public debt, the association turns negative when respondents are confronted with higher taxes and pension cutbacks, but none of the coefficients is statistically significant. Similar results are provided for income. The coefficient estimate is negative for the first two models and turns positive when higher taxes and pension

cutbacks are mentioned as trade-offs. But again, none of the effects are significant. Third, regarding individual educational background, we find that the better educated people are more willing to support education spending as expected. However, the effect is significant only in the unconstrained setting indicating that highly educated individuals are reluctant to support education spending if this would have to be financed with higher public debt, tax increases, or spending cutbacks. Finally, Table 2.1 shows that the presence of children is relevant in the last two models. People with children living in the same household are more willing to support education spending, even when this is financed through higher taxes or pension cutbacks. This is also shown by Busemeyer and Garritzmann (2017) and corresponds to our expectations by reflecting some kind of (enlightened) self-interest.

To check the robustness of our findings, we estimate additional models (detailed results can be found in the Appendix). First, we estimate models with alternative operationalizations of age-based self-interest as discussed above. Table 2.4 in the Appendix repeats the analysis using a dummy variable as indicator of retirement status instead of a linear operationalization of age. The findings highlight that being retired works similar to the continuous age variable: the effect is significant only when respondents are confronted with hypothetical pension cutbacks. However, a major difference to the continuous operationalization of age used in the main analysis is that being retired tends to increase people's support for education spending when this is financed through higher taxes. The probability of support increases by 3 percentage points for retirees compared to others, although the effect is non-significant. In contrast to this, entering retirement is associated with a decrease in people's probability of support for higher education spending at the expense of pension cutbacks by 5 percentage points. This effect is statistically significant, even though it is fairly small.

Table 2.5 shows models using the categorical operationalization of age groups. First of all, we find that the effect of age is not linear and differs across the various settings. Secondly, the group that is on average most averse to higher education spending is not the one with the oldest respondents, but it is the group of people aged between 55 and 64, which is also shown by Krieger and Ruhose (2013). Members of this group are largely still in employment and anticipate retirement or have been retired only recently. This pattern might be explained by the fact that individuals close to

retirement are most concerned about the security of their pensions, since this could still be reduced by discretionary cutbacks. Actual retirees could be less concerned, because there is a high degree of legal protection of existing pension rights in most European welfare states. Compared to the reference group (people younger than 35) the probability of supporting higher education spending in the unconstrained scenario decreases by 7 percentage points for the group aged between 55 and 64 and by 6.5 percentage points for the oldest respondents. Nevertheless, even younger people, those aged between 35 and 44, are significantly less supportive than the youngest. Support decreases by 4.5 percentage points for this age group. Finally, people in the middle group (aged between 45 and 54) do not significantly differ from the youngest age group. This non-significant difference holds true for all age groups in the scenario when education spending comes along with higher public debt. Although all the coefficients are negative, they are insignificant for each group.

The scenario which links education spending to higher taxes reveals that it is the group of young people that has recently finished education and just started to work which is most skeptical of financing higher education spending with increasing taxes. Potentially, beginning to earn their own money makes them most averse of higher taxes. The other age groups also show negative though not significant coefficients. Finally, when it comes to pension cutbacks in return for more education spending older people are clearly less supportive. Compared to the youngest age group their probability of support decreases by more than 10 percentage points for those aged between 55 and 64 and more than 7 percentage points for the oldest respondents. The remaining groups show insignificant coefficients. Overall, the results demonstrate that the willingness to support increasing education spending decreases for older people, though not linearly, and that the gradient is most significant if youth-oriented spending comes at the expense of programs targeted at the elderly.

Next, we test whether our findings are sensitive to the inclusion of other attitudinal variables, which could influence people's preferences for education spending. We estimate models including either general preferences for social spending or support for governmental redistribution. *Social spending preferences* are captured by the question: "A share of the national government's annual budget is spent on social benefits and social services. Please tell me if, according to you: Should the government spend much more, more, the same, spend less or much less on social benefits and services?"

*Egalitarian attitudes* are measured by: “The next few questions concern the role of government in society. Please indicate whether you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following statements. The government should reduce income differences between the rich and the poor.” Tables 2.6 to 2.9 show, on the one hand, that both variables are positively and significantly related to higher support for education spending, unless this comes along with pension cutbacks. On the other hand, the results show that all our findings are robust to the inclusions of these additional variables.

Finally, as the dependent variable originally is an ordinal variable with five categories, we estimate our models using ordered logit regression instead of logistic regression. The results are shown in Tables 2.10 and 2.11 in the Appendix. In general, the central findings from the main analysis using the binary operationalization are supported. The most important differences concern respondents’ age and trust. When no interaction effects are included (Table 2.10), age is negative and now significant at the 5-percent level in the unconstrained scenario and the positive effect of trust on support for education spending in face of pension cutbacks is now significant at the 1-percent level. Moreover, when the interaction term between age and ideology is included (Table 2.11), age is significant at the 5-percent level for the pension trade-off. Nevertheless, this does not change our main results outlined above. In sum, therefore, our findings are quite resilient to a number of different robustness checks.

## 2.5 Conclusions

While previous studies provide mixed findings regarding the role of self-interest and solidarity with reference to older people’s support for education spending – e.g. Street and Cossman (2006) emphasizing solidarity and Cattaneo and Wolter (2009) emphasizing self-interest –, most of them suffer from rather imprecise measures of individual preferences. Using an original dataset that takes into account political and fiscal trade-offs, we provide much more reliable results on the role of intergenerational solidarity as a mediating factor of age-related self-interest in the welfare state. This chapter therefore contributes to the debate about generational cleavages in times of tight government budgets and rising demands on the welfare state related to population aging and the emergence of new social risks.

Our main finding is that age-based self-interest does matter, which confirms previous findings. The first innovative contribution of the chapter is to show that age-related self-interest becomes more important in constrained scenarios, which point to fiscal trade-offs between different welfare state programs. This is an important amendment to accounts emphasizing the notion of intergenerational solidarity, which might be overly optimistic as many existing surveys do not model fiscal trade-offs in their question wordings in a satisfactory manner. Thus, our findings in general emphasize the relevance of self-interest in preference formation and give rise to concerns about generational conflicts over scarce welfare benefits.

The second innovative contribution of the chapter is to show that interpersonal trust can partly mitigate the association between self-interest and spending preferences. When respondents are confronted with pension cutbacks in exchange for rising education spending, the impact of age-based self-interest is most severe. However, in this situation trust mitigates the negative effect of old age and is even able to offset it completely for high levels of trust. Thus, as soon as age-based self-interest is most clearly activated as a driving force in preference formation, trust in other people becomes relevant to promote intergenerational solidarity in the welfare state. Beyond that, interpersonal trust has a significantly positive effect on support for social spending, at least for education spending, and thus should be taken into account in future analyses.

Our initial expectations regarding ideology as a mitigating factor of self-interest similar to social trust were mostly not confirmed. While we found evidence for the well-known direct association between ideology and support for public spending, there is no interaction effect between age-related self-interest and ideology. It might be that political ideology loses importance in old age and that older people's preferences for social policies are less motivated by their political orientation but more by their status in the life-cycle, i.e. being the elderly and pensioners, respectively. Moreover, social policy preferences might also be less polarized between left-wing and right-wing older people, contributing to a broad consensus across the political spectrum that the government should take care of the elderly instead of the younger generations. As a more in-depth analysis of the role of political ideology for older people's social spending preferences goes beyond the scope of our chapter, this topic is left for future investigation.



Our findings also suggest some other issues for future research. Although people in post-industrial welfare states do not (yet) live in gerontocracies, as anticipated by some critics, our results show that age is strongly related to individual attitudes towards the welfare state, at least in the area of education spending. As population aging proceeds in mature welfare states, this topic should become even more important in the future and should motivate additional research on the importance of age-related cleavages in social policy preferences, potentially contributing generational conflicts about scarce welfare resources. In this respect, future research about policy preferences should take into account trade-offs in a more explicit manner. When public resources are scarce as in most mature welfare states, fiscal and the associated political trade-offs are ubiquitous. Critics might argue that solving these trade-offs is a task for policy-makers, not for citizens and voters, but we side with Kuklinski et al. (2001, 415) in positing that citizens' preferences regarding trade-offs can "*give policymakers informative signals about their priorities*". The relevance of trade-offs should also be investigated taking other social policy areas into account, like a trade-off between pension spending and benefits and services for families. Finally, one might also think about other factors mediating the association between age-based self-interest and social policy preferences in a manner similar to social trust, e.g. religiosity which could equally promote solidarity or social networks within and outside the family.

## Appendix Chapter 2

Table 2.1: Determinants of Support for Education Spending

	No Trade-Off (1)	Higher Debt (2)	Higher Taxes (3)	Pension Cuts (4)
Age	-0.006* (0.00)	-0.003 (0.00)	-0.003 (0.00)	-0.012*** (0.00)
Political Ideology	-0.112*** (0.03)	-0.110*** (0.03)	-0.100*** (0.03)	-0.012 (0.02)
Trust	0.078*** (0.02)	0.065*** (0.02)	0.082*** (0.02)	0.040* (0.02)
Female	0.113 (0.11)	0.007 (0.10)	-0.068 (0.13)	-0.130 (0.12)
Education Level	0.145*** (0.05)	0.053 (0.05)	0.039 (0.04)	0.045 (0.07)
Income	-0.029 (0.05)	-0.041* (0.02)	0.026 (0.05)	0.037 (0.03)
Children in the HH	0.102 (0.18)	0.108 (0.11)	0.307** (0.13)	0.463*** (0.16)
Constant	1.476*** (0.25)	-0.104 (0.46)	0.298 (0.45)	-0.666** (0.32)
Observations	1832	1764	1797	1744
<i>BIC</i>	1972	2387	2373	2060
Log Likelihood	-960	-1167	-1160	-1004

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

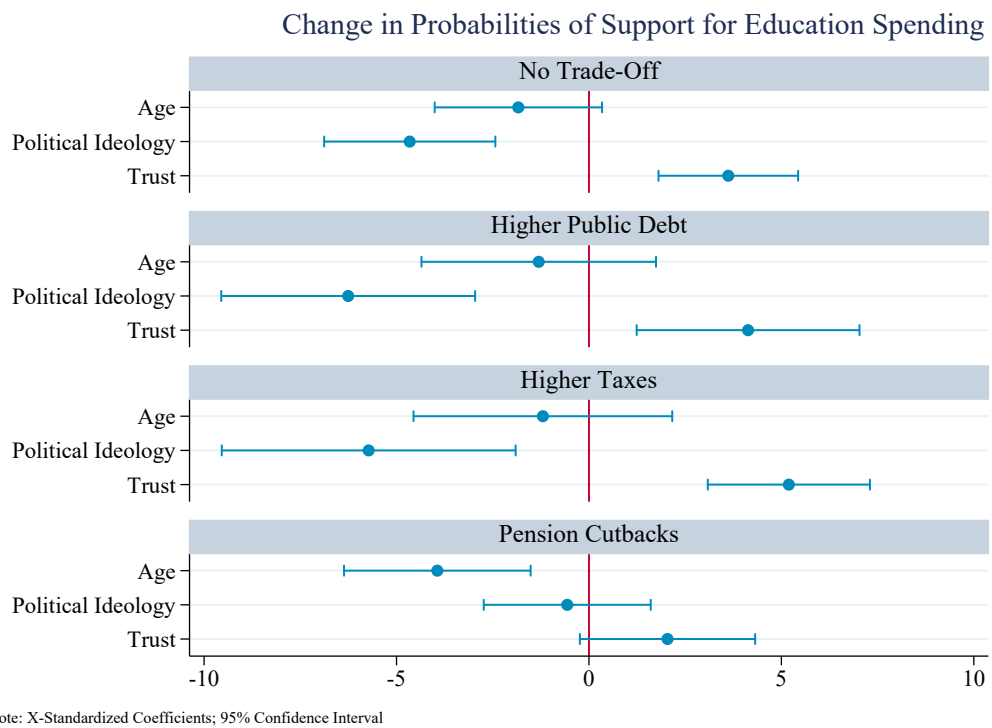


Figure 2.6: Change in Probabilities of Support (X-Standardized Coefficients)

Table 2.2: Determinants of Support Including Interaction Effect "Age  $\times$  Political Ideology"

	No Trade-Off (5)	Higher Debt (6)	Higher Taxes (7)	Pension Cuts (8)
Age	-0.007 (0.01)	-0.000 (0.01)	-0.016* (0.01)	-0.016 (0.01)
Political Ideology	-0.123 (0.10)	-0.074 (0.07)	-0.244*** (0.09)	-0.062 (0.12)
Age $\times$ Political Ideology	0.000 (0.00)	-0.001 (0.00)	0.003 (0.00)	0.001 (0.00)
Trust	0.078*** (0.02)	0.065*** (0.02)	0.081*** (0.02)	0.039* (0.02)
Female	0.112 (0.11)	0.008 (0.10)	-0.081 (0.14)	-0.133 (0.11)
Education Level	0.145*** (0.05)	0.054 (0.05)	0.042 (0.04)	0.045 (0.07)
Income	-0.029 (0.05)	-0.041* (0.02)	0.024 (0.04)	0.038 (0.03)
Children in the HH	0.102 (0.18)	0.103 (0.11)	0.308** (0.13)	0.466*** (0.16)
Constant	1.530** (0.66)	-0.267 (0.71)	1.013* (0.56)	-0.424 (0.71)
Observations	1832	1764	1797	1744
<i>BIC</i>	1972	2387	2370	2059
Log Likelihood	-960	-1167	-1159	-1004

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.3: Determinants of Support Including Interaction Effect "Age  $\times$  Social Trust"

	No Trade-Off (9)	Higher Debt (10)	Higher Taxes (11)	Pension Cuts (12)
Age	-0.001 (0.01)	0.007 (0.01)	-0.001 (0.01)	-0.025*** (0.01)
Political Ideology	-0.112*** (0.03)	-0.111*** (0.03)	-0.100*** (0.03)	-0.013 (0.02)
Trust	0.127* (0.08)	0.167** (0.08)	0.097 (0.08)	-0.076 (0.06)
Age $\times$ Trust	-0.001 (0.00)	-0.002 (0.00)	-0.000 (0.00)	0.002** (0.00)
Female	0.110 (0.11)	-0.002 (0.09)	-0.067 (0.13)	-0.130 (0.12)
Education Level	0.146*** (0.05)	0.054 (0.05)	0.039 (0.04)	0.045 (0.07)
Income	-0.030 (0.05)	-0.045* (0.02)	0.027 (0.05)	0.038 (0.03)
Children in the HH	0.100 (0.18)	0.104 (0.11)	0.306** (0.13)	0.475*** (0.16)
Constant	1.210*** (0.43)	-0.663 (0.74)	0.214 (0.60)	-0.000 (0.36)
Observations	1832	1764	1797	1744
<i>BIC</i>	1971	2385	2373	2057
Log Likelihood	-959	-1166	-1160	-1003

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.4: Robustness Check: Using Retirement Dummy instead of Age

	No Trade-Off (13)	Higher Debt (14)	Higher Taxes (15)	Pension Cuts (16)
Retired	-0.041 (0.14)	-0.063 (0.10)	0.128 (0.15)	-0.248*** (0.08)
Political Ideology	-0.108*** (0.03)	-0.107*** (0.03)	-0.101*** (0.03)	-0.011 (0.02)
Trust	0.077*** (0.02)	0.069*** (0.02)	0.083*** (0.02)	0.040* (0.02)
Female	0.099 (0.12)	0.002 (0.10)	-0.080 (0.14)	-0.138 (0.11)
Education Level	0.145*** (0.05)	0.057 (0.05)	0.051 (0.04)	0.046 (0.07)
Income	-0.041 (0.05)	-0.046** (0.02)	0.017 (0.05)	0.016 (0.03)
Children in the HH	0.161 (0.20)	0.093 (0.10)	0.396*** (0.13)	0.497*** (0.16)
Constant	1.166*** (0.26)	-0.281 (0.33)	0.061 (0.37)	-1.186*** (0.25)
Observations	1815	1740	1774	1725
<i>BIC</i>	1959	2355	2343	2046
Log Likelihood	-953	-1151	-1145	-997

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.5: Robustness Check: Using Age as a Categorical Variable

	No Trade-Off (17)	Higher Debt (18)	Higher Taxes (19)	Pension Cuts (20)
Reference Category: <35				
35-44	-0.270** (0.12)	-0.210 (0.24)	-0.480** (0.20)	0.059 (0.22)
45-54	-0.097 (0.30)	-0.152 (0.12)	-0.204 (0.22)	-0.141 (0.23)
55-64	-0.402** (0.20)	-0.176 (0.18)	-0.232 (0.18)	-0.524*** (0.15)
65+	-0.378* (0.20)	-0.135 (0.20)	-0.173 (0.25)	-0.383* (0.20)
Political Ideology	-0.112*** (0.03)	-0.111*** (0.03)	-0.102*** (0.03)	-0.015 (0.02)
Trust	0.078*** (0.02)	0.064*** (0.02)	0.083*** (0.02)	0.037* (0.02)
Female	0.120 (0.11)	0.010 (0.09)	-0.059 (0.13)	-0.138 (0.12)
Education Level	0.144*** (0.05)	0.057 (0.05)	0.046 (0.04)	0.044 (0.07)
Income	-0.025 (0.06)	-0.036* (0.02)	0.038 (0.05)	0.032 (0.04)
Children in the HH	0.087 (0.18)	0.161 (0.11)	0.415*** (0.14)	0.428** (0.17)
Constant	1.397*** (0.22)	-0.170 (0.41)	0.245 (0.38)	-1.001*** (0.29)
Observations	1832	1764	1797	1744
<i>BIC</i>	1968	2386	2368	2058
Log Likelihood	-958	-1167	-1158	-1003

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.6: Robustness Check: Including Social Spending Preferences

	No Trade-Off (21)	Higher Debt (22)	Higher Taxes (23)	Pension Cuts (24)
Age	-0.006* (0.00)	-0.002 (0.00)	-0.003 (0.00)	-0.012*** (0.00)
Political Ideology	-0.084*** (0.03)	-0.094*** (0.03)	-0.080*** (0.03)	-0.016 (0.02)
Trust	0.071*** (0.02)	0.063*** (0.02)	0.076*** (0.02)	0.041* (0.02)
Female	0.071 (0.12)	-0.012 (0.09)	-0.073 (0.13)	-0.111 (0.11)
Education Level	0.161*** (0.05)	0.070 (0.05)	0.040 (0.03)	0.046 (0.07)
Income	-0.029 (0.05)	-0.041* (0.02)	0.052 (0.05)	0.045 (0.04)
Children in the HH	0.090 (0.20)	0.123 (0.11)	0.325** (0.13)	0.475*** (0.14)
Support Social Spending	0.383*** (0.08)	0.263*** (0.07)	0.265*** (0.05)	-0.038 (0.05)
Constant	0.023 (0.36)	-1.161** (0.57)	-0.769* (0.46)	-0.539 (0.45)
Observations	1778	1713	1749	1688
<i>BIC</i>	1881	2296	2287	2000
Log Likelihood	-914	-1122	-1117	-974

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 2.7: Robustness Check: Including Social Spending Preferences and Interactions

	No Trade-Off (25)	Higher Debt (26)	Higher Taxes (27)	Pension Cuts (28)	No Trade-Off (29)	Higher Debt (30)	Higher Taxes (31)	Pension Cuts (32)
Age	-0.006 (0.01)	0.000 (0.01)	-0.013 (0.01)	-0.018 (0.01)	0.000 (0.01)	0.009 (0.01)	-0.003 (0.01)	-0.027*** (0.00)
Political Ideology	-0.093 (0.10)	-0.068 (0.09)	-0.189** (0.09)	-0.075 (0.12)	-0.084*** (0.03)	-0.095*** (0.03)	-0.080*** (0.03)	-0.017 (0.02)
Age × Political Ideology	0.000 (0.00)	-0.000 (0.00)	0.002 (0.00)	0.001 (0.00)				
Trust	0.071*** (0.02)	0.063*** (0.02)	0.076*** (0.02)	0.041* (0.02)	0.129* (0.08)	0.170** (0.08)	0.076 (0.08)	-0.093 (0.06)
Age × Trust					-0.001 (0.00)	-0.002 (0.00)	-0.000 (0.00)	0.003*** (0.00)
Female	0.071 (0.12)	-0.011 (0.09)	-0.083 (0.13)	-0.114 (0.10)	0.068 (0.12)	-0.021 (0.08)	-0.073 (0.13)	-0.112 (0.10)
Education Level	0.161*** (0.04)	0.071 (0.05)	0.042 (0.03)	0.047 (0.07)	0.161*** (0.05)	0.071 (0.05)	0.040 (0.03)	0.047 (0.07)
Income	-0.028 (0.05)	-0.041* (0.02)	0.051 (0.05)	0.045 (0.04)	-0.030 (0.05)	-0.046* (0.02)	0.052 (0.05)	0.046 (0.04)
Children in the HH	0.090 (0.20)	0.120 (0.10)	0.326** (0.13)	0.477*** (0.15)	0.086 (0.21)	0.120 (0.11)	0.325** (0.13)	0.491*** (0.15)
Support Social Spending	0.383*** (0.08)	0.264*** (0.07)	0.264*** (0.05)	-0.042 (0.05)	0.381*** (0.08)	0.262*** (0.07)	0.265*** (0.05)	-0.034 (0.06)
Constant	0.070 (0.74)	-1.280 (0.91)	-0.220 (0.54)	-0.236 (0.77)	-0.280 (0.58)	-1.745* (0.92)	-0.769 (0.55)	0.226 (0.48)
Observations	1778	1713	1749	1688	1778	1713	1749	1688
<i>BIC</i>	1881	2296	2285	1999	1881	2294	2287	1997
Log Likelihood	-914	-1122	-1116	-974	-914	-1121	-1117	-972

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.8: Robustness Check: Including Egalitarian Attitudes

	No Trade-Off (33)	Higher Debt (34)	Higher Taxes (35)	Pension Cuts (36)
Age	-0.008** (0.00)	-0.004 (0.00)	-0.004 (0.00)	-0.012*** (0.00)
Political Ideology	-0.090*** (0.03)	-0.096*** (0.03)	-0.081*** (0.03)	-0.009 (0.03)
Trust	0.074*** (0.02)	0.067*** (0.02)	0.084*** (0.02)	0.039* (0.02)
Female	0.079 (0.11)	0.011 (0.10)	-0.066 (0.13)	-0.131 (0.12)
Education Level	0.148*** (0.06)	0.056 (0.05)	0.037 (0.03)	0.046 (0.07)
Income	-0.007 (0.05)	-0.031 (0.02)	0.041 (0.05)	0.033 (0.03)
Children in the HH	0.086 (0.18)	0.117 (0.11)	0.293** (0.13)	0.471*** (0.16)
Egalitarianism	0.601*** (0.10)	0.400*** (0.15)	0.428*** (0.12)	0.061 (0.10)
Constant	1.036*** (0.23)	-0.480 (0.39)	-0.081 (0.41)	-0.736* (0.40)
Observations	1828	1758	1783	1735
<i>BIC</i>	1945	2367	2341	2049
Log Likelihood	-946	-1157	-1144	-998

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.9: Robustness Check: Including Egalitarian Attitudes and Interactions

	No Trade-Off (37)	Higher Debt (38)	Higher Taxes (39)	Pension Cuts (40)	No Trade-Off (41)	Higher Debt (42)	Higher Taxes (43)	Pension Cuts (44)
Age	-0.008 (0.01)	-0.001 (0.01)	-0.017* (0.01)	-0.016 (0.01)	-0.002 (0.01)	0.006 (0.01)	-0.002 (0.01)	-0.024*** (0.01)
Political Ideology	-0.088 (0.10)	-0.062 (0.07)	-0.225** (0.09)	-0.058 (0.12)	-0.090*** (0.03)	-0.097*** (0.03)	-0.081*** (0.03)	-0.010 (0.03)
Age × Political Ideology	-0.000 (0.00)	-0.001 (0.00)	0.003 (0.00)	0.001 (0.00)				
Trust	0.074*** (0.02)	0.067*** (0.02)	0.083*** (0.02)	0.039* (0.02)	0.141* (0.08)	0.160* (0.08)	0.099 (0.08)	-0.075 (0.06)
Age × Trust					-0.001 (0.00)	-0.002 (0.00)	-0.000 (0.00)	0.002** (0.00)
Female	0.079 (0.11)	0.012 (0.10)	-0.079 (0.14)	-0.134 (0.11)	0.075 (0.11)	0.003 (0.09)	-0.066 (0.13)	-0.131 (0.11)
Education Level	0.148*** (0.06)	0.057 (0.05)	0.041 (0.04)	0.046 (0.07)	0.148*** (0.06)	0.056 (0.05)	0.037 (0.03)	0.046 (0.07)
Income	-0.007 (0.05)	-0.031 (0.02)	0.038 (0.05)	0.033 (0.03)	-0.008 (0.05)	-0.035* (0.02)	0.041 (0.05)	0.034 (0.03)
Children in the HH	0.086 (0.18)	0.113 (0.10)	0.294** (0.13)	0.474*** (0.16)	0.083 (0.19)	0.113 (0.10)	0.292** (0.13)	0.483*** (0.16)
Egalitarianism	0.601*** (0.10)	0.400*** (0.14)	0.426*** (0.12)	0.059 (0.10)	0.606*** (0.10)	0.396*** (0.15)	0.428*** (0.12)	0.062 (0.10)
Constant	1.024 (0.64)	-0.634 (0.66)	0.638 (0.60)	-0.497 (0.76)	0.666 (0.44)	-0.989 (0.73)	-0.164 (0.63)	-0.078 (0.44)
Observations	1828	1758	1783	1735	1828	1758	1783	1735
<i>BIC</i>	1945	2367	2337	2048	1944	2365	2341	2046
Log Likelihood	-946	-1157	-1142	-998	-946	-1156	-1144	-997

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.10: Robustness Check: Using Ordered Logit Regression

	No Trade-Off (45)	Higher Debt (46)	Higher Taxes (47)	Pension Cuts (48)
Age	-0.009** (0.00)	-0.005 (0.00)	-0.005 (0.00)	-0.012*** (0.00)
Political Ideology	-0.123*** (0.03)	-0.098*** (0.03)	-0.125*** (0.04)	-0.025 (0.03)
Trust	0.081*** (0.01)	0.060** (0.02)	0.090*** (0.02)	0.063*** (0.02)
Female	0.073 (0.09)	0.045 (0.10)	-0.072 (0.10)	-0.032 (0.12)
Education Level	0.171*** (0.05)	0.071* (0.04)	0.075** (0.04)	0.091 (0.06)
Income	0.004 (0.04)	-0.055*** (0.01)	0.021 (0.04)	0.007 (0.03)
Children in the HH	0.097 (0.14)	0.065 (0.10)	0.258*** (0.09)	0.344** (0.17)
cut1 Constant	-3.983*** (0.47)	-2.613*** (0.41)	-2.775*** (0.36)	-2.174*** (0.31)
cut2 Constant	-2.418*** (0.31)	-0.785** (0.40)	-1.177*** (0.40)	-0.344 (0.28)
cut3 Constant	-1.263*** (0.36)	0.072 (0.41)	-0.338 (0.35)	0.650** (0.31)
cut4 Constant	1.207*** (0.29)	2.483*** (0.44)	2.071*** (0.45)	2.940*** (0.31)
Observations	1832	1764	1797	1744
<i>BIC</i>	4416	5062	4946	5014
Log Likelihood	-2182	-2505	-2447	-2481

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.11: Robustness Check: Using Ordered Logit Regression and Interactions

	No Trade-Off (49)	Higher Debt (50)	Higher Taxes (51)	Pension Cuts (52)	No Trade-Off (53)	Higher Debt (54)	Higher Taxes (55)	Pension Cuts (56)
Age	-0.015* (0.01)	-0.007 (0.01)	-0.011 (0.01)	-0.016** (0.01)	-0.005 (0.01)	0.004 (0.01)	-0.006 (0.01)	-0.023*** (0.00)
Political Ideology	-0.182** (0.08)	-0.126** (0.06)	-0.194*** (0.07)	-0.069 (0.07)	-0.123*** (0.03)	-0.098*** (0.03)	-0.126*** (0.04)	-0.025 (0.03)
Age × Political Ideology	0.001 (0.00)	0.001 (0.00)	0.001 (0.00)	0.001 (0.00)				
Trust	0.080*** (0.01)	0.060** (0.02)	0.089*** (0.02)	0.063*** (0.02)	0.124* (0.07)	0.152** (0.07)	0.075 (0.07)	-0.040 (0.03)
Age × Trust					-0.001 (0.00)	-0.002 (0.00)	0.000 (0.00)	0.002*** (0.00)
Female	0.072 (0.09)	0.044 (0.10)	-0.078 (0.11)	-0.035 (0.12)	0.071 (0.09)	0.035 (0.09)	-0.072 (0.10)	-0.029 (0.12)
Education Level	0.172*** (0.05)	0.071* (0.04)	0.076** (0.04)	0.091 (0.06)	0.172*** (0.05)	0.072* (0.04)	0.075** (0.04)	0.090 (0.06)
Income	0.006 (0.04)	-0.054*** (0.01)	0.020 (0.04)	0.008 (0.03)	0.003 (0.04)	-0.059*** (0.01)	0.021 (0.04)	0.009 (0.02)
Children in the HH	0.096 (0.14)	0.069 (0.09)	0.260*** (0.09)	0.347** (0.17)	0.094 (0.14)	0.059 (0.10)	0.259*** (0.09)	0.352** (0.17)
cut1 Constant	-4.263*** (0.81)	-2.743*** (0.63)	-3.118*** (0.39)	-2.383*** (0.46)	-3.734*** (0.61)	-2.121*** (0.61)	-2.860*** (0.48)	-2.767*** (0.36)
cut2 Constant	-2.700*** (0.65)	-0.915 (0.62)	-1.520*** (0.42)	-0.553 (0.43)	-2.170*** (0.48)	-0.293 (0.63)	-1.261** (0.51)	-0.934*** (0.35)
cut3 Constant	-1.545** (0.62)	-0.059 (0.63)	-0.681* (0.38)	0.442 (0.45)	-1.016* (0.52)	0.564 (0.65)	-0.422 (0.49)	0.061 (0.39)
cut4 Constant	0.926* (0.56)	2.353*** (0.65)	1.730*** (0.43)	2.732*** (0.40)	1.455*** (0.48)	2.978*** (0.70)	1.987*** (0.51)	2.351*** (0.33)
Observations	1832	1764	1797	1744	1832	1764	1797	1744
<i>BIC</i>	4416	5061	4945	5014	4416	5059	4946	5012
Log Likelihood	-2182	-2505	-2446	-2481	-2182	-2503	-2447	-2480

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 2.12: Descriptive Statistics

	N	Mean	Std. Dev.	Min	Max
No Trade-Off	2237	0.734	0.442	0	1
Higher Debt	2178	0.421	0.494	0	1
Higher Taxes	2238	0.538	0.499	0	1
Pension Cuts	2148	0.272	0.445	0	1
Age	8881	54.312	16.723	18	96
Political Ideology	8152	4.824	2.330	0	10
Trust	8861	5.639	2.598	0	10
Female	8904	0.541	0.498	0	1
Education Level	8856	3.376	1.531	1	5
Income	7835	3.050	1.414	1	5
Children in the HH	8877	0.334	0.472	0	1
Retired	8779	0.340	0.474	0	1
Age Groups:					
<35	8881	0.143	0.350	0	1
35-44	8881	0.133	0.340	0	1
45-54	8881	0.208	0.406	0	1
55-64	8881	0.212	0.409	0	1
65+	8881	0.304	0.460	0	1
Support Social Spending	8560	3.375	0.959	1	5
Egalitarianism	8855	0.700	0.458	0	1
Observations	8905				

## Chapter 3

# Religiosity and Intergenerational Solidarity in the Welfare State: An (Un)Holy Alliance?

Dominik Lober

### Abstract

Current developments like population aging, new social risks, and constraint government budgets call for social policy reforms in industrialized countries. Cutbacks in old-age related spending seem inevitable to retain the functioning of the welfare state. Therefore, intergenerational solidarity of the elderly is perceived as an important requirement to avoid a generational conflict over scarce welfare resources. Contrary to previous studies neglecting the costs of solidarity the elderly would have to bear, I address the issue of trade-offs by analyzing older people's support for youth-oriented spending in direct relationship to their support for elderly-oriented spending. Using data from the European Social Survey (2008) and the International Social Survey Programme (2006) I find that the elderly are on average self-interested, i.e. they prefer pension spending to childcare and education spending. However, while religiosity further decreases people's support for youth-oriented spending on grounds of children's socialization, it mitigates age-based self-interest and increases older people's intergenerational solidarity.

### 3.1 Introduction

In many industrialized countries, intergenerational justice regarding the welfare state is a hotly debated topic. This is due to some unfavorable developments endangering the distributional mechanisms of resources across generations. On the one hand, there are new social risks like long-term unemployment and single parenthood primarily affecting the younger generations which are usually the net contributors to the welfare state. At the same time, Western nations face rapidly aging societies increasing the number of pensioners and thus net beneficiaries from the welfare state. Finally, economic growth has slowed down and governments are in many cases urged to reduce public debts and deficits. Thus, they are not able to satisfy claims from both traditional benefit recipients like the elderly and new risk groups like young parents and badly educated people. Instead, it seems that increasing social spending in one area requires cutbacks in other areas (Pierson, 2001b; Taylor-Gooby, 2001b). Therefore, some scholars state that to make ends meet in Western welfare states a recalibration of spending patterns and social policies is inevitable (Brooks and Manza, 2007; Pierson, 2001a; Taylor-Gooby, 2001a).

However, as fiscal resources are getting scarce and the number of recipients increases, there is some potential for generational conflicts over welfare benefits. Restructuring social spending, therefore, presupposes solidarity across generations, especially of the elderly as cutbacks can be expected in the most expensive social policy areas, i.e. the pension and health care systems. Thus, what I'm looking for in terms of intergenerational solidarity is not only support of older people for youth-oriented social spending, but the simultaneous acceptance of cutbacks in their own benefits. In other words: older people need to prioritize youth-oriented social expenditures over spending to their own well-being. While political economy approaches largely deny the possibility of such attitudes (Persson and Tabellini, 2000), political-sociological approaches admit solidarity under certain circumstances (Svallfors, 2012a). Thus far, we lack knowledge about driving forces behind (intergenerational) solidarity, especially of older people.

Among the factors that are commonly suggested to promote prosocial behavior and attitudes is religiosity (Inaba and Loewenthal, 2011). All major religions call for their followers to care for others, in particular for those in need. Quotations like "Love your



neighbor as yourself” (The Bible, Lev. 19: 18) are prominent examples. Consequently, in Europe, the churches had been the providers of social assistance for the poor and the sick before the newly emerging nation states took over this task. Afterwards, religion and denomination have been quite influential in the evolution of diverging welfare regimes, including their structures, aims, and generosity. However, despite the solidarity promoting principles of religion and its relevance to the emergence of today’s welfare states, recent studies show that religious people are skeptical towards state intervention (e.g. Stegmüller et al., 2012). They are less supportive of income redistribution, vote against their material interests in social policies, and tend to hold anti-welfare attitudes. Regarding the topic of this article, this contradiction raises a central question: does religiosity affect (older) people’s preferences for age-related social spending, and if so, how?

To answer this question, I draw on data from the European Social Survey (2008) and the International Social Survey Programme (2006) and focus on people’s support for spending on childcare services and education, respectively, in relation to their preferences for pension spending. Childcare and education spending can be most clearly attributed to benefit the younger generations, while being of minor interest to older people. At the same time, however, these policies touch on the issue of the socialization of children and thus the values and norms that mold the coming generations’ character. This bearing in mind, I argue that religiosity is negatively associated with people’s support for youth-oriented social spending. Religious people tend to be skeptical towards socializing children in statist institutions and favor instead the upbringing of children inside the family or by the church. On the other hand, I argue that religiosity is positively associated with other-regarding preferences and thus should mitigate self-interest and increase solidarity towards others. Therefore, I expect religiosity to alleviate the impact of age-based self-interest on people’s preferences for education and childcare spending and thereby to increase older people’s intergenerational solidarity.

## 3.2 Literature Review

When it comes to public opinion towards the welfare state, political economy models attribute the most important role to self-interest (Persson and Tabellini, 2000). This relationship is proved in multifaceted ways. Finseraas (2009) and Meltzer and Richard (1981) show that support for redistributive policies is heavily affected by people's income, with richer people opposing redistribution while the poor are in favor of it. In addition, people's exposure to labor market risks influences their welfare state support (Anderson and Pontusson, 2007; Cusack et al., 2006; Iversen and Soskice, 2001; Kitschelt and Rehm, 2006; Rehm, 2009; Rehm et al., 2012). Individuals facing a higher risk of becoming unemployed are more likely to demand an encompassing welfare state than people in rather secure positions. Finally, people's liability to maximize their material utility also affects cross-generational redistributive policies (Persson and Tabellini, 2000, 124). Preferences for age-related social programs like childcare, education, and pensions are influenced by the age of respondents. Various analyses find that older people tend to prefer pro-elderly spending while they do not like to see rising expenditures catering to the needs of the younger generations like education spending (Blekesaune and Quadagno, 2003; Bonoli and Häusermann, 2009; Busemeyer et al., 2009; Cattaneo and Wolter, 2009; de Mello et al., 2017; Goerres and Tepe, 2012; Sørensen, 2013; Svallfors, 2008).

Political-sociological approaches relax the assumption of individuals primarily maximizing material benefits and include further considerations like social justice, social rights, and reciprocity in addition to self-interest (Svallfors, 2012a, 231). In their "embedded preferences approach", Brooks and Manza (2007, 100) take further social factors into account ranging from the individual social-structural position to the influence of institutions and the impact of historical developments. Nevertheless, all authors acknowledge (economic) self-interest as one factor among others which are likely to affect individual attitudes and preferences. This is also found in Andreß and Heien (2001) who emphasize the impact of values and norms on people's attitude formation.

There is a variety of norms and values that have found their way into welfare state research. Experimental studies in economy and psychology show that many people care about others and in doing so are driven by considerations about fairness and

reciprocity (Fehr and Fischbacher, 2005; Fehr and Schmidt, 2006; Fong et al., 2005), which is further corroborated by findings from survey-research (Alesina and Angeletos, 2005; Bowles and Gintis, 2000; Mau, 2003). Others highlight the importance of ideological orientations like work ethic (Hasenfeld and Rafferty, 1989) egalitarianism (Blekesaune and Quadagno, 2003), political attitudes (Feldman and Zaller, 1992), and deservingness perceptions (Alesina et al., 2001; van Oorschot, 2000, 2006).

Besides individual-level determinants there is also evidence that contextual factors influence people's attitudes. Concerning attitudes towards social spending and redistribution such factors comprise population characteristics like racial or religious homogeneity (Alesina and Glaeser, 2004; VanHeuvelen, 2014), a society's socio-economic structure (Lupu and Pontusson, 2011), or the type of welfare regime one is socialized in (Andreß and Heien, 2001; Arts and Gelissen, 2001; Jaeger, 2006).

An issue that has been neglected for some time in research on people's welfare attitudes is religiosity. This is unjustified considering the vital role of religion not only in early welfare state development but also in public opinion towards social policy nowadays. Before the new nation states in Europe stepped in with early social security programs, the churches had been the providers of social assistance (Kahl, 2005, 2009; Manow, 2004; Manow and van Kersbergen, 2009; Stjernø, 2005). As the emerging welfare states crowded out the churches from taking care for needy citizens and thereby shifting their loyalty from the church to the state, a fierce conflict between these institutions sparked off over the provision of welfare. This conflict, which took different shapes across countries, finally paved the way for the development of divergent party systems, cleavage structures, and welfare regimes which endure until today (Castles, 1994; Lipset and Rokkan, 1967a; VanHeuvelen, 2014).

Even in the secularized Western world, there is still evidence for a religious factor in public opinion on social policy. While the beginning of the welfare state was heavily characterized by denominational differences, in recent years the cleavage rather separates religious from secular people often providing an even stronger influence than class differences (Dalton, 2014). Under certain circumstances, religiosity overrules the impact of self-interest on attitudes towards redistribution (De La O and Rodden, 2008). It appears that many religious people make their vote decisions based on moral and normative considerations rather than on economic interests. Similar results are provided by Stegmueller (2013b), who identifies a causal relationship between religion

and vote choice indicating that religious people tend to have anti-welfare attitudes. This resonates with findings from Stegmüller et al. (2012) showing that religious people oppose income redistribution. In addition to normative considerations, psychological effects might play a role as well. There is evidence that religious people hold anti-welfare attitudes because religion serves them as a substitute for social insurance against adverse life events via the welfare state (Scheve and Stasavage, 2006). Overall, research provides convincing evidence in favor of a negative relationship between religiosity and support for the welfare state.

Nevertheless, while religiosity appears to be negatively associated with pro-welfare attitudes, there is a stream of literature mainly from psychology promoting the religious prosociality hypothesis which states that in various situations religious people are more likely to deviate from self-interest and act in a solidary way (Ellison, 1992; Saroglou et al., 2005; Shariff et al., 2016; Stavrova and Siegers, 2014; Van Cappellen et al., 2016). This includes religious people being more cooperative, being less aggressive in everyday troubles, being less likely to lie in their own interest or to cheat an insurance, being more likely to obey traffic regulations, to engage in charitable organizations, to share with others, and to help people in need. In sum, the authors find that religion stimulates prosocial behavior and underscore the importance of religiosity for prosociality. For a critical evaluation of the religious prosociality hypothesis see Galen (2012).

Finally, there are two articles from sociology and family studies analyzing the impact of religiosity on intergenerational assistance inside families (Gans et al., 2009; Myers, 2004). Myers (2004) shows that religion is an important factor in explaining the exchange of assistance between adult children and their parents. Nevertheless, there is only weak evidence that individual religiosity is positively related to intergenerational assistance. What is important, instead, is religious congruence between donor and receiver, i.e. a comparable level of religiosity of both children and parents. Similar results are provided by Gans et al. (2009) who show that religious children are more committed to help their older parents and are more likely to enact help. Thus, with certain qualifications, there is evidence that religiosity is positively related to adult children's support for their parents.

But what about older people's intergenerational solidarity in the welfare state, or to be precise, their support for youth-oriented social spending? Although various

analyses find that older people are solidary towards the younger generations (e.g. Berkman and Plutzer, 2004, and Street and Cossman, 2006), we know little about the driving forces which motivate their behavior and about the influence the above mentioned factors, especially religiosity, exert on their preferences. Logan and Spitze (1995) and Ward (2001) simply assume an altruistic attitude of the elderly towards the demands of younger people. However, Daatland et al. (2012) find that this does not apply to the welfare state level but is restricted to the realm of the family. In contrast to this, Goerres and Tepe (2010) demonstrate that it is the family and intra-familial relationships, respectively, which trigger support of the elderly for social policies to the benefit of the younger generations. Older people who experience solidarity in various forms from their children are more likely to support public childcare, although they do not benefit from this kind of social spending. In sum, however, our knowledge about the elderly's preferences for youth-oriented social spending is only rudimentary.

While religiosity is widely expected to have a strong impact on solidary behavior, its influence on intergenerational solidarity of older people is not yet analyzed. What is more, there is evidence that the importance of religiosity increases in old-age (Idler, 2006). Thus, it seems worthwhile taking religiosity into account when investigating the elderly's preferences for youth-oriented welfare spending.

### 3.3 Theoretical Framework

As said before, the welfare state in many industrialized countries has entered a new era of increasing demands accompanied by declining fiscal resources, which probably has severe consequences for people's attitudes towards social policies. Trade-offs begin to figure prominently in debates as well as in the literature on welfare state recalibration and are expected to decrease the previously found diversity of solidarity. This should be accounted for in welfare state research and requires a new approach to measure public opinion on social policies. This is all the more relevant for the empirical analysis in order to find a profound answer to the question raised in this chapter. Therefore, analyzing older people's intergenerational solidarity in welfare spending requires not only to consider their preferences for youth-oriented social spending, like education and childcare, but to consider them in relation to their preferences for elderly-oriented expenditures, like pensions.

Following these deliberations, what can we assume about people's preferences regarding age-related social policies, or more specifically, about the elderly's intergenerational solidarity? Although some studies find evidence that older people are quite supportive of the welfare demands of the younger generations, others show that support for education and childcare spending is less common among the older population. While the latter findings are in line with the assumptions from political-economy models stressing people's proclivity for maximizing their material resources, the negative effect of old age should be even more pronounced when age-related benefits are traded against each other, as it is anticipated in this chapter. This means that older people might well be supportive of youth-oriented social spending as long as no negative externalities become apparent. However, when youth-oriented spending comes at the expense of elderly-oriented expenditures, support for the respective programs should be clearly differentiated along an age cleavage. According to the political-economy assumption of self-interested benefit-maximizers, I therefore expect that:

**Hypothesis 1:** *Age has a negative effect on people's preferences for childcare and education spending when considered in relation to pension spending, i.e. older people are less supportive of youth-oriented social spending relative to elderly-oriented expenditures. (Self-Interest Hypothesis)*

Considering what we know about the link between religion and welfare attitudes, it is less straightforward what to expect about the impact of religiosity on people's preferences regarding age-related social programs. There is evidence that religious people are less supportive of income redistribution and de-commodification and prefer lower levels of social spending. Consequently, the general notion implies that religious people compared to secular ones are less supportive of the welfare state. With regard to the relative support for youth- versus elderly-oriented spending, this line of reasoning would provide us with a non-significant effect of religiosity: regardless of the concrete social program, religious people are less supportive than their non-religious counterparts, but the relation of support for different social policies would be unaffected by religiosity. Thus, we would expect that people's support for education and childcare spending in relation to their support for pension spending is not significantly influenced by their religious engagement.

However, what I actually expect to see is a negative effect of religiosity on people's

relative preferences, i.e. religiosity is associated with a lower preference for youth-oriented compared to elderly-oriented spending. I argue that this effect is a consequence of the fact that childcare and education have always been of great importance to the churches as both these areas touch on the issue of socializing children. In their analyses of cleavage structures, the resulting European party systems, and voter alignments, Lipset and Rokkan (1967b, 15) argue that the most important cleavage was the one between the church and the state. This rivalry was less about economic issues, but more about the norms and values that characterize the society and about the actors that set the agenda regarding the predominant morals.

As it is one of the most effective ways to influence people, the church and the state began to battle for the control over education, which had been the domain of the church for a long time. Depending on the patterns of conflict the fight for the socialization of children took different ways with remarkable consequences for the education systems in Europe, which are still visible (Ansell and Lindvall, 2013; Morgan, 2009; Naumann, 2012). Moreover, the attempt by the state to control the socialization of the nation's children eventually reached the issue of care for pre-school children as well and complemented the educational system with early childcare services (Morgan, 2002).

Although this state-church cleavage over the provision of social services figures less prominently nowadays, I argue that the divide between religious and secular people is still relevant in public opinion, especially with respect to the provision of education and childcare services. Similar to the situation back then, this division has less to do with economic or material motives, but with considerations about the socialization of children. This is even more the case in secularized societies where the church has lost its grip on the people and is confronted with a declining number of members (Gill and Lundsgaarde, 2004; Hien, 2014). As religious people don't want children to be socialized in state-based institutions, but want to defend the prime position of the family and the church in the transmission of norms and values to the children, religious people are less supportive of education and childcare spending than their secular counterparts. Due to the prime importance of the issue, this should also hold if their preferences are put in relation to their support for pension spending. Nevertheless, I expect the effect to be less pronounced for education spending as it is widely acknowledged today – even among religious people – that the state is in

charge of education. Regarding childcare, however, there ought to be less consensus between religious and secular people about who should be responsible, the state or the family and the church, respectively. Therefore, I expect that:

**Hypothesis 2:** *Religiosity has a negative effect on people's preferences for childcare and education spending when considered in relation to pension spending, i.e. religious people prefer lower levels of childcare and education spending compared to pension spending than secular people. However, the effect should be stronger for childcare spending than for education spending. (Socialization Hypothesis)*

What does this imply for the relationship between religiosity and older people's intergenerational solidarity? Considering that I expect the relative support for youth- versus elderly-oriented social spending to decrease with the age of respondents as well as with their religious engagement, these effects might add up so that religious older people are even less solidary towards the younger generations than the secular elderly. However, the argument of the religious prosociality hypothesis suggests that religious older people ought to show a higher level of intergenerational solidarity than their secular counterparts. As religious people care more about the well-being of others, their welfare attitudes should reflect their resistance to age-based self-interest and their support for benefits in favor of other age-groups. Thus, we should anticipate a positive association between older people's religious commitment and their intergenerational solidarity.

Moreover, there is a range of literature indicating that religion serves as an insurance against a variety of adverse life events with considerable consequences for people's welfare preferences. There is evidence that making contributions to religious organizations and attending religious services is able to partially buffer negative effects of income shocks on consumption and happiness (Dehejia et al., 2007). Similarly, religiosity insures happiness against shocks from economic reforms through reinforcing positive effects of economic reforms on life satisfaction and mitigating negative effects on perceptions of the economic and political situation (Popova, 2014). This insurance effect of religion also holds for adverse life events like becoming unemployed (Clark and Lelkes, 2006). Moreover, religion can also serve as an ex post insurance that mitigates consumption shocks and the need for credit after economic downturns (Chen, 2010). The probable mechanisms of the insuring effect of religion against the



hardships of life are the supporting function of religious organizations for their followers on the one hand, and on the other hand that religious people are less anxious regarding such life events.

The insurance function of religion has important implications for the church-welfare state nexus and for people's preferences for social spending. If both, the church/religion and the welfare state provide (social) insurance against the setbacks of life, one should expect a negative association between these institutions: in some sense, the welfare state crowds out the church as a provider of social security. This is shown for the time of the Great Depression and the New Deal in the US (Gruber and Hungerman, 2007). However, the mechanism also works in the other direction. Hungerman (2005) shows that the church steps in and increases charitable activities in case the state reduces welfare spending. Yet another link between church-state social provision is presented by Dills and Hernández-Julián (2014) demonstrating that a reduction in religiosity due to sex abuse scandals and a subsequent decline in charitable giving by the church is partially compensated by increasing government welfare spending.

Considering the influence of the insurance function of religiosity on individual level preferences for social spending, Gill and Lundsgaarde (2004) find a negative relationship between religious participation and per capita welfare spending. Individuals who would turn towards the church because of insurance aspects instead of spiritual motives rather opt for the welfare state to insure against the risks of life, if this option is available. This means that an expanding welfare state alienates people from the church who have yet stuck to it due to the insurance provision of religious organizations against social hardships. However, this does not imply that faith-based members do not feel insured via their religion. Scheve and Stasavage (2006) find that religious people are less supportive of social insurance policies because they insure themselves against adverse life events via their beliefs instead of the welfare state. This includes events like illness, unemployment, or getting retired. In addition to the previously mentioned analyses, however, the authors state that the insurance function might not only work through material subsidies provided by the church, but also through psychic benefits drawn from being religious which are similar to those of being in good health, employed, or getting a high retirement income.

If the insurance function of religiosity is actually at work in people's preference

formation towards social spending – whether through material subsidies or through psychic benefits –, we should find a positive effect of the interaction term between respondents’ religiosity and their age. While support for youth-oriented versus elderly-oriented spending should decrease with rising age due to age-based self-interest, religiosity should mitigate this negative effect because it insures older people against the adverse event of getting retired. In other words: religious older people are less concerned about retirement and the related income shock because they draw psychic benefits from being religious and rely on the support of their church community. In sum, they insure themselves against the adverse life event of becoming retired via religiosity. This, in turn, makes them less dependent on the welfare state and state-provided pensions, respectively, and less driven by age-based self-interest. Consequently, they prefer lower levels of pension spending compared to their secular counterparts. This, in turn, should have a positive effect on their preferences for youth-oriented spending in relation to their preferences for elderly-oriented expenditures, thereby alleviating the negative effect of age-based self-interest. This implies that – apart from the negative effect of religiosity on the relative support for youth- versus elderly-oriented spending due to the socialization issue – religiosity has a positive impact on the elderly’s intergenerational solidarity. Therefore, I expect that:

**Hypothesis 3:** *Religiosity mitigates or even offsets the negative effect of age-based self-interest on people’s preferences for childcare and education spending when considered in relation to pension spending, i.e. among religious people support for childcare and education spending relative to pension spending decreases to a lower extent with rising age. (Insurance Hypothesis)*

### 3.4 Data, Methods, and Variables

For the analysis, I draw on two widely used datasets: the European Social Survey (ESS) and the International Social Survey Programme (ISSP). The rotating module of the fourth wave of the ESS from 2008 as well as the ISSP (Role of Government IV, 2006) contain numerous questions regarding the welfare state and the respondents’ religiosity. I use data from two surveys because they comprise different but relevant youth-oriented social policies: childcare (ESS) and education (ISSP). While childcare is a rather specific and partly contested topic, education spending is a more general

issue and probably familiar to a broader fraction of society. Moreover, as indicated above, I expect different effects of religiosity to occur for the respective policy areas and I want to examine whether this also affects the influence of religiosity on age-based self-interest.

The analysis is confined to those nations which are present in both surveys, include all relevant variables, and, for a better comparability of the socio-economic and demographic circumstances, are members of the OECD. This gives me respondents from 14 European OECD countries.<sup>1</sup> Due to the small number of countries included in the analysis, I refrain from using multilevel regression analysis and use simple OLS regression, instead (Stegmueller, 2013a). Moreover, I do not control for country-level variables as the results are statistically unreliable. However, to control for possible country-specific effects, I include country-dummies in the analysis and cluster the standard errors by countries.

As outlined above, the aim of the chapter is to examine the impact of religiosity on older people's intergenerational solidarity in a competitive environment. Therefore, the dependent variable ought to measure people's preferences for youth-oriented welfare spending in relation to their preferences for elderly-oriented spending. This is due to the assumption that under the current circumstances higher youth-oriented expenditures require cutbacks in other areas, probably in the pension system. Since the attitudes of the elderly get more and more important in aging societies, this is feasible only if they value social spending for the younger population as more important as spending for themselves. Although previous studies neglect this background and measure solidarity as support for spending which is dedicated to others, this procedure seems inappropriate to me. Research shows that people are quite solidary towards others unless this comes along with considerable costs for them. In a competitive environment, however, where this is likely the case, solidarity decreases severely or disappears completely (Fehr and Schmidt, 2006; Kangas, 1997). Thus, to analyze older people's intergenerational solidarity it appears more reliable to examine whether they prioritize youth-oriented social spending over elderly-oriented expenditures, instead of focusing only on preferences for education or childcare spending.

Ideally, this is tested by asking respondents for their preferences regarding direct

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<sup>1</sup>Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Spain, Sweden, and Switzerland.

trade-offs between groups of benefit recipients. Unfortunately, however, most surveys contain no questions directly asking for that (an exception is the INVEDUC survey (Busemeyer et al., 2017)). One possibility to attenuate this problem could be to operationalize the dependent variable as a construct combining support for spending for the younger generations and the older ones, which gives a measure of *relative* support. The same approach to construct a dependent variable can be found in Emery (2012), van Oorschot (2008b), van Oorschot and Uunk (2007), and Prinzen (2015). Therefore, I build up the dependent variable from two questions capturing the respondents' preferences for youth- as well as elderly-oriented social spending. In more detail, this means that I subtract people's support for pension spending from their support for childcare and education spending, thereby yielding a dependent variable which consist of negative values indicating elderly-oriented preferences and positive values indicating youth-oriented preferences.

Referring to the concrete surveys, this works as follows. In the ISSP, the respondents are asked to show their preferences towards government spending on education and old age pensions. The exact wording reads as: *"Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say "much more", it might require a tax increase to pay for it."* On a 5-point scale, respondents can decide between "much less" (1) and "much more" (5). As I subtract people's score regarding old age pensions from the one regarding education, I get a variable ranging from -4 to 4, whereby negative values indicate elderly-oriented preferences and positive values indicate youth-oriented preferences. For example, -4 means that someone likes to see much more spending on old age pensions and much less spending on education, and 4 means that someone likes to see much more spending on education and much less spending on old age pensions.

Similarly, the ESS asks for the respondents' views about the responsibility of the government to provide social services, among others sufficient childcare services for working parents and a reasonable standard of living for the old: *"People have different views on what the responsibilities of governments should or should not be. For each of the tasks I read out please tell me on a score of 0-10 how much responsibility you think governments should have. 0 means it should not be governments' responsibility at all and 10 means it should be entirely governments' responsibility."* As I proceed in

the same way as with the ISSP data, I get a variable ranging from -10 to 10. To be able to compare the results across models using the different datasets, I rescale the dependent variable from the ESS dataset so that it ranges from -4 to 4, just as the ISSP variable. The substantive results are not affected by this measure. What I'm not able to depict with these variables is the absolute support for both kinds of social policies. A person scoring 0 could take the view that the government should care for the elderly as well as the younger generations. However, it might just as well be that this person takes the view that it is not at all the governments' responsibility to do so. However, this is not what I'm interested in. I want to examine whether older people prefer welfare-state support for the younger generations over support for their own, and what influence religiosity has in promoting such preferences.

Consequently, the main independent variable is the respondent's *age*. It is already shown that preferences for social spending change over the life-cycle (e.g. Busemeyer et al., 2009). In this chapter, I test whether this also holds for preferences for age-related social policies when they are considered in relation to each other. To do so I use a linear variable depicting the age of respondents and expect a negative effect on preferences for youth- versus elderly-oriented social spending (Hypothesis 1).

As the focus is also on the effect of *religiosity* itself and on its effect on age-based self-interest, I include the respondent's religiosity, operationalized as the frequency of attending religious services. To increase the comparability of the coefficients across datasets, I merge two categories of the variable from the ISSP (otherwise 8 categories) so that religiosity captures the attendance of religious services from "Never" (0) to "Several times a week (ISSP) / Every day (ESS)" (6). Recalling Hypothesis 2, I expect religiosity to be negatively related to people's support for youth-oriented welfare spending, but also to mitigate the negative impact of age-based self-interest (Hypothesis 3).

Beyond that, I include several control variables which are commonly used in research on welfare attitudes. Although *income* is shown to be only weakly associated with people's support for spending on areas like education (Ansell, 2010; Busemeyer, 2012; Garritzmann, 2015), I include it to control for the economic situation of respondents. One could argue that affluent older people are more capable of coping with cutbacks of their benefits in order to expand social services for others and are thus more willing to support education and childcare spending at the expense of pen-

sion spending. At least with regard to intra-familial financial support, Kohli (1999, 94) finds that the rate of giving from older parents to adult children increases with income. While in the ESS household income is given in deciles, the ISSP measures income on widely varying country-specific scales. Therefore, to capture the economic situation of respondents in the ISSP dataset, I use respondents' self-placement on a 10-point scale of *social class*.

I also control for *education*, given as the respondent's highest level of education completed (on a 6-point scale (ISSP) and a 5-point scale (ESS)). The influence on older people's support for education and childcare spending relative to pensions should be positive, since better educated people are shown to prefer higher investments in the education sector (Busemeyer, 2012). The *gender* of respondents (1 for women) might also play a role, since women are usually found to be in favor of more welfare spending (Arts and Gelissen, 2001; Svallfors, 1997). Especially with respect to childcare services, women can be expected to be more supportive as they are more often involved with child-rearing. Because conservative people commonly prefer less state involvement (e.g. Arts and Gelissen, 2001; Jaeger, 2008), I also control for *political ideology*, given on a 5-point left-right scale (ISSP) and an 11-point scale (ESS). However, as the dependent variable measures the relative support for spending in different areas, the impact of ideology is less straightforward. In addition, I control for *children in the household*, as do Goerres and Tepe (2010), by including a dummy variable (1 if children live in the household). This is due to the assumption that people with children at home should be more supportive of youth-oriented social spending reflecting (enlightened) self-interest.

As several authors emphasize the importance of trust for exchange relationships in which people are unknown to each other (e.g. Daniele and Geys, 2015; Likki and Staerklé, 2014), I control for *interpersonal trust*, given on a 5-point scale (ISSP) and an 11-point scale (ESS). People with a higher level of trust are significantly more likely to support a societal order characterized by a high level of social solidarity and a low level of social control, and vice versa. Nevertheless, while Busemeyer and Lober (see Chapter 2) find that trust actually increases people's support for education spending when it comes at the expense of higher public debt or taxes, the effect disappears when education spending is traded off against pension spending. Therefore, I expect that trust has no significant effect.

Finally, there is a bunch of literature showing that people's support for the welfare state is significantly determined by the "Quality of Government" (e.g. Rothstein et al., 2012; Svallfors, 2013). Perceived characteristics of the government like trustworthiness, impartiality, and incorruptibility are positively associated with people's support for redistribution, their willingness to pay taxes, and the generosity of the welfare state. This should be even more important in a competitive environment, in which people's support for social spending in one area implies cutbacks in other areas, possibly at the expense of own benefits. Due to a lack of comparable questions in the surveys regarding the quality of governments, I control for *government satisfaction*. Rothstein (2009) argues that the impartiality of government, and thus an essential part of its quality, can be experienced in important government actions like the provision of education, health care, social welfare, and others that affect people's everyday life. Therefore, the level of satisfaction with the work of the government is expected to reflect its impartiality and thus should be a good proxy for its perceived quality. Government satisfaction is measured on an 11-point scale in the ESS. For the ISSP, I extract people's satisfaction with the government via a principal component analysis of respondents' evaluations of government performance in several areas.

## 3.5 Empirical Analysis

### Descriptive Analysis

Figure 3.1 displays the distribution of respondents across the dependent variables. As described earlier, positive values indicate more youth-oriented preferences, i.e. preferring higher levels of childcare and education spending compared to pension spending, and negative values indicate rather elderly-oriented spending preferences. What we can see for both samples is that a majority of respondents does not discriminate between benefit recipients due to their age. A large share of people wants the government to take care of children and young families through the provision of childcare and education as well as of the elderly through the provision of pensions.

However, with regard to childcare spending there is also a large fraction of respondents in favor of rather elderly-oriented social spending. The share of people giving more weight to old-age-related expenditures clearly exceeds those respondents rather biased towards the younger generations. This pattern is different from the one refer-

## Distribution of the Dependent Variable

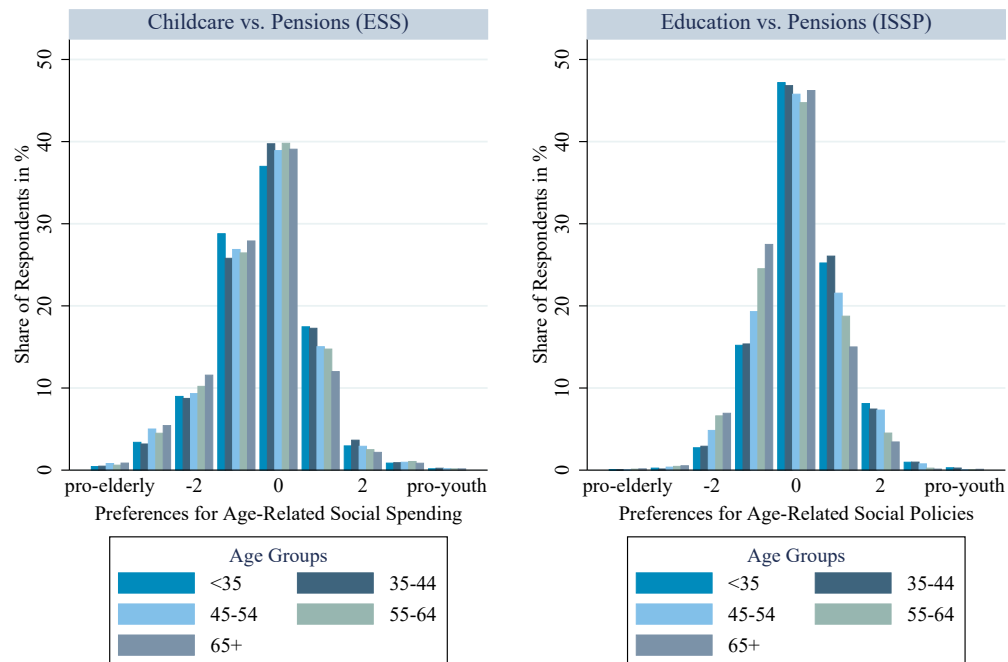


Figure 3.1: Distribution of the Dependent Variables across Age Groups

ring to the relation of preferences for education and pension spending where the share of people in favor of youth- and elderly-oriented expenditures, respectively, is almost equally distributed. It seems that while the area of education is almost as popular as the one of pensions, this is not true for childcare, although there are only quite few respondents who totally reject the provision of childcare in favor of elderly provision.

Comparing the distribution of the dependent variables to the one in Figure 3.6 in the Appendix shows that the operationalization used here is rather well-suited to capture people's preferences in face of trade-offs. Figure 3.6 uses data from the INVEDUC survey asking respondents whether they agree or disagree that the government should increase spending on education by cutting back pensions (for more details see Busemeyer et al. (2017)). The graph shows a similar pattern than Figure 3.1 with the major difference referring to the middle group. While this group comprises all respondents in the ESS and the ISSP who consider youth- and elderly-oriented social spending as equally important, in the INVEDUC survey it consists of the respondents who neither agree nor disagree on the proposed trade-off.

Obviously, when respondents are confronted with a direct trade-off, they feel much



more pressured into opting for one side or the other, instead of being undecided. Contrarily, when respondents are asked for their preferences for government spending in different areas, a large fraction hesitates to give priority to a certain area. Apart from this, the respondents are similarly distributed. Older people are more likely than the younger population to disagree on pension cutbacks to finance more education spending, just as they give more weight to elderly-oriented policies in comparison to youth-oriented expenditures. For the younger generations, it is the other way around. Thus, the operationalization of the dependent variable used in this chapter appears to be an adequate alternative to circumvent the problem of missing trade-off questions.

### **Multivariate Analysis**

Figure 3.2 provides a graphical illustration of the results from OLS regression analysis and compares the determinants of preferences for both datasets. For a better comparability of the effect sizes, I use standardized variables in the graph.<sup>2</sup> The complete results with unstandardized coefficients are shown in Table 3.1 in the Appendix. Consistent across both datasets, the age of respondents has a negative and highly significant effect on the relation of preferences for youth- and elderly-oriented expenditures. Thus, the results support Hypothesis 1 and provide evidence for the significant impact of age-based self-interest on people's preference formation regarding age-related social programs. With increasing age, people shift their preferences for social spending away from youth-oriented expenditures like childcare and education to elderly-oriented expenditures like pensions. Contrary to the notion of widespread intergenerational solidarity in the welfare state, I therefore find that self-interest is still a dominant force in preferences formation, at least in a competitive environment where increases in spending for one area come at the expense of cutbacks in other areas.

It is somewhat puzzling, however, that the effect of age-based self-interest is way more pronounced regarding education spending than the provision of childcare services. The coefficient for age is more than twice as large for education spending than for childcare provision. This is unlikely to be based on a broader support for childcare services among older people compared to education spending and probably traces

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<sup>2</sup>Throughout this chapter, whenever there is talk of effects I do not claim to find causal mechanisms but instead refer to correlations between variables.

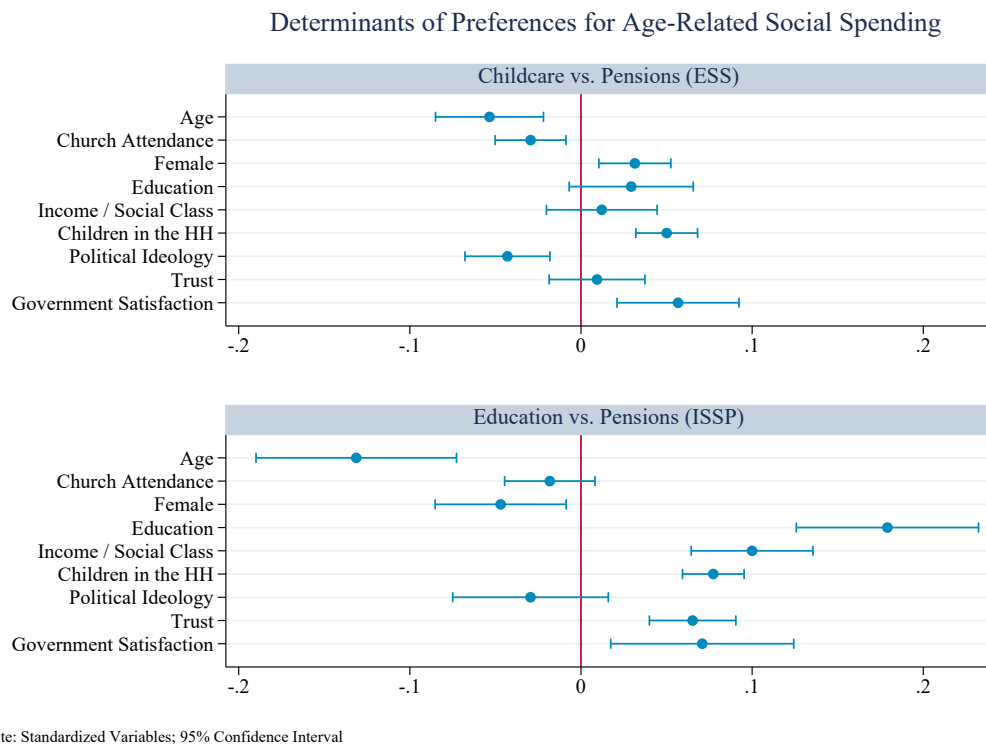


Figure 3.2: Determinants of Preferences for Age-Related Social Spending

back to a much higher support for rising education spending among the younger generations compared to the older ones. I assume that older people are as less supportive of childcare spending as of education spending, but that higher education spending gets broader support among younger people than childcare spending.

Concerning the effect of religiosity, the results basically support Hypothesis 2. A higher frequency of attending religious services (church attendance) decreases people's support for youth-oriented spending relative to pension spending. As the dependent variables relates two social policy areas, the effect of religiosity is not attributable to religious people's rather anti-welfare attitudes, i.e. while religious people are found to be less supportive of the welfare state in general, the negative effect here does not stem from this issue because it would equally affect both youth- and elderly-oriented spending. Instead, the negative effect provides evidence for the socialization hypothesis stating that religious people don't want children to be socialized in state-based institutions, but rather inside the family or church-based organizations. Consequently, although religious people are expected to be less supportive of pension spending than their secular counterparts, this relationship is even more pronounced when it comes

to the issue of youth-oriented social spending and is responsible for the negative effect of religiosity found in the analysis. Nevertheless, Figure 3.2 also shows that the effect is significant only for childcare spending. It appears that over decades, religious people got used to state-based schooling so that the socialization issue no longer applies to the area of education spending, but is restricted to childcare services. Still, the negative coefficients in both models support the socialization hypothesis.

Regarding the control variables, the analysis partially provides mixed results. As expected, respondents living together with children in one household exhibit more youth-biased spending preferences which probably indicates some sort of enlightened self-interest. Those people benefit at least indirectly from higher education and childcare spending, all the more if these children are their own offspring. The effects for the gender of respondents are quite interesting. While women are significantly more supportive of higher childcare spending relative to pensions, the opposite holds for education spending. As increasing childcare spending probably allows more women to go to work and make their own money, this effect is lacking for education spending. Maybe, the fact that women usually are worse off financially makes them more supportive of old-age-related social policies compared to education spending. Income and social class, respectively, and education show positive coefficients in both models but are statistically significant only with reference to education spending.

Similar results are found for people's political orientations. The coefficient is negative in both models but significant only for childcare spending. Although right-wing people appear to be more supportive of the classical social protection policies of the welfare state compared to social investment policies, this relationship is more pronounced when social investment relates to childcare spending, an issue that is certainly much more the subject of controversial debates between conservative and progressive people than education spending. While trust in others is beneficial only to people's relative support for higher education spending, being satisfied with the government's work shifts people's preferences from elderly-oriented to youth-oriented social policies. Obviously, those who are more satisfied with the way the government is doing its job are less concerned about the living conditions in later life, but care more about the situation of the younger generations. They might share the opinion that the government already provides comfortable living conditions for the elderly and should be more concerned about the future generations.

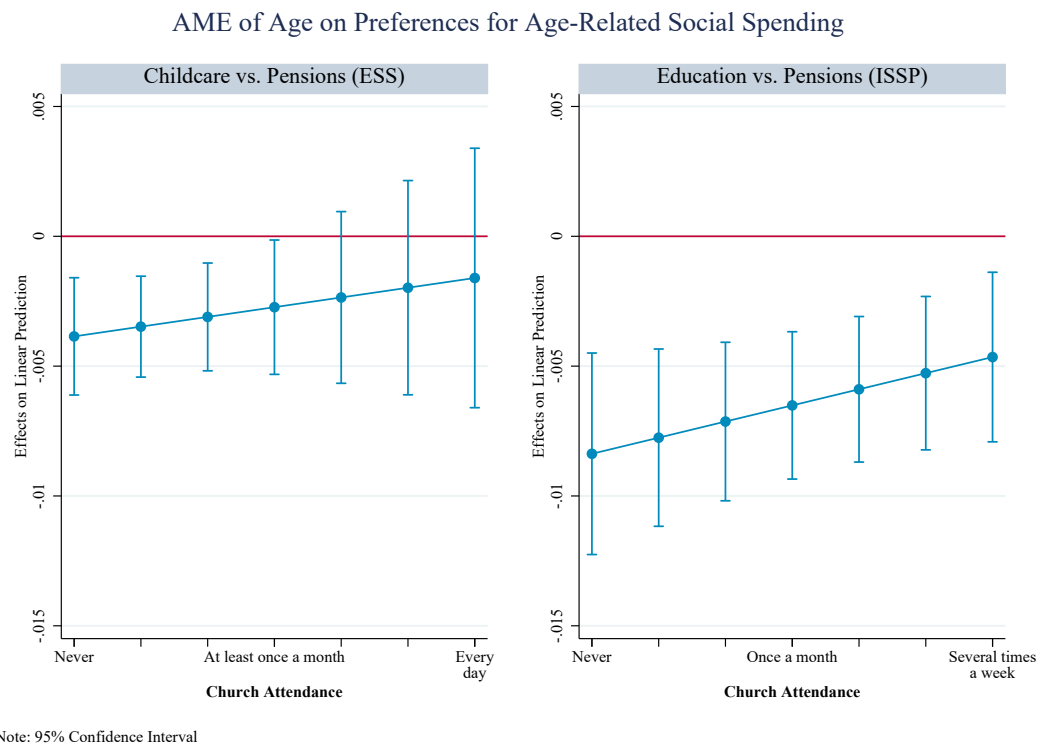


Figure 3.3: Average Marginal Effects of Age on Preferences for Age-Related Social Spending

Thus far, the analysis basically supports the hypotheses framed in the theoretical section. To test the final hypothesis, I add an interaction effect between age and religiosity to the regression model and examine the influence of religiosity on age-based self-interest. Based on the proposed insurance function of religion against adverse life events Hypothesis 3 states that religiosity mitigates the impact of age-based self-interest in preference formation regarding age-related social policies. Therefore, I expect a positive coefficient for the interaction effect which decreases the impact of age with increasing frequency of church attendance. As the coefficients are less helpful to understand the actual effects of the interaction term, I provide the regression results in Table 3.1 in the Appendix. Instead, as suggested by Brambor et al. (2006), I use graphs of the average marginal effects of age depending on church attendance to illustrate the insurance function of religiosity in Figure 3.3.

The graphs in Figure 3.3 provide evidence in favor of the insurance function of religion. The left panel on the effect of age on people's preferences for childcare spending relative to pension spending shows that age has a negative and significant effect for those respondents never or rarely attending religious services, but no so

for people who regularly go to church. This means that among secular people age-based self-interest is a significant determinant of their preferences for age-related social policies, while this relationship does not hold for respondents who go to church at least once a week. Thus, while religious people are less supportive of youth-oriented social spending, this likely stems from the socialization hypothesis, but not from age-based self-interest.

The right panel in Figure 3.3 backs up this interpretation. Although religiosity is not able to offset the impact of age-based self-interest completely, it mitigates the negative effect of age considerably. For secular people the average marginal effect of each additional year of living is around -0.008. For respondents attending religious services several times a week, this effect is around -0.005 and thus decreases by more than one third. The larger effect of age on people's preferences for education spending compared to childcare spending also holds for religious people. Nevertheless, both results support the hypothesis about the insurance function of religion against adverse life events, in this case getting retired: being religious materially and/or psychologically insures people against the potential drawbacks of getting retired (less income and loss of meaning) and mitigates or even offsets the impact of age-based self-interest on preference formation about age-related social policies.

This is also shown in Figures 3.4 and 3.5. Using adjusted predictions is another way to illustrate the results in a more tangible way. The graphs show the predicted values of the dependent variable for a person with mean values on the independent variables and how they change over the life-cycle and in dependence of the person's frequency of church attendance. Figure 3.4 highlights, on the one hand, that people across the life-cycle tend to have stronger preferences for pension spending than for childcare spending but, on the other hand, that this tendency gets even stronger with increasing age. Moreover, the graph shows that religious people are less favorable towards childcare spending when considered in relation to pension spending. People going to church quite often exhibit the most negative effects. However, one can also see that religiosity mitigates the negative age effect. With rising frequency of church attendance, the line depicting the age effect gets flatter, which indicates that among religious people age-based self-interest is less pronounced. Thus, all three hypotheses are confirmed.

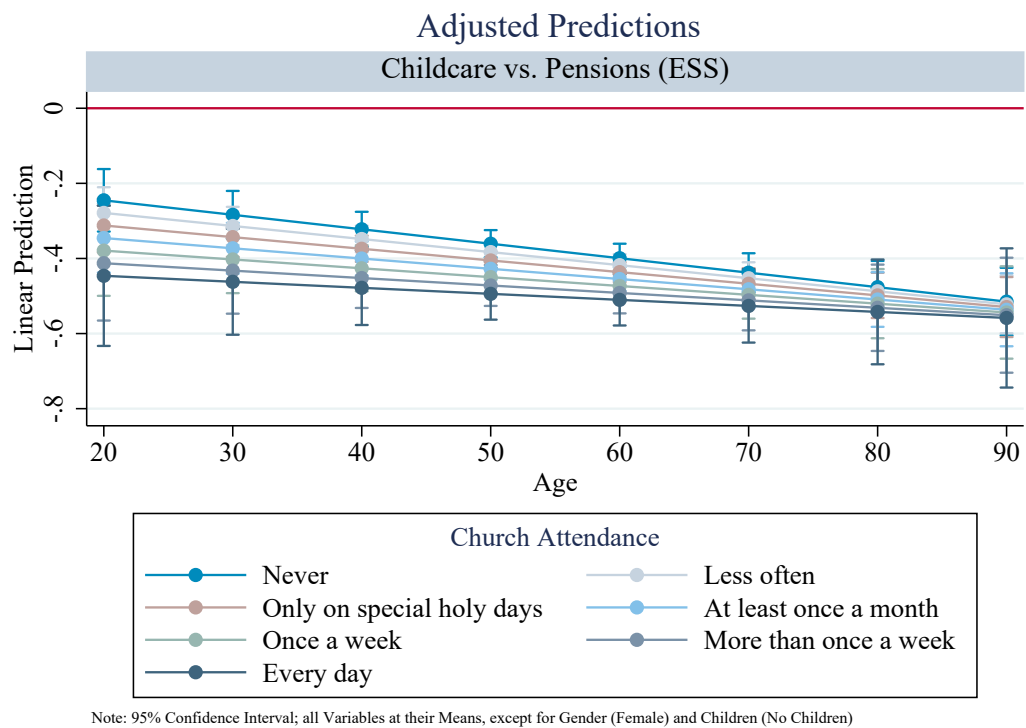


Figure 3.4: Adjusted Predictions: Preferences for Childcare relative to Pension Spending

Figure 3.5 provides similar findings. When preferences for education spending are considered in relation to pension spending, most people in their 20s and 30s prefer higher expenditures on education. Nevertheless, this changes considerably at later stages of the life-cycle. People in their 70s or older are clearly more in favor of elderly-oriented social spending, which highlights again the relevance of age-based self-interest. In addition, the graph shows that at an early age very religious people are less supportive of education spending relative to pension spending. However, due to the insurance function of religion this pattern turns around when people grow old. It turns out that at least since the age of 70 religious people are more favorable towards youth-oriented spending than their secular counterparts. While the former insure themselves against the event of getting retired via their church community and their faith, the latter insure themselves via the welfare state and thus show a more pronounced effect of age-based self-interest on social spending preferences. In sum, therefore, the self-interest hypothesis (Hypothesis 1), the socialization hypothesis (Hypothesis 2), as well as the insurance hypothesis (Hypothesis 3) are supported by the empirical analysis.

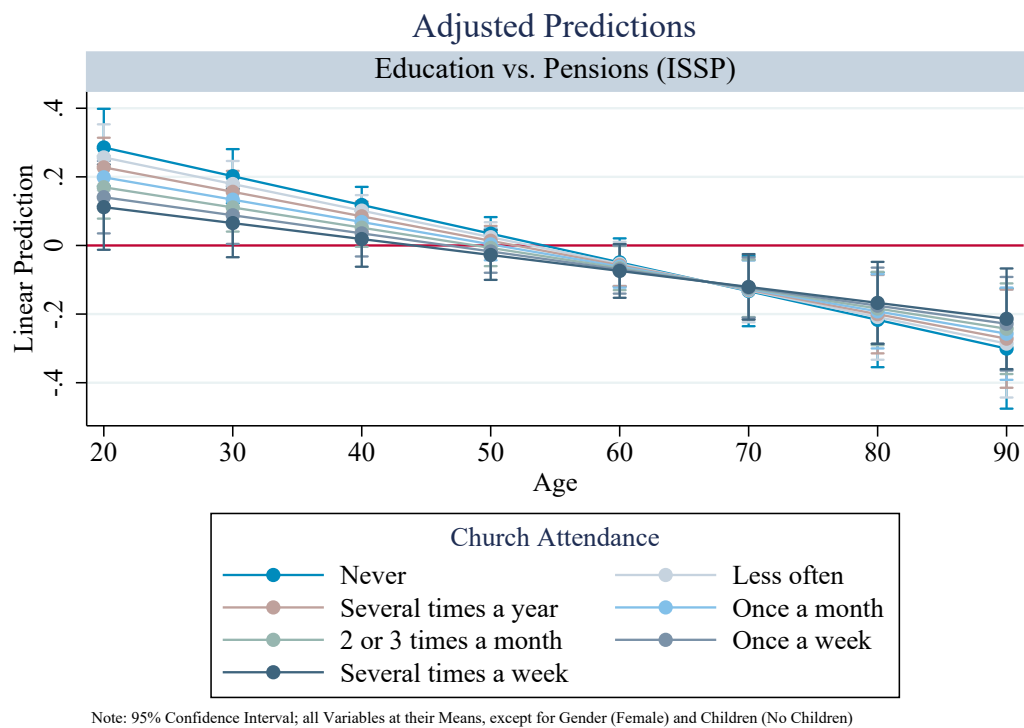


Figure 3.5: Adjusted Predictions: Preferences for Education relative to Pension Spending

To check the robustness of the findings, I estimate additional models and provide the results in Tables 3.2 to 3.6 in the Appendix together with graphs showing the average marginal effects (Figures 3.7 to 3.10). First, I drop the attitudinal variables (political ideology, social trust, and government satisfaction) to address the endogeneity problem of explaining attitudes with attitudes (Table 3.2 and Figure 3.7). However, the results remain unchanged for both datasets, except that the significance level for religiosity in the ESS 2008 decreases from 1 percent to 5 percent. The effects of age as well as the interaction effects stay the same. Second, I drop the variable for income and social class, respectively, as the operationalization differs across the datasets (Table 3.3 and Figure 3.8). I want to test whether the results are biased by one or the other specification. Again, none of the coefficients change in a meaningful way.

Third, to test whether the coefficient for religiosity rather captures *conservative gender roles* or family ideals than the supposed socialization issue, I include a variable to control for respondents' attitudes towards female labor market participation and women's responsibility to care for the family, respectively (Table 3.4 and Figure 3.9).

People are asked to say how much they agree or disagree with the following statement: “A woman should be prepared to cut down on her paid work for the sake of her family.” This variable is available only for the ESS 2008. However, this poses no problems for the analysis, as the topic of gender roles and family ideals applies to the issue of childcare spending much more than to education spending. While the coefficient for attitudes towards gender roles is negative but insignificant, the effect of religiosity decreases only slightly in magnitude and stays significant at the 5 percent level.

Fourth, I control for the effect of *denominations* (Table 3.5). Although many scholars argue that the cleavage nowadays separates religious from secular people (e.g. Dalton 2014), others emphasize the differences between denominations and their impact on their followers’ preferences for welfare provision (Kahl, 2005, 2009; Manow, 2004; VanHeuvelen, 2014). Moreover, it is shown that the church-state battle over the provision of social protection and education mainly took place between the state and the Catholic church (Lipset and Rokkan, 1967a; Morgan, 2009). Consequently, some researchers concentrate their attention on the impact of Catholicism on country-level efforts on welfare spending showing that a predominance of the Catholic church indeed affects levels of social and education spending (Castles, 1989, 1994). Although Busemeyer (2007) shows that the effect of Catholicism does not hold when using pooled time-series analysis, I nevertheless consider this potential source of influence and estimate the impact of denominations on people’s preferences for age-related social policies. In doing so, I differentiate between the two predominant denominations in Europe, i.e. the Catholic and the Protestant church, other religions, and unaffiliated people. The results confirm that Catholics, Protestants, and members of other religions do not differ significantly in their preferences for age-related social spending. Only unaffiliated people are significantly more in favor of education spending when considered in relation to pension spending than people belonging to a denomination.

Finally, to check the consistency of the results with a special focus on the dependent variable, I estimate the models in several steps using an *estimated dependent variable* (Lewis and Linzer, 2005). In the first step, I estimate people’s preferences for welfare spending in general via a principal component analysis using all social policy issues included in the surveys. The analysis provides one component with an Eigen value larger than one and high factor loadings on all issues. In the second step, I regress people’s preferences for childcare and education spending on their general



preference for welfare spending and extract the residuals. Thereby, I get positive residuals indicating that some people prefer higher levels of childcare and education spending compared to general welfare spending and negative residuals indicating the opposite. In the third step, I estimate the original models using the residuals as dependent variable and heteroscedasticity consistent standard errors (Huber-White). The results basically confirm the previous findings (see Table 3.6 and Figure 3.10 in the Appendix). In sum, therefore, the findings of this analysis are quite resilient to several robustness checks.

### 3.6 Conclusions

In the current era of the welfare state it becomes highly likely that increases in social spending in areas like childcare and education imply cutbacks in other areas, e.g. pension payments. Therefore, when it comes to the topic of welfare state reforms and recalibration people increasingly are confronted with trade-offs between groups of benefit recipients and, as indicated through the areas of childcare, education, and pension spending, especially trade-offs between age groups. Since pensions are already the most expensive area of social spending, higher expenditures on youth-oriented social policies probably come along at the expense of cutbacks in old-age-related benefits. This, in turn, depends to a great extent on the willingness of the elderly to suffer from retrenchments in order to increase social spending to the benefit of the younger generations. Whether older people exhibit this way of intergenerational solidarity, or whether they are mainly driven by self-interest is therefore one major topic of this chapter. In addition, I raise the question about the impact of religiosity on the preferences for youth- versus elderly-oriented social spending, on the one hand, and about its impact on age-based self-interest, on the other hand.

The results show that the wide-spread assumption of intergenerational solidarity in the welfare state is misleading, at least in a competitive environment where trade-offs between benefit recipients are common. Regardless of whether preferences for pension spending are related to preferences for education or childcare spending, the age of respondents has a negative and significant effect indicating that people are basically motivated by self-interest. As respondents grow old they shift away support from youth-oriented to elderly-oriented spending. These results resonate with findings

about the decline of solidarity as soon as it gets costly. Therefore, there is only weak support for the notion of intergenerational solidarity as a solid foundation for profound reforms of mature welfare states in industrialized countries.

The role of religiosity is mixed in this respect. On the one hand, religious people are less supportive of youth-oriented compared to elderly-oriented social spending, which backs the socialization hypothesis. As religious people want children to be socialized inside the family or church-based institutions, instead of state-based organizations, they prefer lower levels of spending on issues like childcare and education than on pensions, whereby the effect is much more pronounced for childcare spending. On the other hand, religiosity mitigates or even offsets the impact of age-based self-interest on people's preference formation regarding age-related social policies. While age has a negative and significant effect on secular people's preferences, the effect decreases considerably or disappears completely for religious people, thereby supporting the hypothesis about the insurance function of religion and religious organizations, respectively, against adverse life events like getting retired. Being religious provides older people with material resources through their church community and with psychological benefits through their faith and insures them against financial hardships due to less retirement income and against a loss of meaning as they do not go to work anymore. Thus, religiosity has a negative effect on preferences for youth-oriented social spending, but mitigates the impact of age-based self-interest.

Nevertheless, there is an important limitation that has to be made regarding the implications of the findings for intergenerational solidarity. Regardless of whether we talk about older or religious people, they are found to prefer less youth-oriented social spending compared to elderly-oriented expenditures. This, however, does not necessarily imply that both groups consist of purely self-interested individuals only caring about maximizing their own benefits. There are many other ways of being solidary towards the younger generations and to support them in their everyday challenges. Older or religious people might engage in voluntary organizations taking care of the youth or donate money to the benefit of the younger population. Alternatively, they could take care of their own grandchildren thereby allowing their adult children to go to work. Moreover, they could redistribute their pension income to the younger members inside the family. Finally, religious people might be more supportive of childcare and education spending, if the service is provided by church-based institu-

tions. This should be true especially for childcare, while it is more broadly accepted that the state is in charge to provide education. Therefore, based on the findings of this chapter one can conclude that intergenerational solidarity is limited with regard to social spending, but one should not deduce a general attitude from this.

Apart from these findings, the chapter also suffers from several shortcomings that should be discussed at this point. Comparing results for two different datasets provides several problems. While the ISSP 2006 asks respondents for their opinion on more or less government spending on various social policies, the ESS 2008 asks for people's opinion on the government responsibility to provide several welfare benefits. Although it seems reasonable to compare those issues, one has to make the assumption that respondents in both situations are aware that it will cost some money to finance the proposed social policies. Another issue is the income variable, which captures household income in deciles for the ESS and self-placement on a bottom-top scale of social class for the ISSP. This is not perfectly equivalent to each other, but best practice in this case to cover people's socio-economic position. Other variables, too, show minor differences in question wording or operationalization, although this should not pose any problems to the comparability of the results.

As mentioned above, the dependent variable does not measure absolute support for social spending on any issue. Instead, it provides ratios of preferences for youth- and elderly-oriented expenditures. Thus, neither we can conclude that older people want less spending on education and childcare than younger people, nor that religious people want more pension spending. All we can say is that older people just as religious people prefer lower levels of youth-oriented spending compared to elderly-oriented expenditures. Nevertheless, this is exactly what gets to the heart of intergenerational solidarity in the current era of the welfare state.

Finally, the operationalization of the dependent variable tries to deal with the issue of trade-offs in social spending. In other words: I suggest that people giving more weight to pension than to childcare or education spending are willing to trade elderly-oriented expenditures against youth-oriented ones. However, based on the question wording, we cannot take it for granted that people are aware of these trade-offs and that their score on the dependent variable depicts their actual preferences regarding such a trade-off between age-related social policies. Thus, the dependent variable is only a proxy and, due to the lack of other data, a first attempt to approach this issue.

## Appendix Chapter 3

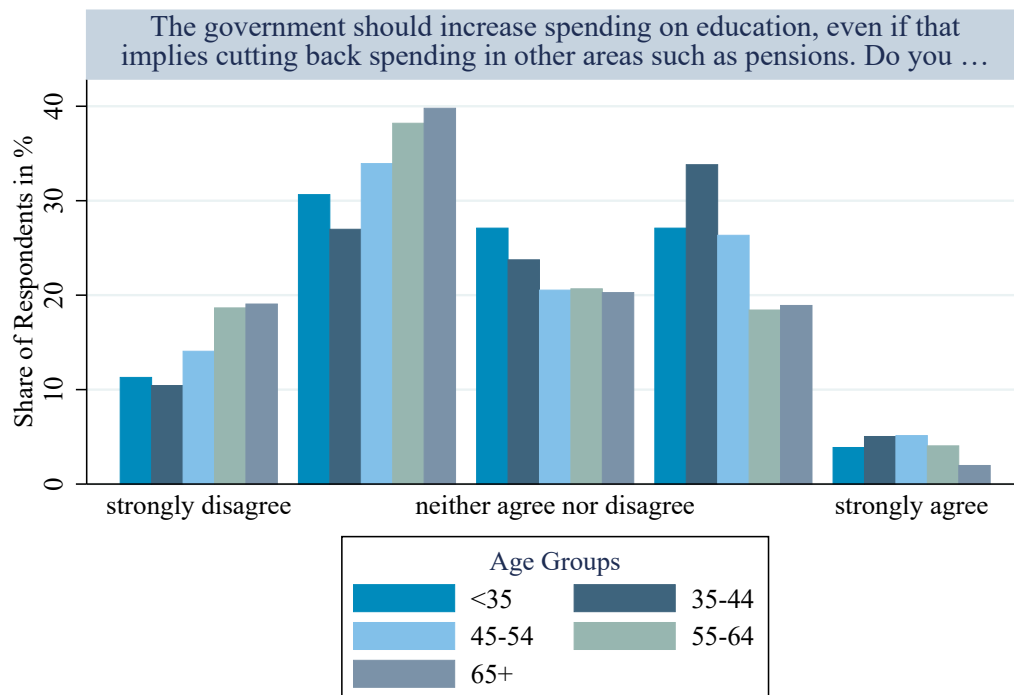


Figure 3.6: Distribution of the Dependent Variable in the INVEDUC Dataset

Table 3.1: Determinants of Preferences for Age-Related Social Spending

	Childcare vs. Pensions		Education vs. Pensions	
	(1)	(2)	(3)	(4)
Age	-0.003*** (0.00)	-0.004*** (0.00)	-0.007*** (0.00)	-0.008*** (0.00)
Church Attendance	-0.022*** (0.01)	-0.041 (0.03)	-0.009 (0.01)	-0.041** (0.02)
Age × Church Attendance		0.000 (0.00)		0.001* (0.00)
Female	0.072*** (0.02)	0.072*** (0.02)	-0.091** (0.03)	-0.091** (0.03)
Education	0.025 (0.01)	0.025 (0.01)	0.110*** (0.02)	0.111*** (0.02)
Income / Social Class	0.005 (0.01)	0.005 (0.01)	0.052*** (0.01)	0.052*** (0.01)
Children in the HH	0.118*** (0.02)	0.119*** (0.02)	0.151*** (0.02)	0.154*** (0.02)
Political Ideology	-0.022*** (0.01)	-0.022*** (0.01)	-0.029 (0.02)	-0.029 (0.02)
Trust	0.004 (0.01)	0.004 (0.01)	0.058*** (0.01)	0.058*** (0.01)
Government Satisfaction	0.025*** (0.01)	0.025*** (0.01)	0.040** (0.01)	0.040** (0.01)
Constant	-0.463*** (0.10)	-0.437*** (0.10)	-0.087 (0.09)	-0.037 (0.10)
Observations	19648	19648	9140	9140
$R^2$	0.090	0.091	0.178	0.179
$BIC$	60581	60589	24417	24423

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 3.2: Robustness Check: Exclude Attitudinal Variables

	Childcare vs. Pensions		Education vs. Pensions	
	(5)	(6)	(7)	(8)
Age	-0.003*** (0.00)	-0.004*** (0.00)	-0.007*** (0.00)	-0.008*** (0.00)
Church Attendance	-0.022** (0.01)	-0.040 (0.03)	-0.007 (0.01)	-0.039** (0.02)
Age × Church Attendance		0.000 (0.00)		0.001* (0.00)
Female	0.073*** (0.02)	0.073*** (0.02)	-0.091** (0.04)	-0.091** (0.04)
Education	0.029* (0.02)	0.029* (0.02)	0.117*** (0.02)	0.118*** (0.02)
Income / Social Class	0.006 (0.01)	0.006 (0.01)	0.056*** (0.01)	0.056*** (0.01)
Children in the HH	0.115*** (0.02)	0.115*** (0.02)	0.152*** (0.02)	0.154*** (0.02)
Constant	-0.409*** (0.08)	-0.387*** (0.07)	-0.068 (0.07)	-0.021 (0.09)
Observations	19648	19648	9140	9140
$R^2$	0.087	0.087	0.169	0.169
$BIC$	60619	60627	24492	24498

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

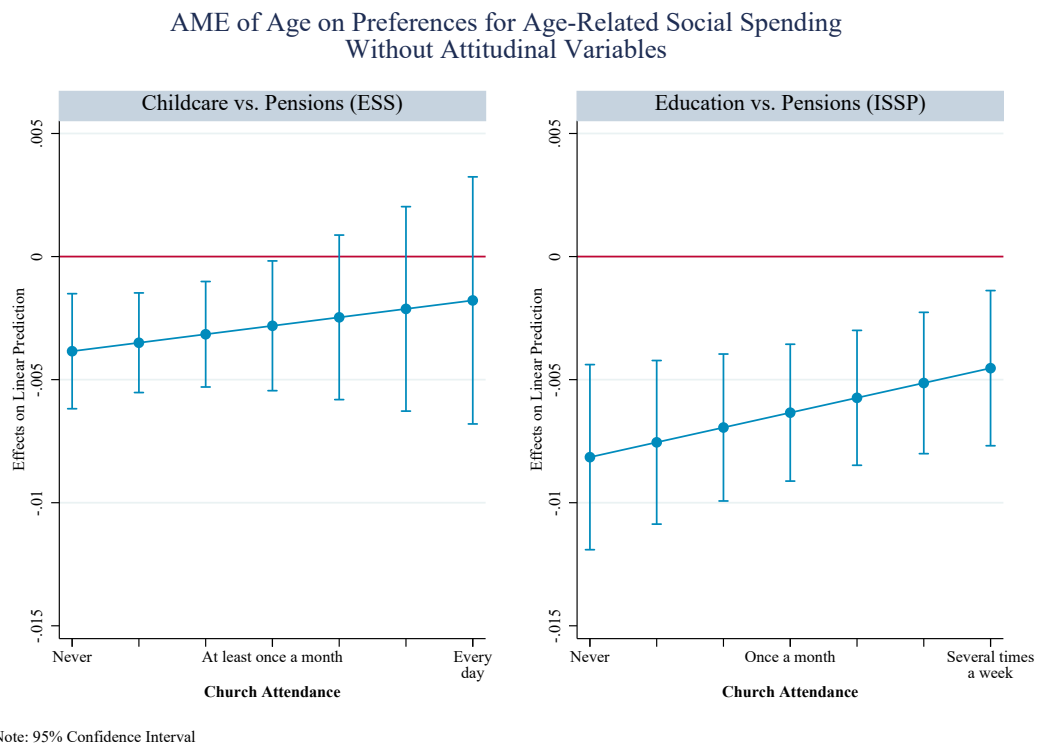


Figure 3.7: Robustness Check: Average Marginal Effects of Age without Attitudinal Variables

Table 3.3: Robustness Check: Exclude Income and Social Class, respectively

	Childcare vs. Pensions		Education vs. Pensions	
	(9)	(10)	(11)	(12)
Age	-0.003*** (0.00)	-0.004*** (0.00)	-0.007*** (0.00)	-0.008*** (0.00)
Church Attendance	-0.022*** (0.01)	-0.040 (0.03)	-0.009 (0.01)	-0.041** (0.02)
Age × Church Attendance		0.000 (0.00)		0.001* (0.00)
Female	0.070*** (0.02)	0.069*** (0.02)	-0.098** (0.03)	-0.098** (0.03)
Education	0.028* (0.02)	0.029* (0.02)	0.129*** (0.01)	0.130*** (0.01)
Children in the HH	0.123*** (0.02)	0.124*** (0.02)	0.155*** (0.02)	0.158*** (0.02)
Political Ideology	-0.021*** (0.01)	-0.022*** (0.01)	-0.020 (0.02)	-0.020 (0.02)
Trust	0.005 (0.01)	0.005 (0.01)	0.062*** (0.01)	0.062*** (0.01)
Government Satisfaction	0.026*** (0.01)	0.026*** (0.01)	0.044*** (0.01)	0.044*** (0.01)
Constant	-0.450*** (0.10)	-0.425*** (0.09)	0.070 (0.08)	0.120 (0.10)
Observations	19648	19648	9140	9140
$R^2$	0.090	0.090	0.173	0.173
$BIC$	60573	60581	24468	24474

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



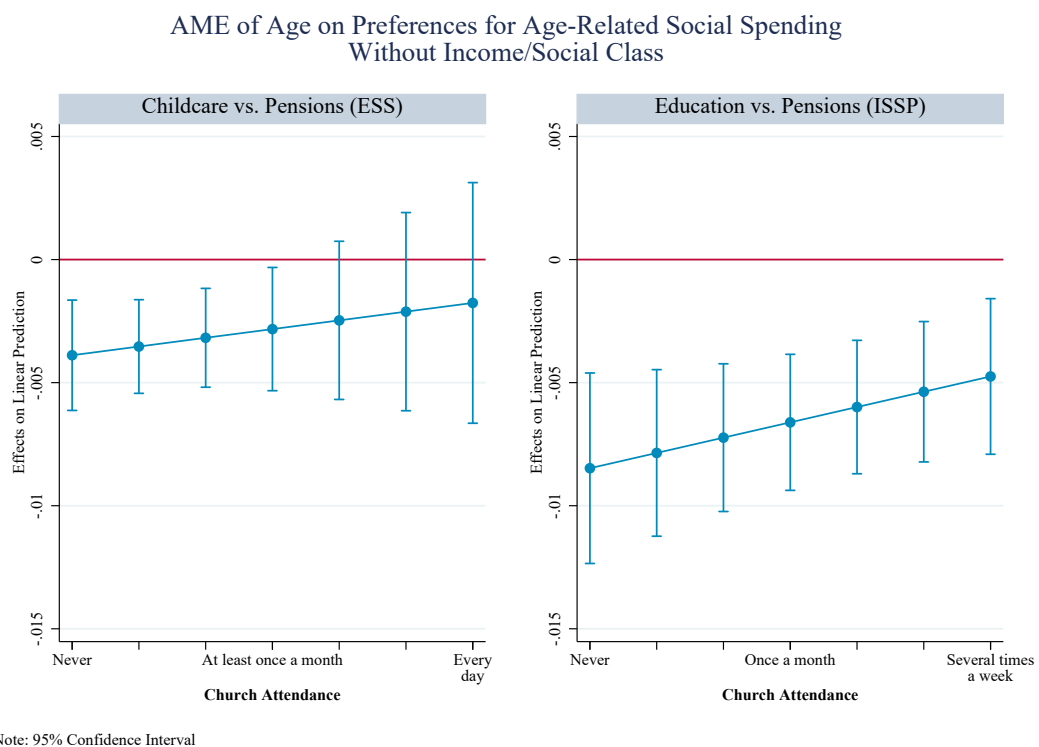


Figure 3.8: Robustness Check: Average Marginal Effects of Age without Income / Social Class

Table 3.4: Robustness Check: Include Conservative Gender Roles

	Childcare vs. Pensions	
	(13)	(14)
Age	-0.003*** (0.00)	-0.004*** (0.00)
Church Attendance	-0.019** (0.01)	-0.041 (0.03)
Age × Church Attendance		0.000 (0.00)
Female	0.069*** (0.02)	0.069*** (0.02)
Education	0.022 (0.01)	0.022 (0.01)
Income / Social Class	0.005 (0.01)	0.005 (0.01)
Children in the HH	0.121*** (0.02)	0.122*** (0.02)
Political Ideology	-0.021*** (0.01)	-0.022*** (0.01)
Trust	0.003 (0.01)	0.003 (0.01)
Government Satisfaction	0.026*** (0.01)	0.026*** (0.01)
Women Care for Family	-0.021 (0.01)	-0.020 (0.01)
Constant	-0.390*** (0.11)	-0.362*** (0.10)
Observations	19577	19577
$R^2$	0.091	0.091
$BIC$	60342	60350

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

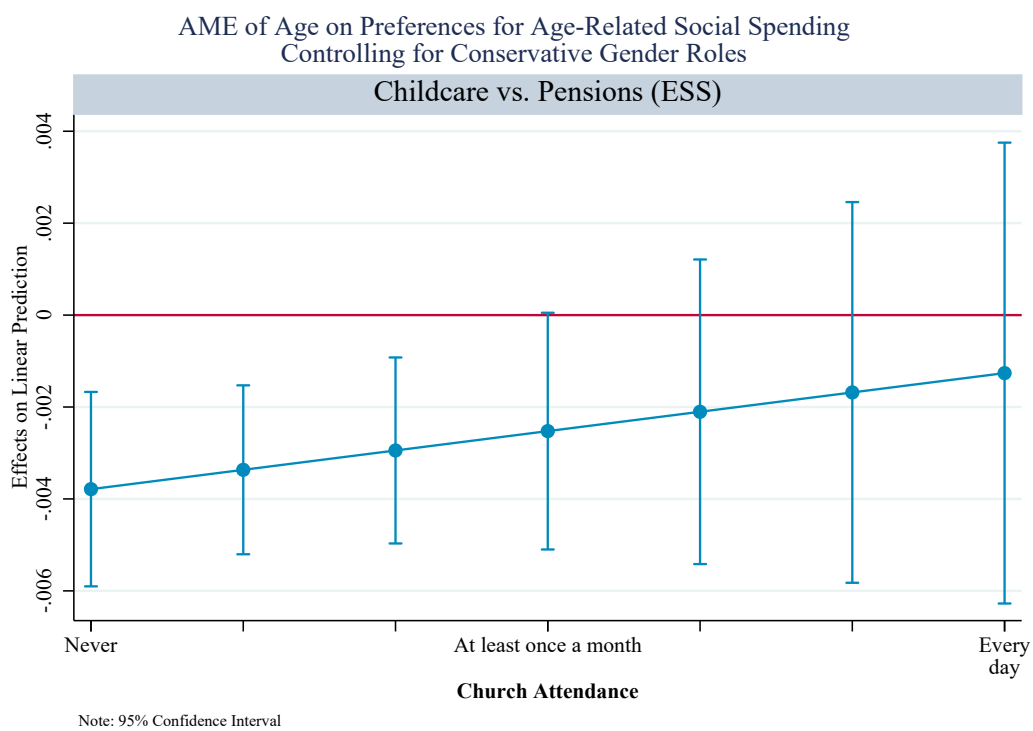


Figure 3.9: Robustness Check: Average Marginal Effects of Age incl. Conservative Gender Roles

Table 3.5: Robustness Check: Control for Denominations

	Childcare vs. Pensions	Education vs. Pensions
	(15)	(16)
Age	-0.003*** (0.00)	-0.007*** (0.00)
Reference Category: Catholic		
Protestant	-0.046 (0.04)	0.088 (0.06)
Other	0.035 (0.05)	-0.010 (0.09)
No Denomination	0.012 (0.03)	0.165** (0.06)
Female	0.068*** (0.02)	-0.082** (0.03)
Education	0.026* (0.01)	0.105*** (0.01)
Income / Social Class	0.005 (0.01)	0.052*** (0.01)
Children in the HH	0.117*** (0.02)	0.157*** (0.01)
Political Ideology	-0.022*** (0.01)	-0.025 (0.02)
Trust	0.004 (0.01)	0.056*** (0.01)
Government Satisfaction	0.025*** (0.01)	0.044*** (0.01)
Constant	-0.481*** (0.11)	-0.205** (0.09)
Observations	19614	9690
$R^2$	0.090	0.178
$BIC$	60493	25852

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 3.6: Robustness Check: Using Residuals as Dependent Variable

	Childcare vs. Pensions		Education vs. Pensions	
	(17)	(18)	(19)	(20)
Age	-0.004** (0.00)	-0.005** (0.00)	-0.002** (0.00)	-0.003*** (0.00)
Church Attendance	-0.045*** (0.01)	-0.071* (0.04)	-0.009* (0.00)	-0.025* (0.01)
Age × Church Attendance		0.001 (0.00)		0.000 (0.00)
Female	0.059** (0.02)	0.058** (0.02)	-0.049* (0.02)	-0.049* (0.02)
Education	0.044** (0.02)	0.044** (0.02)	0.064*** (0.01)	0.065*** (0.01)
Income / Social Class	0.010 (0.01)	0.011 (0.01)	0.035*** (0.00)	0.035*** (0.00)
Children in the HH	0.156*** (0.03)	0.157*** (0.03)	0.083*** (0.02)	0.084*** (0.02)
Political Ideology	-0.007 (0.01)	-0.007 (0.01)	-0.006 (0.01)	-0.006 (0.01)
Trust	-0.003 (0.01)	-0.003 (0.01)	0.021*** (0.01)	0.021*** (0.01)
Government Satisfaction	0.033*** (0.01)	0.033*** (0.01)	0.014 (0.01)	0.014 (0.01)
Constant	-0.144 (0.12)	-0.108 (0.13)	-0.177** (0.07)	-0.152** (0.07)
Observations	19378	19378	8990	8990
$R^2$	0.074	0.074	0.143	0.143
$BIC$	67176	67184	16121	16128

Standard errors in parentheses

Standard errors clustered by country; Country-dummies included but not shown

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

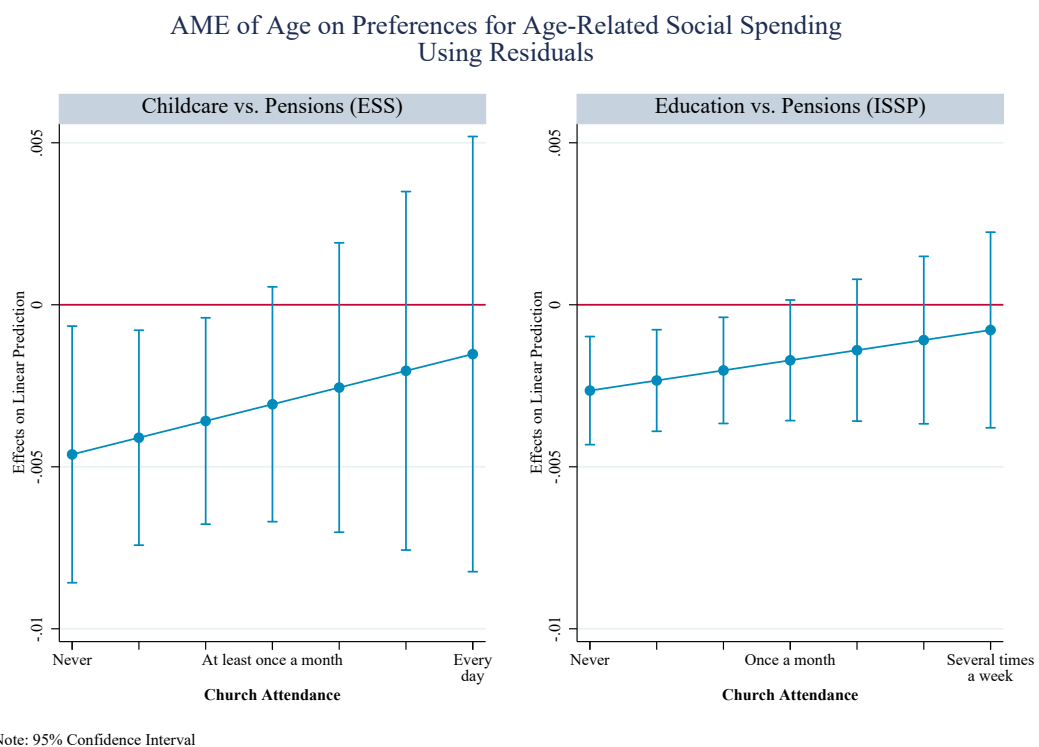


Figure 3.10: Robustness Check: Average Marginal Effects of Age using Residuals as DV

Table 3.7: Descriptive Statistics

ESS (2008)					
	N	Mean	Std. Dev.	Min	Max
Subtractive Variable	26963	-0.377	1.176	-4	4
Residuals	26365	0.000	1.403	-8.4	7.6
Age	27450	48.19	18.60	15	98
Church Attendance	27352	1.492	1.528	0	6
Roman Catholic	27349	0.365	0.481	0	1
Protestant	27349	0.195	0.396	0	1
Other	27349	0.035	0.184	0	1
No Denomination	27349	0.405	0.491	0	1
Female	27493	0.526	0.499	0	1
Education	27447	3.059	1.343	1	5
Income / Social Class	21787	5.425	2.702	1	10
Children in the HH	27443	0.358	0.480	0	1
Political Ideology	24492	5.110	2.115	0	10
Trust	27436	5.238	2.398	0	10
Government Satisfaction	26715	4.310	2.446	0	10
Women Care for Family	27205	2.911	1.178	1	5
Observations	27493				

ISSP (2006)					
	N	Mean	Std. Dev.	Min	Max
Subtractive Variable	18425	0.056	0.989	-4.0	4.0
Residuals	17912	-0.000	0.630	-3.2	2.6
Age	19379	48.83	17.28	15	98
Church Attendance	18103	1.808	1.775	0	6
Catholic	19028	0.459	0.498	0	1
Protestant	19028	0.292	0.455	0	1
Other	19028	0.032	0.177	0	1
No Denomination	19028	0.217	0.412	0	1
Female	19401	0.530	0.499	0	1
Education	19163	2.592	1.466	0	5
Income / Social Class	18461	5.292	1.724	1	10
Children in the HH	18305	0.339	0.473	0	1
Political Ideology	12893	2.836	1.057	1	5
Trust	19003	2.265	1.131	1	5
Government Satisfaction	16242	0.233	1.606	-4.3	4.9
Observations	19403				

## Chapter 4

# Older People's Intergenerational Solidarity: A Matter of Relationships or of Deservingness?

Dominik Lober

### Abstract

New social risks and tight government budgets in aging societies are expected to unleash generational conflicts over scarce welfare resources. Nevertheless, findings in this respect are mixed, often with reference to older people being solidary and supporting youth-oriented social spending. However, I argue that most analyses underestimate the relevance of competitive environments where spending in one area implies cutbacks in other areas and thus overemphasize intergenerational solidarity. To circumvent this problem, I use data from the European Social Survey (2008) and relate older people's preferences for childcare spending directly to their preferences for elderly-oriented spending. The results show that age-based self-interest is significant, i.e. older people prioritize elderly-oriented over youth-oriented spending. Contrary to previous findings, intra-familial intergenerational relationships do not increase the elderly's support for childcare spending. What matters instead are the perceived contributions of the younger generations to the society and the economy providing evidence that reciprocity is important regarding intergenerational solidarity in social spending.



## 4.1 Introduction

Among many scholars there is consensus that the welfare states in the Western world have entered an era of a constrained problem-solving capacity, which is based on several adverse trends occurring simultaneously. On the one hand, population aging increases the share of older people relative to the working-age population and thereby demands for pension and health care spending. On the other hand, the younger generations are confronted with new hardships, like long-term unemployment and single parenthood, and claim higher spending on areas like education and childcare. At the same time, however, slowed economic growth makes it more and more difficult for governments to meet all the citizenry's demands. Thus, there is basic agreement that the welfare state in industrialized countries needs reforms and a recalibration of social spending (Pierson, 2001b; Taylor-Gooby, 2001a). Moreover, following the demographic developments, many researchers anticipate that the dispute over necessary reforms is not only structured along a class cleavage but also along an age cleavage separating the younger generations from the elderly (Sinn and Uebelmesser, 2002).

Therefore, intergenerational solidarity becomes a core issue for the maintenance of the welfare state in times of austerity and aging societies. As social spending in all OECD countries is biased towards the elderly and because pensions, due to their high costs, are prime targets for reforms, intergenerational solidarity is all the more required from the older generations, which is why I concentrate my analysis on older people (55+) and their solidarity towards the younger population through supporting childcare spending. The question is whether such support is possible, or realistic. Assuming that people try to maximize their material utility, individuals at later stages of the life-cycle should have no (direct) interest in increasing spending on areas like childcare. Thus, if (material) self-interest is the sole foundation of individual preferences for social spending, a generational conflict over scarce welfare resources would be more likely to emerge.

However, there are neither clear signs for such a conflict, nor convincing evidence from experimental and survey research that people are purely self-interested, like the *Homo economicus* (Fehr and Schmidt, 2006; Naumann, 2014). Nevertheless, there is just as little support for the notion of unconditional giving and purely altruistic behavior, at least at the state level (Daatland et al., 2012). Instead, many scholars

suggest that people are basically driven by reciprocity, which describes a mutual exchange of resources based on other-regarding preferences as well as self-interest (Bowles and Gintis, 2011; Fehr and Gintis, 2007). While this concept has mainly been evaluated at the family level, there is little investigation on the role of reciprocity in intergenerational support at the welfare-state level.

Therefore, this chapter contributes to the existing literature in two different ways: firstly, by investigating whether older people are mainly self-interested and object to increases in childcare spending. And secondly, by examining whether intergenerational support in the welfare state is mainly the consequence of intra-familial intergenerational relations, or whether intergenerational interactions on a societal and on a non-family-member level are also important factors. In particular, I ask two questions. First: Are older people's preferences for childcare spending affected by their perceptions of and relations to the younger generations? Second: What kinds of (im)personal contributions of the younger generations do older people reciprocate by supporting childcare spending?

## 4.2 Literature Review

### Self-Interest and Norms and Values

Starting from a political-economic point of view, there is a large literature assuming that welfare preferences are basically driven by self-interest (Persson and Tabellini, 2000). People try to maximize their own utility without taking care of the well-being of others and without any scope for altruistic behavior. Referring to support for the welfare state and redistribution a few important socio-economic variables are identified that impact heavily on people's attitude formation and can be attributed to self-interest. On the one hand, it is shown that income exerts a great influence on welfare attitudes (Finseraas, 2009; Meltzer and Richard, 1981). Rich people being the net contributors to the welfare state via taxes are commonly found to oppose social spending and redistribution. On the contrary, poor citizens who are the net beneficiaries via transfers welcome such policies.

On the other hand, people's exposure to risks, especially from the labor market, is a powerful force that forms individual attitudes (Anderson and Pontusson, 2007; Cusack et al., 2006; Iversen and Soskice, 2001; Rehm, 2009; Rehm et al., 2012). A higher risk

of becoming unemployed makes people more likely to support various social policies which safeguard workers in worse labor market positions. Finally, there is evidence that people's position in the life-cycle influences their demands directed towards the welfare state, as several social policies are more or less age-related. Various analyses point to the fact that older people prefer elderly-oriented programs while they object to increasing expenditures which are mainly dedicated to the needs of the younger population like education spending (Blekesaune and Quadagno, 2003; Bonoli and Häusermann, 2009; Busemeyer et al., 2009; Cattaneo and Wolter, 2009; Goerres and Tepe, 2012; Sørensen, 2013; Svallfors, 2008). Therefore, the assumption of age-based self-interest gets support from empirical findings.

Nevertheless, there is as well evidence that most people do not perfectly behave according to the political economy model of the *Homo economicus* (Brooks and Manza, 2007; Fehr and Fischbacher, 2005; Fehr and Schmidt, 2006; Svallfors, 2012a). This does not mean that they behave altruistic or that they engage in unconditional giving (Andreoni, 1989; Becker, 1981). Neither does it mean that they act irrationally. Instead, it indicates that the assumption of people being exclusively driven by self-interest is not sufficient to explain their behavior in various situations. It is shown that individuals also care about the well-being of others and about the processes that lead to several outcomes when forming their attitudes and preferences that finally also affect their interaction with other people. There is a vast amount of evidence from experimental research that people donate money to other players even when they do not have to and that they contribute to the common good under various circumstances (Fehr and Schmidt, 2006). Obviously, other factors beyond self-interest also influence people's attitudes.

As a consequence of these findings, a growing literature examines a variety of norms and values that might affect welfare attitudes. Fong (2001) and Linos and West (2003) show that considerations about the fairness and justice of outcomes influence people's attitudes towards support for others and for redistribution. Similar findings are provided by Alesina and Angeletos (2005), Alesina and La Ferrara (2005), and Corneo and Grüner (2002). Another important influence stems from ideological orientations, among others from political attitudes (Margalit, 2013). Hasenfeld and Rafferty (1989) highlight that support for welfare programs is governed by people's identification with a certain work ethic and social equality, which is corroborated by

Blekesaune and Quadagno (2003) who show that attitudes towards welfare state policies are affected by the commitment to an egalitarian ideology. Despite the ongoing process of secularization in the Western world, several studies also find a considerable impact of religiosity on attitudes towards the welfare state and redistribution (De La O and Rodden, 2008; Scheve and Stasavage, 2006; Stegmueller, 2013b; Stegmueller et al., 2012; VanHeuvelen, 2014). Finally, individuals' welfare attitudes appear to be conditioned by their personal evaluation of recipients' deservingness (Alesina et al., 2001; van Oorschot, 2000, 2006). Only those who meet certain criteria are treated as deserving of welfare support.

### **Reciprocity**

Another concept which figures prominently in research on social interactions and welfare attitudes is reciprocity. Gouldner (1960) argues that reciprocity can be essential for the stability of the relationship between two or more parties. He defines reciprocity as a generalized norm which requires someone to make a certain contribution as a repayment for benefits received (Gouldner, 1960, 170). In other words: party B reciprocates on party A's contribution, if this contribution is of service to B, and A reacts to the reciprocal behavior of B by making a further contribution. Through such a mutually contingent exchange, reciprocity mobilizes egoistic motivations and channels them into the maintenance of the social system (ibid., 173). A similar line of reasoning can be found in Bowles and Gintis (2011) who argue that reciprocity – including the pursuit of one's own interests as well as other-regarding preferences – contributes to long-term cooperation and made the human species more likely to survive.

This mechanism is at work in the welfare state, too (Fong et al., 2005). Bowles and Gintis (2000) claim that the cross-nationally diverging levels of support for the welfare state and redistribution cannot be explained by the selfish voter theory which is based on the assumption of a *Homo economicus*. However, altruism or unconditional giving is just as little able to account for the observed patterns. Instead, the authors assert that strong reciprocity motivates people to support their fellow citizens and explain the success of the welfare state. They define strong reciprocity as the propensity of individuals to cooperate and share with like-minded people, even if it is personally costly, and a willingness to punish those who deviate from cooperative and other social

norms, even when punishing comes at personal costs (*ibid.*, 37). Contrary to the self-interested *Homo economicus*, *Homo reciprocans* additionally shows other-regarding preferences and takes into account whether the processes that determine outcomes are fair or not. Mau (2003) follows the same approach when he states that the moral economy of welfare exchanges entails not only transfers from the well-off, but also certain actions and obligations by the recipients in return for benefits. This can also be found in deservingness theory, which assumes that people perceive those recipients as deserving who have made some kind of contribution in the past or will do so in the future (van Oorschot, 2000, 2006). That people actually use the reciprocity criterion to assess the deservingness of welfare recipients is shown in empirical research (e.g. Jeene et al., 2013).

When it comes to intergenerational relations, there is evidence from research on families that reciprocity has its stake in it, too. Bengtson and Roberts (1991) identify six dimensions of intergenerational solidarity which settle the relations between parents and adult children in aging families. They highlight that stable patterns of interaction are based to a certain degree on the mutual exchange of solidarity on the various dimensions and, thus, that reciprocity plays a vital role in intergenerational relationships. In line with this, Silverstein et al. (2012) emphasize that the goal of equity in exchanges and the obligation to pay for debt is not only found in market relations, but also in the reciprocal exchange of support in parent-child relationships over the life cycle.

This notion is backed up by analyses showing that intergenerational transfers inside the family do not match patterns of altruistic giving, but are consistent with exchange relations (Cox and Rank, 1992), and that older parents have a higher life satisfaction when their exchange relationship with their adult children is balanced compared to when they receive more than they give (Lowenstein et al., 2007). Over the long-term, it is shown that children who received (e.g. financial) support from their parents are more likely to support them in old-age (Silverstein et al., 2002) and that past financial transfers to children determine to some extent which child in the family takes care of the parents when they are old (Henretta et al., 1997). Therefore, in the rather anonymous relationships through welfare exchanges as well as in the personal relationships through intergenerational exchanges of support in aging families, reciprocity is an essential force that maintains stable social relations and interactions.

There are also some analyses about the interrelation of both spheres, the family and the welfare state, and the role intergenerational solidarity plays in forming attitudes towards support for other generations through intra-familial and welfare exchanges (Daatland and Lowenstein, 2005; Daatland et al., 2012). Most relevant in respect of the proposed importance of reciprocity for intergenerational welfare support, Goerres and Tepe (2010) show that older people's experience of solidarity from their adult children affects their willingness to support the state-based provision of childcare services which benefit the younger generations but not, at least directly, themselves. While the authors conclude, that the elderly's support for childcare services cannot be explained with reference to short-term self-interest, they argue that two other mechanisms are probably at work: older people are motivated either by some kind of altruism, or by the goal to establish a long-term exchange relation between their adult children and themselves, or by a mixture of both motives. This, in turn, comes close to several definitions of reciprocity, which is characterized by a mixture of other-regarding preferences and a long-term self-interest in mutually beneficial exchanges of support and help (see e.g. Bowles and Gintis, 2011).

As such, reciprocity contributes to the debate about the impact of self-interest and norms and values on preferences for social spending in two different ways. On the one hand, reciprocity itself is a norm which morally obligates people to cooperate with like-minded others, even at personal costs, and to punish free-riders (Bowles and Gintis, 2011, 3). This also implies that free-riders often feel guilty or ashamed due to norm violation and that cooperators enjoy sharing. Especially in large groups, where contributions and reciprocal acts cannot be easily monitored, it requires reciprocators to hold social preferences, including a concern for the well-being of others and a desire to maintain ethical norms. This causes reciprocators to adhere to reciprocity, even if others sometimes defect and to refrain from defection, even if they could increase their short-term payoff. In this sense, the norm of reciprocity restricts pure and unconstrained self-interest and contributes to social cooperation. On the other hand, reciprocity is less focused on the dichotomy between the pursuit of self-interest and the commitment to norms and values, but includes both (Axelrod and Hamilton, 1981; Bowles and Gintis, 2011; Fehr and Gintis, 2007). While it is a commitment to mutual exchange and cooperation, it also entails beneficial outcomes for cooperators – as long as both actors do cooperate (TIT FOR TAT) – and therefore satisfies

their self-interests. As Axelrod and Hamilton (1981) show, “*nice TIT FOR TAT*” – i.e. mutual cooperation in contrast to mutual defection – actually brings actors the highest average gain in repeated interactions. Thus, reciprocity requires normative behavior, but simultaneously serves the interests of individuals.

What we don’t know yet with regard to older people’s support for youth-oriented social spending is whether such support is only affected by the experience of intra-familial intergenerational exchange, or whether intergenerational relations and interactions on a societal level and on a non-family-member basis have also an impact on older people’s preference formation. However, as reciprocity plays an important role for people’s support of the welfare state in general and for the support of certain recipient groups in particular, we could also assume that reciprocity is central to intergenerational support in the welfare state, and more concretely, to older people’s support of youth-oriented social spending. I will test this proposition in the empirical section.

### 4.3 Theoretical Framework

This article is based on a political sociological approach. In contrast to the widely used political economy model, this approach acknowledges that attitudes and preferences not only reflect self-interest, but additionally include considerations of norms and values, the impact of the social context, and other factors (Svallfors, 2012a). The existing literature backs up this approach by showing that, among others, reciprocity plays an important role in people’s behavior (e.g. Fehr and Fischbacher, 2005) and the public’s attitude formation (e.g. Fong et al., 2005). This probably holds true for older people as a distinct age-group as well and is likely to have its stake in the elderly’s attitudes towards intergenerational support in the welfare state but has not yet been examined. I therefore ask: is there anything referring to the younger population which prompts older people to reciprocate by supporting youth-oriented social spending?

Concerning this question, all we know until now is that older people experiencing solidarity from their adult children are more supportive of state-based childcare services (Goerres and Tepe, 2010). While the effect of adult children’s possible support for parents in financial need is less clear and straightforward, the authors demonstrate that a higher frequency of visits to adult children and a stronger sense of family values

induce older parents to support childcare spending. To find some new answers to the first question, I resort to research on solidarity in families, too. More specifically, I draw on the classification of intergenerational solidarity by Bengtson and Roberts (1991). They identify six dimensions of intergenerational solidarity in aging families which essentially contribute to stable and lasting family relationships and emphasize the prominent role of reciprocity in this regard. These dimensions, which will be described in more detail below, include associational solidarity, affectual solidarity, consensual solidarity, functional solidarity, normative solidarity, and structural solidarity.

Extending the scope of their approach, I argue that this mechanism of solidarity and reciprocity is not exclusive to intra-familial ties, but applies also to (im)personal intergenerational relationships on a societal and a non-family-member level, all the more as we deal with the elderly's attitudes towards state-based in contrast to family-based intergenerational support. This is backed up by two theories concerning interactions in the society in general and in the welfare state in particular: the social capital theory and the deservingness theory.

The core assumption of the social capital theory is quite short: relationships matter (Field, 2008, 1). Networks of social relationships can constitute a resource and turn into some sort of capital to their members. Consequently, your social capital increases with the number of people you know and with whom you share common attitudes and values. This comes close to the definitions by Robert Putnam, probably the most prominent proponent of social capital theory, who states that social networks have value (Putnam, 2000, 19). In his early work he defines social capital as characteristics of social organization, including trust, norms, and networks to foster coordinated actions (Putnam et al., 1993, 167). Later on, he refines his definition and pinpoints social capital as social networks and the norms of reciprocity and trustworthiness among individuals (Putnam, 2000, 19; Putnam, 1995, 67). An equally strong emphasis on reciprocity and exchange can be found at Coleman (1988, 102) who argues that some forms of social capital depend on obligations and related expectations, and on trustworthiness. In sum, social capital describes more or less intimate relationships and networks among people which are characterized by a set of commonly shared values, especially reciprocity and trust, and which provide their members with benefits of some sort.



Referring to older people's support of youth-oriented welfare spending, the social capital theory provides several reasons to consider their relationships with younger people, particularly those with non-family members. Field (2008, 3) highlights that people need to feel good about supporting others and this is most likely the case if they have something in common with each other. Personal relationships or networks with young people outside the family increase the elderly's identification with this group of people and thus fosters solidary and cooperative behavior. This is even more important as support for childcare spending benefits the younger generations in general and not only one's own offspring. If older people would want to back only their adult children, there would be better ways of supporting them besides social programs.

Moreover, the prominent role of reciprocity suggests to consider social capital in analyzing intergenerational solidarity. Again, Field (2008, 3) puts it straight: "*Connections bring obligations to other people, but by the same token those people then acquire obligations to you.*" Or in the words of Putnam (2000, 20): "*I'll do this for you now, in the expectation that you (or perhaps someone else) will return the favor.*" In social networks, mutual expectations and obligations evolve that have to be satisfied or repaid and gets into motion a system of mutual exchange. Likewise, this may happen in relationships across generational borders, although the "*assets*" to be exchanged need not be of the same style and might include material as well as non-material assistance.

Finally, cross-generational relationships between non-family members might matter for the elderly's support of youth-oriented social spending because these relationships often produce profits that go beyond the members of the network and benefit citizens on a broader level. Putnam (2000, 20) speaks of "*externalities that affect the wider community*", which means that costs and benefits of a network are not restricted to its members, but have an impact on other people, too. Following this reasoning, a high social capital of older people, i.e. positive relationships with numerous people belonging to a younger age group, might induce a strong identification with those people which translates into support for the demands of this age group at a higher level, in this case at the welfare-state level. This benefits not only the network members but citizens on a wider scope and should be relevant for intergenerational support in the welfare state.

Nevertheless, reciprocity is not only relevant for more or less personal relationships, but also for the question of who is worthy of receiving welfare benefits. This is considered in the second approach, called the deservingness theory. The central argument of the deservingness theory states that welfare support for recipient groups is conditional and depends on people's evaluation of these groups' deservingness. These heuristic assessments seem to proceed automatically (Petersen et al., 2011). Across countries and social groups, older people are treated as most deserving, followed by the sick and disabled, whereas unemployed people are seen as less deserving and immigrants as least deserving (van Oorschot, 2006). van Oorschot (2000) suggests that this pattern is based on five deservingness criteria that people apply when evaluating social support for others: they ask whether recipients are responsible for their situation (control criterion), how great the level of need actually is (need criterion), who the recipient is (identity criterion), how the recipient reacts to support (attitudes criterion), and whether the recipient has earned support (reciprocity criterion).

Reciprocity figures quite prominently in deservingness research. Besides control and identity, it appears to be the most important criterion (van Oorschot, 2000). Petersen et al. (2012) find that support for welfare recipients is strongly affected by emotions like compassion and anger and that these emotions in turn are highly contingent on the perception of the recipients' motivation to reciprocate support, e.g. by their motivation to work. Similarly, Petersen (2012) shows that in their decisions to help others people discriminate between "*cheaters*" (low effort to contribute) and "*reciprocators*" (high effort to contribute). Overall, if people perceive welfare recipients as willing to return benefits received (high effort to contribute, e.g. by trying to get back to work soon), they treat them as "reciprocators", have compassion for them, and are willing to support them. However, if people perceive welfare recipients as lazy and low in effort to contribute, they treat them as "cheaters", they get annoyed at them, and are unwilling to support them.

While we know that older people are treated as more deserving of welfare support than younger people due to their contributions to the society during their active years (van Oorschot, 2000), it is yet unclear whether there are any contributions of the younger population that increase their deservingness in the eyes of the elderly. Nevertheless, it might well be that older people perceive large parts of the younger population as reciprocators and that this perception affects their willingness to sup-

port youth-oriented social spending. On the one hand, younger people belonging to the working-age population are probably economically active and thus contribute to the economy and the society. On the other hand, the repayment need not necessarily be a material one or of equal value, but may also be a substitute including gratefulness or actions like actively looking for a job in times of unemployment. Therefore, it seems rewarding to examine whether there are any contributions of the younger population which older people classify as worth being reciprocated by supporting childcare services.

Looking at older people's preferences for childcare spending is well-suited to examine the impact of reciprocity. As briefly discussed before, the elderly should not have any direct or short-term self-interest in childcare spending since they are highly unlikely of having small children who might benefit from childcare services. Even if they have small grandchildren, they are fairly unlikely to support public spending on childcare. There are much more effective and efficient ways to support their adult children and their grandchildren, like monetary transfers or taking care of their grandchildren themselves

citepKohli.1999. Thus, self-interest should not play a major role in the elderly's preferences for childcare spending. Moreover, the possibility to back one's own offspring with money and practical help should decrease the relevance of intra-familial reciprocal relationships to older people's preferences for childcare spending compared to extra-familial reciprocal relationships. Motivations like altruism are improbable as well since altruism is mainly restricted to the inner circle of the family and does not hold for other interactions (Becker, 1981; Daatland et al., 2012). What is more likely, instead, is that older people's support for childcare spending is part of a mutually beneficial cooperation between the generations on a non-family-member level and thus part of a reciprocal relationship between the younger and the older population.

To analyze whether the arguments derived from the social capital and the deservingness theory actually hold, I draw on the six dimensions of intergenerational solidarity by Bengtson and Roberts (1991). The first dimension, *associational solidarity*, captures the frequency and patterns of interaction between family members in various types of activities. This can happen through face-to-face contact, telephone, and mail, and includes activities like recreation, special occasions, and others. I argue that this type of solidarity is not constrained to familial relations. In times

of high mobility and new social media it is possible or even likely that people from different age-groups spend time together and share common activities, which fosters some sense of solidarity between generations. I expect that such patterns of inter-generational relationships increase the older people's willingness to support younger people who are no family members by supporting the provision of childcare services for working parents and thus, to reciprocate good relations to the younger population. Therefore, I hypothesize:

**Hypothesis 1:** *The higher the frequency of interaction between older and younger people in certain activities, the more older people are supportive of childcare services for working parents. (Associational Solidarity)*

The second dimension, *affectual solidarity*, describes the degree and type of positive sentiments held about family members, and the degree of reciprocity of these sentiments. This dimension can be measured by ratings of affection, warmth, closeness, understanding, trust, respect, etc. for family members, and the perceived reciprocity of these feelings. I argue that this dimension is also important for the relationship between different age groups at the societal level and should be considered in an analysis of intergenerational solidarity in the welfare state. Various studies show that positive or negative feelings are not only relevant for interpersonal relations but also for the perception of whole groups of people, e.g. members of a certain race/ethnicity, religion, etc. (e.g. Gilens, 1999). For example, Alesina and Glaeser (2004) argue that American anti-welfare attitudes are due to the fact that the white majority is unwilling to support redistribution which would disproportionately benefit racial minorities, because those minorities are not only poor but also, in a racist view, are associated with laziness and are therefore perceived as undeserving. I expect that such mechanisms apply to age, too, and that older people holding positive sentiments about members of younger age groups are more supportive of youth-oriented social spending. The second hypothesis is thus:

**Hypothesis 2:** *The higher the degree of positive sentiments that older people hold about the younger generations, the more they are supportive of childcare services for working parents. (Affectual Solidarity)*

*Consensual solidarity*, the third dimension, considers the degree of agreement on values, attitudes, and beliefs among family members and is mainly based on perceived

similarity with others in this respect. However, shared beliefs and attitudes are not only central to the family but are of utmost importance for the proper functioning of the society and the welfare state. Only if all or most citizens agree on common rights and responsibilities, the mutual exchange of help and resources through social policies is broadly accepted and feasible. It is clear that older and younger people differ significantly in their everyday life and habits. Nevertheless, a general agreement between generations on basic values and beliefs is inevitable for social cohesion and solidarity. I expect that older people who perceive the younger population to agree on traditional and common values, attitudes, and beliefs reciprocate this agreement and are more supportive of the younger generations and of social spending to their benefit. Therefore, I state:

**Hypothesis 3:** *The higher the agreement between older and younger people on values, attitudes, and beliefs, the more supportive older people are of childcare services for working parents. (Consensual Solidarity)*

The fourth dimension is *functional solidarity* and captures the degree of helping and exchanges of resources. In the context of the family, children and parents frequently exchange support, money, time etc., which mostly benefits both sides. Silverstein et al. (2012) mention several analyses which demonstrate that children who, during their early adulthood, received financial help from their parents are more likely to provide support to them in their old age, and Goerres and Tepe (2010) show that older parents who experience solidarity from their adult children are more generous in terms of support for childcare spending. I assert that this mechanism can also be found in relations between non-family-members of different age groups. Older people who benefit in one way or another from the contributions of the younger population try to reciprocate these benefits by supporting the younger generations. Thus, I argue:

**Hypothesis 4:** *The more the younger generations provide resources and help from which older people might benefit, the more supportive older people are of childcare services for working parents. (Functional Solidarity)*

The fifth dimension, *normative solidarity*, considers the strength of commitment to performance of familial roles and to meeting familial obligations. In the data I use, there is, unfortunately, no indicator which captures such roles and obligations between

members of different age groups in a societal setting. Therefore, I skip this dimension and continue with the last one.

Finally, the sixth dimension describes the opportunity structure for intergenerational relationships and is called *structural solidarity*. It captures the geographic proximity, number, and health of family members. To feel solidary towards family members and to give and receive solidarity on its various dimensions, these factors are, of course, of great importance. However, this holds true for non-family-members as well. The higher the chance for older people to come in contact with people from the younger age groups the more they get to know them and the more solidary they feel towards these people. My fifth hypothesis is therefore:

**Hypothesis 5:** *The higher the opportunity for intergenerational relations on a non-family-member basis, the more supportive older people are of childcare services for working parents. (Structural Solidarity)*

#### 4.4 Data, Methods, and Variables

For the analysis, I draw on a widely-used dataset, the European Social Survey (ESS). The rotating modules of the fourth wave from 2008 contain a large number of questions regarding attitudes towards the welfare state and ageism which offers the unique opportunity to examine the link between intergenerational relations and older people's welfare attitudes. Another advantage of the ESS is its scope. Round 4 of the survey was conducted in 31 countries and contains 61,009 respondents. However, in the analysis I consider only 18 countries based on their membership in the OECD (membership by the time of the survey conduct).<sup>1</sup>

The number of observations reduces further since I'm interested in older respondents. I take into account only people at the age of 55 or older. In doing so I follow the suggestion by Goerres and Tepe (2010) who analyze people's attitudes towards a similar kind of question. With reference to Billari et al. (2007) they state that people at this age are fairly unlikely of having small children, which renders their relative support for the younger generations uncontaminated with hidden self-interest. Alternatively, one could restrict the analysis to pensioners only. However, the average

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<sup>1</sup>Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany Great Britain, Greece, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Spain, Sweden, and Switzerland.

retirement age differs greatly across Europe and one would lose a lot of observations as many people get retired not until their mid-60s. To test my hypotheses, I apply multilevel regression analysis. Although 18 groups at the higher level is not perfect, it should be sufficient to get fairly reliable results for group-level indicators (Stegmueller, 2013a). Nevertheless, I'm aware that the standard errors for group-level variables might be too small and the resulting confidence intervals too narrow.

The dependent variable ought to measure people's support for youth-oriented welfare spending related to their support for elderly-oriented spending. This is due to the assumption that under the current circumstances higher youth-oriented expenditures require cutbacks in other areas, probably in the pension system. This is feasible only if older people value social spending for the younger population as more important as spending for the elderly. Although previous studies neglect this background and measure solidarity as support for spending dedicated to others, this procedure seems inappropriate to me. Research shows that people are quite solidary towards others unless this comes along with considerable costs for them. In a competitive environment where this is probably the case, solidarity decreases severely or disappears completely (Fehr and Schmidt, 2006; Kangas, 1997). Thus, to analyze older people's intergenerational solidarity it appears more reliable to examine whether they prioritize youth-oriented social spending over elderly-oriented expenditures.

Unfortunately, the survey contains no questions directly asking for support of some kind of trade-off in welfare spending. One possibility to attenuate this problem is to operationalize the dependent variable as a subtractive variable capturing support for the younger as well as for the older generations, which gives a measure of *relative* support. The same strategy to construct a dependent variable can be found in Emery (2012), Prinzen (2015), van Oorschot (2008b), and van Oorschot and Uunk (2007). Although this approach cannot perfectly substitute a question containing a direct trade-off between different areas of social spending, it is a valuable approximation to people's relative preferences concerning various welfare expenditures. Therefore, I consider those two social programs mentioned in the survey which are most clearly geared to the needs of the younger generations and the elderly.

The ESS asks the respondent's opinion about the responsibility of the government regarding several issues. Two of them are relevant for my analysis. The first one is the *governments' responsibility to ensure a reasonable standard of living for the old*.

The second topic is the *governments' responsibility to ensure sufficient child care services for working parents*. People can report their opinion about the statement on a scale ranging from "0" (it should not be governments' responsibility at all) to "10" (it should be entirely governments' responsibility). To measure older people's solidarity towards the younger generations I create a new variable by subtracting the score on the "standard of living for the old"-question from the "child care services"-question. This variable ranges from "+10", which means that it is entirely the governments' responsibility to ensure sufficient child care services while it is not at all the governments' responsibility to ensure a reasonable standard of living for the old, to "-10", which means quite the opposite.

Positive values therefore indicate solidarity towards the younger generations because older people give more weight to youth-oriented social spending compared to elderly-oriented expenditures. Negative values indicate self-interest as older people upgrade elderly-oriented spending compared to youth-oriented spending. What I'm not able to measure with this variable is the absolute support for both kinds of social policies. A person scoring 0 on the index could take the view that it is entirely the governments' responsibility to take care of the elderly as well as the younger generations. However, it might just as well be that this person takes the view that it is not at all the governments' responsibility to do so. Again, this is not what I'm interested in. Instead, I want to examine whether older people give more weight to youth-oriented than to elderly-oriented social spending or not, whether this kind of intergenerational support is motivated by the norm of reciprocity, and whether it is a feedback effect to existing social policies.

To analyze the importance of reciprocity to older people's support for youth-oriented spending, I draw on several questions from the module on ageism (see Table 4.1). To operationalize *associational solidarity*, I use two related questions. First: "About how many friends, other than members of your family, do you have who are younger than 30?" and second: "Which option best describes whether or not you can discuss personal issues such as feelings, beliefs or experiences with any of these friends?" I construct a new variable which takes the value "1" if the respondent has no friends younger than 30 and the value "7" if the respondent can discuss all personal issues with friends younger than 30. Thus, the variable describes whether older people engage in intergenerational interaction and whether they share an important



activity, which requires a close relationship, with younger people outside the family. Therefore, the variable captures the level of associational solidarity which older people experience in intergenerational relations on a non-family-member basis.

The second dimension, *affectual solidarity*, is captured by the question: “*Tell me overall how negative or positive you feel towards people in their 20s?*” Whether older people feel positive or negative towards the younger population should be an important aspect in their preference formation for youth-oriented spending. The variable measures the level of the elderly’s feelings and allows to draw conclusions whether older people reciprocate these positive sentiments.

*Consensual solidarity*, which describes the degree of agreement on values, attitudes, and beliefs is operationalized by the question: “*Please tell me whether you think most people in their 20s have a good or bad effect on [country]’s customs and way of life?*” When older people think that most people in their 20s have a good effect, it is likely that they perceive the younger population’s values, attitudes, and beliefs to resemble their own. In this case, older people perceive a high level of agreement of the younger generations on the older people’s preferred customs and way of life and thus a high level of consensual solidarity. In contrast, older people thinking that the younger population has a bad effect perceive a low level of consensual solidarity.

The degree of helping and exchanging resources, which is called *functional solidarity*, is measured through the question: “*All things considered, do you think people in their 20s contribute very little or a great deal economically to [country] these days?*” This variable does not measure a direct exchange of help or resources between generations. However, older people benefit from a well-functioning economy, as their pensions are, at least partly, paid by the contributions of today’s working-age population and thus by the younger generations. If younger people contribute to the economy, this is beneficial to the elderly through the pension system. Therefore, the variable measures the indirect functional support of the younger population experienced by older people.

Unfortunately, the survey provides no question to measure *normative solidarity*. Therefore, I have to leave the analysis of the impact of this solidarity dimension to future research.

Table 4.1: Dimensions of Intergenerational Solidarity

Construct	Nominal Definition	Empirical Indicators	Operationalization
Associational Solidarity	Frequency and patterns of interaction in various types of activities in which family members engage	<ol style="list-style-type: none"> <li>1. Frequency of intergenerational interaction (i.e., face-to-face, telephone, mail)</li> <li>2. Types of common activities shared (i.e., recreation, special occasions, etc.)</li> </ol>	<p>About how many friends, other than members of your family, do you have who are younger than 30?</p> <p>Which option best describes whether or not you can discuss personal issues such as feelings, beliefs or experiences with any of these friends?</p>
Affectual Solidarity	Type and degree of positive sentiments held about family members, and the degree of reciprocity of these sentiments	<ol style="list-style-type: none"> <li>1. Ratings of affection, warmth, closeness, understanding, trust, respect, etc. for family members</li> <li>2. Ratings of perceived reciprocity in positive sentiments among family members</li> </ol>	Tell me overall how negative or positive you feel towards people in their 20s?
Consensual Solidarity	Degree of agreement on values, attitudes, and beliefs among family members	<ol style="list-style-type: none"> <li>1. Intrafamilial concordance among individual measures of specific values, attitudes, and beliefs</li> <li>2. Ratings of perceived similarity with other family members in values, attitudes, and beliefs</li> </ol>	Please tell me whether you think most people in their 20s have a good or bad effect on [country]'s customs and way of life?
Functional Solidarity	Degree of helping and exchanges of resources	<ol style="list-style-type: none"> <li>1. Frequency of intergenerational exchanges of assistance (e.g., financial, physical, emotional)</li> <li>2. Ratings of reciprocity in the intergenerational exchange of resources</li> </ol>	All things considered, do you think people in their 20s contribute very little or a great deal economically to [country] these days?
Normative Solidarity	Strength of commitment to performance of familial roles and to meeting familial obligations (familism)	<ol style="list-style-type: none"> <li>1. Ratings of importance of family and intergenerational roles</li> <li>2. Ratings of strength of filial obligations</li> </ol>	No indicator
Structural Solidarity	Opportunity structure for intergenerational relationships reflected in number, type, and geographic proximity of family member	<ol style="list-style-type: none"> <li>1. Residential propinquity of family members</li> <li>2. Number of family members</li> <li>3. Health of family members</li> </ol>	<p>In the last month have you done any paid or voluntary work?</p> <p>How much of this time was spent working with colleagues or volunteers in their 20s?</p>

Source: Bengtson and Roberts (1991) and European Social Survey (2008)

Finally, *structural solidarity* capturing the opportunity structure for intergenerational relationships is constructed by using two related questions. First, respondents are asked: “*In the last month have you done any paid or voluntary work?*” Subsequently, they are asked: “*How much of this time was spent working with colleagues or volunteers in their 20s?*” This variable describes older people’s chance to come in contact with younger people and therefore the structural solidarity of the younger generations experienced by the elderly.

Beyond the variables that capture reciprocity, the analysis also includes various control variables. At the individual level, I control for several socio-economic and demographic variables commonly used in research on welfare attitudes and preferences, i.e. *gender, income, education, and political ideology*. Instead of using age as a control variable – I indirectly control for age by considering only respondents older than 54 – I include a dummy variable indicating whether respondents are already *retired* or not. In addition, I take into account the impact of *religiosity*.

Moreover, as I analyze older people’s relative preferences for childcare and old-age related spending, I control for several related issues: people’s *evaluation of the provision of affordable child care services for working parents* and the individual *evaluation of the living conditions of the elderly*, for the respondent’s opinion on *gender roles* through the following statement: “*A woman should be prepared to cut down on her paid work for the sake of her family.*”, and for *intra-familial intergenerational solidarity* by taking into account the relationships of older people with their children and grandchildren measured by the following two questions: “*Do you have any children or grandchildren who are between the ages of 15 and 30?*” and: “*Which option best describes whether or not you can discuss personal issues such as feelings, beliefs or experiences with any of these children or grandchildren?*” The variable for intra-familial solidarity ranges from “0” (No (grand)children between the ages of 15 and 30) to “6” (I can discuss all personal issues with (grand)children between the ages of 15 and 30).

Finally, I control for potential feedback effects from existing social policies (Pierson, 1993). I include the *elderly-bias indicator of social spending (EBiSS)* at the country level as an indicator for the age-related spending patterns of welfare states. Only recently, scholars have begun to highlight the differences between welfare states in respect of the benefits they dedicate to different age groups (Esping-Andersen and Sarasa, 2002; Gamliel-Yehoshua and Vanhuyse, 2010; Lynch, 2006; Tepe and Van-

huysse, 2010). The indicator is calculated by dividing elderly-oriented expenditures (old-age-related benefits in cash and in kind, survivors benefits in cash and in kind, disability pensions, occupational injury and disease-related pensions, and early retirement for labor market reasons) by nonelderly-oriented expenditures (family benefits in cash and in kind, active labor market programs, income maintenance cash benefits, unemployment compensation and severance pay cash benefits, and education spending for all levels of education). The results are adjusted for the demographic structure by multiplying the elderly/nonelderly spending ratio by the country's old-age support ratio which is the number of people aged 20 to 64 over the number of people at the age of 65 or older (for more details see Vanhuysse, 2013, 26). As Goerres and Tepe (2010) find no effects for *welfare regimes*, I control for it only in the robustness section.

## 4.5 Empirical Analysis

### Descriptive Analysis

The left panel of Figure 4.1 shows older people's attitudes towards the governments' responsibility to ensure sufficient child care services for working parents. Obviously, the elderly's solidarity towards the younger generations is very high, ranging from an average score of slightly less than 6 in Switzerland to clearly more than 8 in Greece. This implies that across all 18 OECD countries in the sample older people are on average more or less in favor of government support for the younger generations. Thus, although there is some variation between countries, it seems that intergenerational solidarity of older people is quite common across OECD countries.

However, this conclusion changes when we take a look at the right panel of Figure 4.1 which shows the average value of the dependent variable country by country. As negative values indicate that older people choose governments' responsibility to ensure a reasonable standard of living for the old over governments' responsibility to ensure sufficient child care services for working parents, the graph highlights that the elderly tend to be self-interested in most countries. The most "greedy elderly" can be found in Great Britain, Ireland, and the Netherlands where older people clearly want to see the governments taking care of them, while they consider care for the younger population as less important. The opposite holds for Germany where we are most likely to find the solidary elderly. It is the only country where people at the

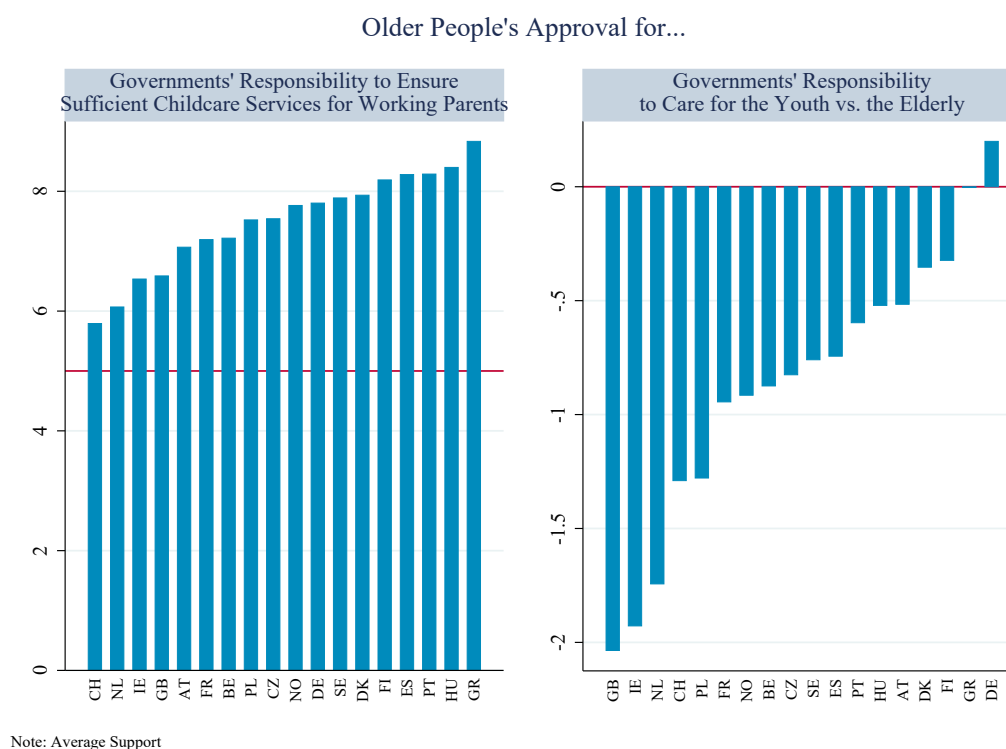


Figure 4.1: Older People's Absolute and Relative Support for Youth-Oriented Social Spending

age of 55 and older on average care more about the younger generations than about themselves. This might reflect the lively debate about the effectiveness of family policy in Germany (Vanhuysse, 2013, 9). A further exception to the self-interested elderly is Greece where older people appreciate support for the youth almost as important as support for the old. In sum, however, the graph shows that even though there is some variation in older people's intergenerational solidarity across countries, the elderly tend to be rather self-interested.

Figure 4.2 displays the distribution of the dependent variable across all countries in the sample. The relative majority of older people perceives the governments' responsibility to care for the younger generations as important as the responsibility to care for them. This is indicated by the large number of observations scoring 0 on the subtractive variable. It becomes also apparent that there are more elderly who prefer care for the old to care for the youth than vice versa, as already seen in Figure 4.1. Finally, the graph shows that a small minority cares only for the elderly and is thus highly self-interested (-10) while an even smaller minority exhibits a high level of intergenerational solidarity and cares solely for the younger population (+10).

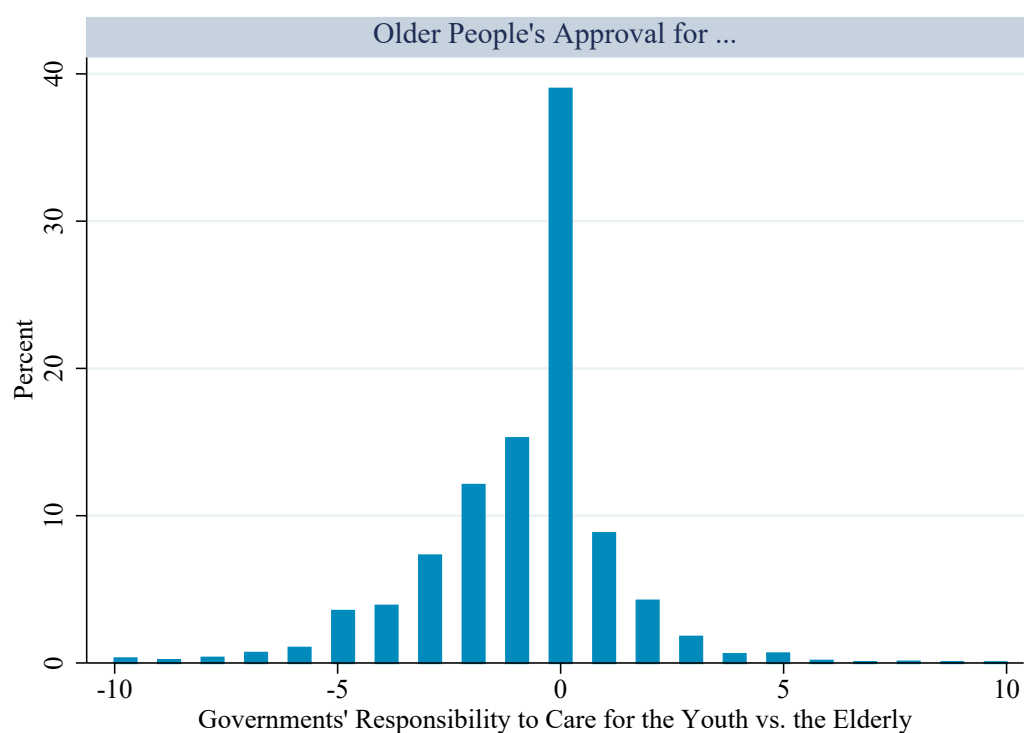


Figure 4.2: Distribution of the Dependent Variable

The distribution of older people's preferences for both issues in absolute terms is shown in Figure 4.3. To improve the visualization, I reversed the scale for the provision of childcare services. In accordance with Figure 4.2, the graph indicates that a relative majority of older people attach equal importance to both the provision of childcare services and reasonable living conditions for the elderly. Moreover, the by far highest approval rate can be found with the statements that it should be entirely the governments' responsibility to provide for the young as well as for the old. Overall, Figure 4.3 reveals that older people are quite supportive of an expansive welfare state as a clear majority scores relatively high on both issues. Finally, conforming with Figure 4.2, the graph highlights that older people's attitudes are biased towards support for social policies in favor of themselves, i.e. there are more elderly respondents scoring higher on the provision of reasonable living conditions for the old compared to the provision of childcare services than the other way round.

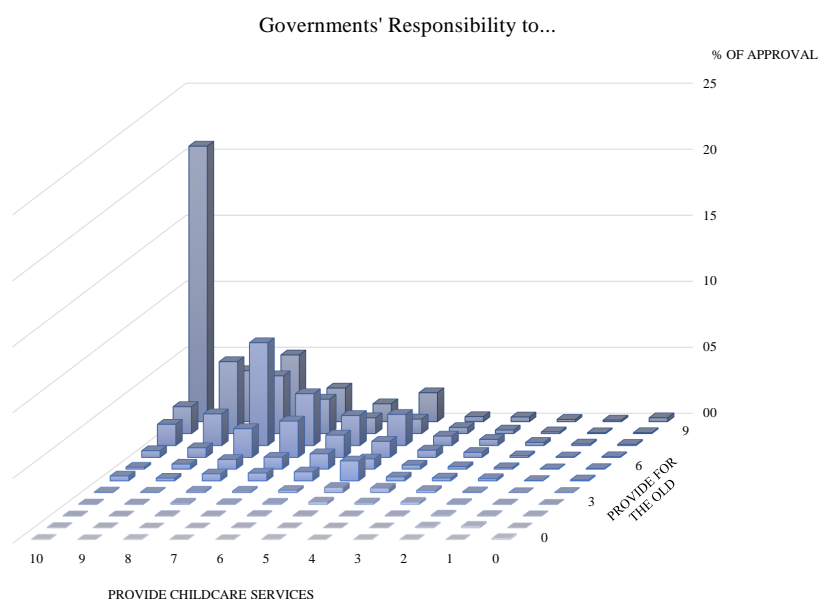


Figure 4.3: Older People's Preferences for Age-Related Social Spending

### Multilevel Analysis

Figure 4.4 presents the results from multilevel analysis. For reasons of clarity, the graph mainly contains the effects of the five dimensions of intergenerational solidarity.<sup>2</sup> The effect of political ideology is added as a reference to get an idea of the effect sizes of the solidarity dimensions. Political ideology is commonly controlled for in research on public opinion towards the welfare state and is usually found to be a highly relevant factor. Finally, the effect of older people's relationships with their children or grandchildren is included to be able to compare the influence of intra-familial intergenerational solidarity on people's spending preferences with the influence of intergenerational solidarity on a non-family-member level. As outlined above, I expect extra-familial solidarity to have a greater influence than intra-familial solidarity, since there are more efficient ways to support one's own children and grandchildren than via the welfare state. Although there are no further measures, I claim that the variable

<sup>2</sup>Throughout this chapter, whenever there is talk of effects I do not claim to find causal mechanisms but instead refer to correlations between variables.

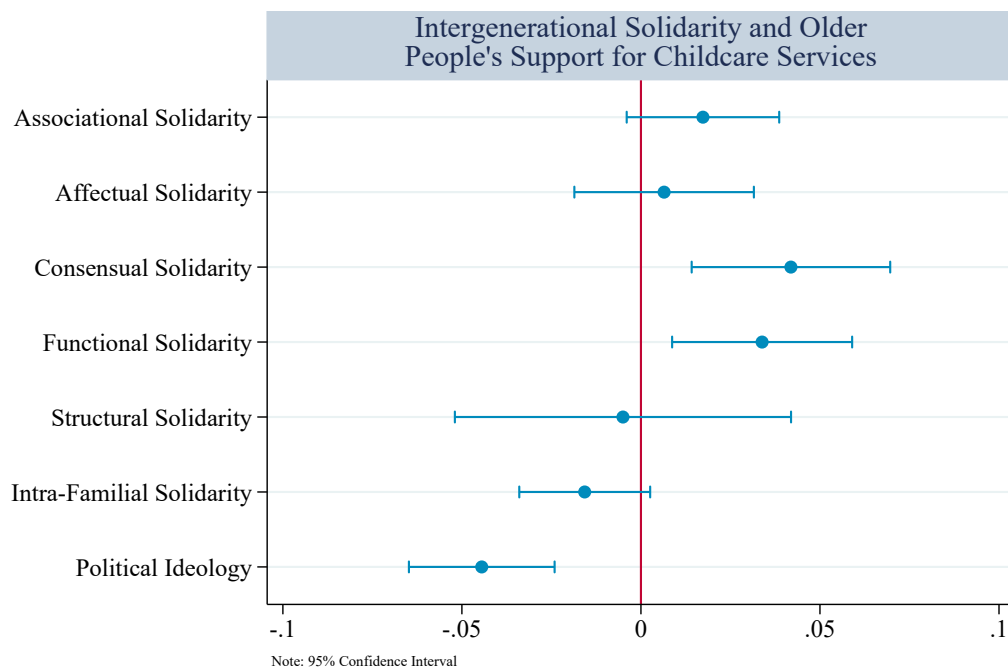


Figure 4.4: Intergenerational Solidarity and Older People's Support for Childcare Services

is well-suited to capture intergenerational solidarity inside families.

Table 4.2 in the Appendix provides correlation coefficients for the extra-familial solidarity dimensions and for intra-familial solidarity. All of them are positively correlated with the highest value for consensual and functional solidarity. Nevertheless, even these two dimensions are only moderately correlated ( $r = 0.4320$ ). The coefficients displayed in Figure 4.4 refer to Model 9 in Table 4.3, which is the Full Model. Moreover, all estimates including control variables and models with a separate estimation for each solidarity dimension can be found in Table 4.3 in the Appendix. When the extra-familial solidarity dimensions are examined separately, all of them have positive signs. However, only two of them – consensual and functional solidarity – are significant at the 1 percent level. Associational solidarity is significant only at the 10 percent level and affectual solidarity is significant at the 5 percent level, while structural solidarity is not at all significant. The coefficient for intra-familial solidarity is significant at the 10 percent level only in the models including all individual-level variables (Models 8 and 9).

The results show that only some of the solidarity dimensions are significantly related to older people's relative support for youth-oriented social spending. Whether



older people do or do not have friends younger than 30 with whom they can discuss personal issues is not significantly associated with their willingness to support the welfare demands of younger people. This is shown by the insignificant coefficient of associational solidarity. Thus, the elderly do not reciprocate intimate relationships with younger people by supporting social spending to their benefit. The same holds true for affectual solidarity, which captures positive sentiments towards people in their 20s. It obviously does not matter whether older people hold positive or negative feelings towards younger people with respect to their intergenerational support. This applies also to the dimension of structural solidarity. Personal contact between older and younger people at paid or voluntary work is not significantly linked to older people's attitudes towards the governments' responsibility to care for the younger population in relation to the elderly.

Instead, what matters are shared values, attitudes, and beliefs between generations. This is indicated by the coefficient of consensual solidarity which is significant at the 1 percent level. Older people who perceive a high level of consensual solidarity of the younger generations, i.e. a basic agreement between generations on what is good for society, tend to reciprocate this agreement by intergenerational solidarity in the welfare state. The elderly who think that people in their 20s have a good effect on their country's customs and way of live are more willing to support the younger generations' welfare demands by giving higher weight to the provision of childcare services compared to better living conditions for the old. Obviously, it is of relevance to older people's spending preferences whether the younger population contributes to society and to the social coexistence.

A similar result is found for functional solidarity. Older people appreciate the younger population's contributions to the economy and respond to this by supporting youth-oriented social spending. While inside families, direct exchanges of help and resources are possible, it is not that easy at the societal level and on a non-family-member basis. Nevertheless, older people feel to benefit from the working-age population's contributions to the economy and, indirectly, to the pension system and try to reciprocate these contributions by prioritizing childcare services for working parents over better living conditions for the old. Thus, the elderly reciprocate functional solidarity from the younger population by intergenerational solidarity in the welfare state.

To get an idea of the substantive effects of consensual and functional solidarity, it helps to compare the coefficients with the one referring to political ideology. People's political orientation is measured on an 11-point scale, where "0" indicates that the respondent leans towards the left and "10" shows that someone is affiliated to rather right-wing orientations. Consensual and functional solidarity are measured on the same scale, where low values indicate that respondents think people in their 20s have a bad effect on a country's customs and way of life and contribute little to the economy, respectively, and high values point to respondents appreciating the younger population's contributions to the society and the economy. The results show that the conservative elderly tend to give more weight to the living conditions of the old compared to the provision of childcare services. However, the coefficient for consensual solidarity is comparable in size to the one for political ideology and the coefficient for functional solidarity is also considerable. Therefore, both consensual and functional solidarity are able to mitigate or counterbalance a possibly negative effect of a conservative political orientation. This comparison highlights that these solidarity dimensions are very relevant to considerations of intergenerational solidarity in the welfare state.

Another way to emphasize the importance of the results is to give a graphical impression of the influence of both solidarity dimensions. The graphs in Figure 4.5 depict the predicted values on the dependent variable over the range of consensual and functional solidarity for women in retirement.<sup>3</sup> The left panel shows that the respondents in the sample tend to be self-interested. Regardless of the level of perceived consensual solidarity their preferences are biased towards better living conditions for the elderly indicated by the negative predicted values on the dependent variable. However, when older people feel that there is consensus on norms and values across generations, they exhibit a higher level of intergenerational solidarity and become less hostile to the provision of childcare services. The predicted values vary from around -1 for those who think that people in their 20s have a bad effect on their country's customs and way of life to -0.6 for those who are very optimistic about the younger generations' impact on the society.

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<sup>3</sup>The majority of respondents in the sample is female and retired. For the predictions, all other variables are held at their means, which makes less sense for the binary variables (gender and retirement).

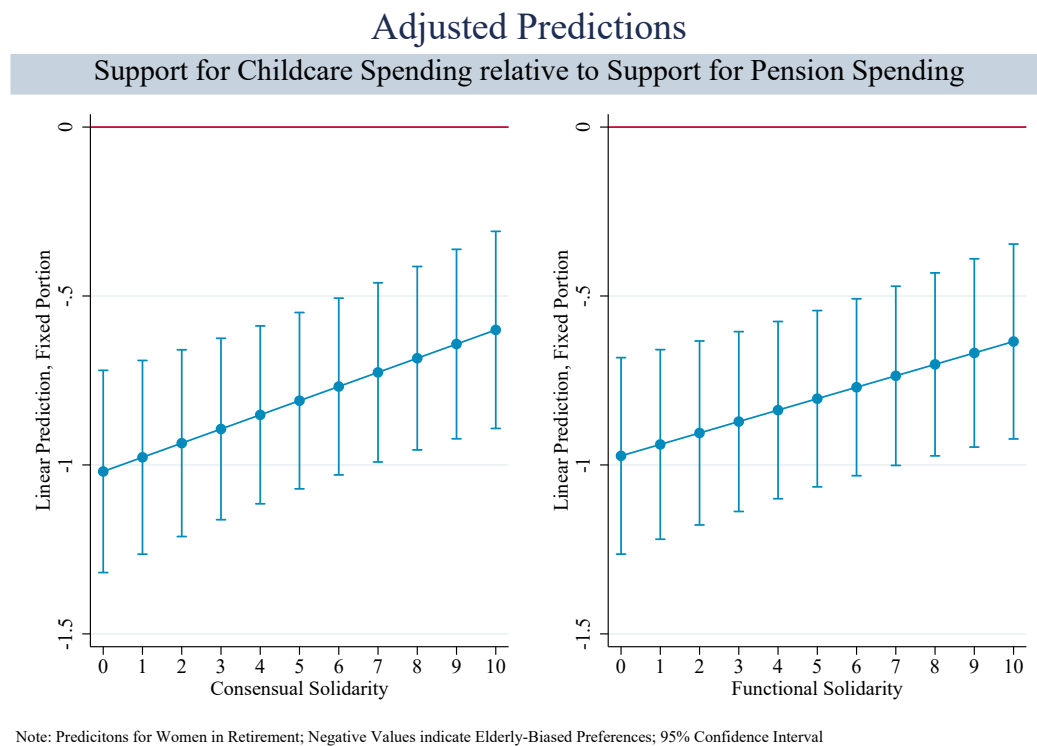


Figure 4.5: Adjusted Predictions: Relative Support for Youth-Oriented Social Spending

Similar results are found for the influence of functional solidarity. Those who think that people in their 20s do not contribute to the economy score -0.97 on the dependent variable, while their counterparts perceiving younger people to be very beneficial to the economy show a predicted value of only -0.63. Therefore, Figure 4.5 highlights that reciprocity is relevant for older people's intergenerational solidarity in the welfare state. Although neither consensual nor functional solidarity directly lead to a positive value indicating that older people prefer the provision of childcare services to better living conditions for themselves, they reciprocate the younger generations' contributions by increasing their support for youth-oriented social spending.

Nevertheless, although the provision of childcare services for working parents is clearly most favorable to the younger population, the impact of self-interest on older people's preference formation can to a certain extent never be completely ruled out. For example, we could think of older people's intergenerational solidarity in response to the younger people's contributions to the economy as being partially driven by self-interest. If older people support childcare services for working parents, more parents with small children can go to work and make their contributions to the economy.

This, in turn, increases the contributions to the pension system which benefits the pensioners. Therefore, some hidden self-interest might also be at work when older people are solidary towards the youth. However, this does not contradict the relevance of reciprocity. Gouldner (1960, 173) clearly states that reciprocity is partially motivated by self-interest and that reciprocity channels egoistic motivations into the maintenance of social systems.

What we can rule out to some degree, instead, is that older people support the provision of state-based childcare services in order to get rid of self-provided care for their grandchildren, or just as a matter of financial help to their adult children. It could be that the elderly prioritize childcare services because they have to care for their grandchildren while their adult children go to work, but rather want to have some leisure time. Similarly, they could demand the provision of childcare services to back their adult children through public resources. However, the results indicate that those older people maintaining close relationships with their (grand-)children are less supportive of childcare services relative to better living conditions for the old.

This allows for the conclusion that older people who are more involved with their (grand-) children are less willing to support them via the welfare state, maybe because they are more willing to take care of their grandchildren or to support their adult children via intra-familial transfers. Following this logic, it makes more sense to older people to demand better living condition for themselves to increase private resources which can be redistributed to their adult children exclusively. This would resonate with several studies demonstrating that intra-familial financial flows from older parents to adult children actually play a substantial role (Kohli, 1999; Kohli and Künemund, 2003). Moreover, the effect shows that intra-familial intergenerational solidarity is not only less relevant to older people's spending preferences than extra-familial intergenerational solidarity, but also that it works in the opposite direction, even though the effect is not significant. Nevertheless, this confirms my expectation regarding the different influence of intra- and extra-familial intergenerational solidarity: when it comes to preferences for childcare spending, intergenerational solidarity on a non-family-member level is more important than intra-familial solidarity.

However, it could also be that the reciprocal mechanism based on intergenerational solidarity on a societal basis depends on the level of intra-familial solidarity. One could argue that the younger population's solidarity is relevant only as long as

there is little or no intra-familial solidarity and as soon as older people maintain close relationships with their (grand)children, reciprocity on a non-family-member level becomes irrelevant. To test this idea, I estimate interaction effects between intra-familial intergenerational solidarity and the respective extra-familial solidarity dimensions. The results are shown in Figure 4.7 and in Table 4.4 in the Appendix.

The graph depicts that the effects of the solidarity dimensions are hardly affected by intra-familial solidarity. The previous findings basically do not change. The only relevant dimensions are consensual and functional solidarity. Only for older people who can discuss (almost) all personal issues with their (grand)children between the ages of 15 and 30 both solidarity dimensions are no longer statistically significant. The remaining solidarity dimensions do not play a major role. In contrast to this, intra-familial intergenerational solidarity never plays a role, except for the situation when affectual solidarity is very high (as shown in Figure 4.8 in the Appendix). Then the effect of intra-familial solidarity gets negative and statistically significant. In sum, however, the results confirm that consensual and functional solidarity are important factors for older people's relative preferences for youth-oriented social spending, while associational, affectual, and structural, as well as intra-familial solidarity are less relevant.

Considering the control variables, the results are mainly in line with my expectations and previous findings. Women are more favorable towards childcare spending than men. Older people with a higher income are also more supportive of youth-oriented social spending, as they are probably less dependent on public pension payments. In contrast, people with a more right-wing political ideology, with rather conservative attitudes towards gender roles, and more religious people prefer elderly-oriented spending to childcare spending. What is furthermore important is older people's evaluation of existing age-related social policies. Those who think that the living conditions for older people are fine are more supportive of youth-oriented spending, while those who think that the government provides enough childcare services are rather elderly-oriented. The only control variables that are not significant is the retirement-dummy and education. Among the elderly, whether someone is already retired or still at work obviously does not affect its preferences for age-oriented social spending, just as its level of education.

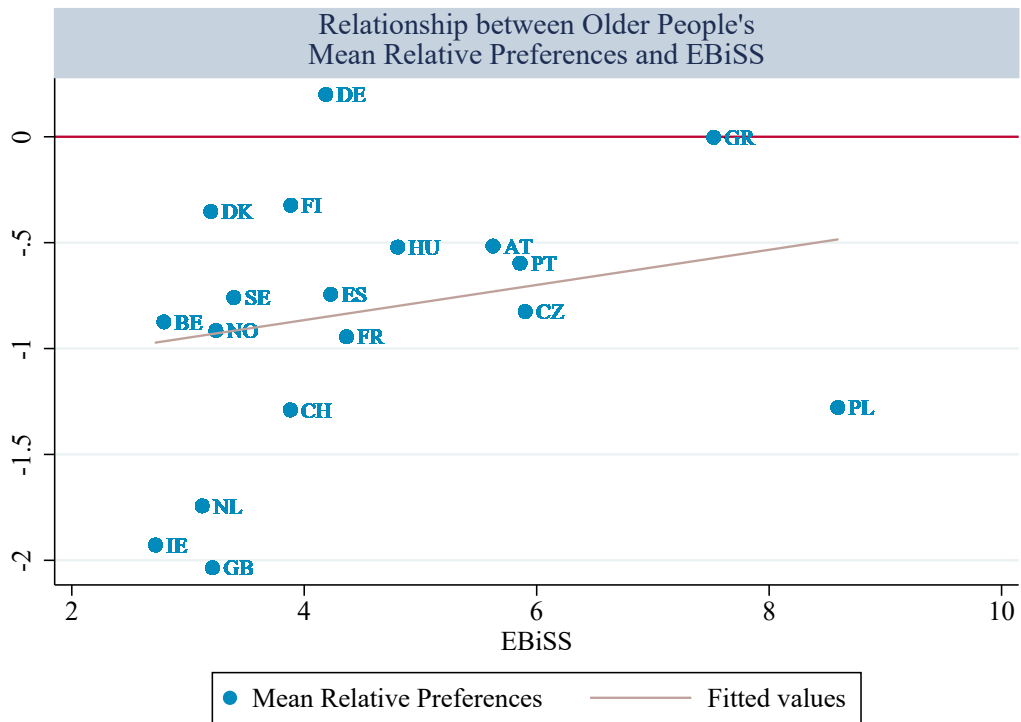


Figure 4.6: Older People's Mean Relative Preferences and the EBiSS

When we look at the country-level variable, there is evidence that older people's preferences are also influenced by feedback effects from existing social policies. However, conclusions drawn from the effect should be treated with caution even though the coefficient is significant at the 5 percent level. The fairly low number of countries in the sample could lead to an undercoverage regarding the confidence interval and thus to an overestimation of the significance level. Nevertheless, the coefficient of the EBiSS shows that older people respond to the age-bias of social spending. The more social spending is biased towards the elderly, the more older people prioritize the provision of childcare services over better living conditions for the old (see also Figure 4.6).

This is evidence against the assumption that feedback effects in welfare policies are driven by self-interest as social programs create their own supporters who defend their benefits (Pierson, 1994). This resonates well with the findings by Lynch and Myrskylä (2009) and could be the result of a normative feedback effect indicating that older people do not demand more and more expenditures to their own benefit, but also care about the well-being of the younger age groups (Mettler and Soss, 2004; Svallfors,

2007, 2010). However, this could also be evidence in favor of the thermostatic model suggested by Wlezien (1995). He argues that people adjust their spending preferences downward when public spending in a certain area increases, and vice versa. A more detailed examination of the effect is left for future research.

Table 4.5 in the Appendix provides several robustness checks. In Model 15 I drop the retirement-dummy and include the variable age to control for the respondents' stage in the life cycle. The effect of age is negative and significant at the 1 percent level indicating that even among the older population support for the younger generations still decreases with rising age. To control for direct or short-term self-interest, in Model 16 I include the variable small children in the household which shows whether there are children below the age of seven living in the respondent's household. While the effect is positive, it is not significant probably because only 0.22 percent of all respondents in the sample live together with small children in the household.

In Model 17 I use a different operationalization for the dependent variable. Instead of using the spread between the support for childcare services and reasonable living conditions for the old, I use the ratio between both issues. While the effect sizes change due to a different scale of the dependent variable, the effects do not change in sign and significance. In Model 18 I substitute the EBiSS with the Intergenerational Justice Index (IJI) which combines some additional non-spending measures of intergenerational justice and which is also provided by Vanhuyse (2013). Contrary to the EBiSS, the IJI is insignificant, which indicates that older people incorporate considerations about the age-related balance of social spending in their preference formation, but not the other measures of intergenerational justice.

To test for the impact of welfare regime types – like it is done in many previous analyses – I include the regime types instead of the EBiSS and take the social-democratic welfare states as reference category. The results in Model 19 show that none of the welfare regimes (conservative, Southern European, and Central and Eastern European welfare states) differ significantly from the social-democratic type, except for the liberal welfare regime. People living in liberal welfare states are significantly less youth-oriented than their counterparts in social-democratic countries, which confirms the findings in Figure 4.1 and Figure 4.6 with Great Britain and Ireland showing the lowest average support for youth-oriented spending when considered in relation to elderly-oriented expenditures. Overall, however, the regime typology has only little

explanatory power.

To address the problem of only few higher-level observations (18 countries) I estimate the Full Model using restricted maximum likelihood estimation instead of maximum likelihood estimation, as it is suggested by Elff and Shikano (2014). While the results for the individual-level variables in Model 20 basically remain unchanged, the coefficient for the macro-level variable, i.e. the EBiSS, loses significance and is significant only at the 10 percent level. This underscores the notion made by Stegmueller (2013a) that the estimates for macro-level variables should be interpreted with caution when the number of higher-level observations is low. Finally, in Model 21 I estimate the Full Model using simple OLS regression with country dummies and clustered standard errors instead of the multilevel model, but the previous findings (especially for the independent variables) do hardly change. In sum, therefore, the main finding is that the results remain stable through all model specifications. Consensual and functional solidarity are positive and significant, while all the other solidarity dimensions – including intra-familial solidarity – remain insignificant or are significant only at the 10 percent level.

## 4.6 Conclusions

In line with previous findings, self-interest plays an important role in people's attitude formation towards the welfare state and redistribution. When solidarity gets costly, it decreases considerably and self-interest gains ground. Concerning intergenerational solidarity, the analysis shows that older people across 18 OECD countries are very supportive of the public provision of childcare services for working parents, although they do not directly profit from this kind of social policy. At first sight this indicates that older people are quite solidary towards the younger population. However, if their support for childcare services is contrasted with their support for better living conditions for the old, things change considerably. The data show that in almost all countries older people on average give more weight to elderly-oriented social spending compared to youth-oriented expenditures. Although one cannot conclude that respondents perceive a direct trade-off between both policies, the results resonate with findings from experimental research showing that solidarity decreases in a competitive environment. This is a first hint that intergenerational solidarity in the welfare state



is not as common as partially suggested, but that (age-based) self-interest is still a driving force.

Nevertheless, there is as well evidence that reciprocity has its stake in attitude formation. If older people experience solidarity from the younger population, they try to reciprocate by prioritizing the provision of childcare services for working parents over better living conditions for the old. However, only some of the solidarity dimensions considered here are significantly related to the elderly's support of youth-oriented social spending and are thus part of a reciprocity mechanism. Apparently, the dimensions referring to the deservingness theory are more important. Whether the elderly think most people in their 20s have a positive effect on the society and the economy is positively related to their support for youth-oriented expenditures. Obviously, if older people perceive the younger population to make some valuable contributions, they consequently perceive them as more deserving and reciprocate these contributions through supporting them via the welfare state.

On the contrary, the solidarity dimensions referring to the social capital theory are of minor importance. It does not matter if older people maintain friendships with younger people outside the family or if they meet them regularly at paid or voluntary work. In short: with regard to intergenerational solidarity in the welfare state relationships don't matter. This could be the result of two different forms of social capital: bridging and bonding social capital (Putnam, 2000, 22 f.; see also: Häuberer, 2011). Bridging social capital is outward-looking and links people and groups of people to others beyond the immediate context. It is an inclusive form of social capital that generates broader identities and probably a certain form of reciprocity to which Putnam refers as generalized reciprocity. This kind of reciprocity not only benefits group members, but also a wider community. Bonding social capital, in contrast, is inward-looking and ties group members closely together. It fosters exclusive identities and specific reciprocity that is directed towards group members and provides less benefits for the wider society. Intergenerational relationships as captured in this chapter probably resemble bonding social capital and are thus less relevant for intergenerational solidarity at the welfare-state level. This assumption is backed up by Paxton (1999, 96) who states that social capital within a particular group may provide positive effects for the members of that group, but need not transform into benefits for the community.

Beyond that, the results show that intergenerational solidarity on a non-family-member level is not only more relevant to older people's relative preferences for child-care spending than intra-familial intergenerational solidarity, but also that the reciprocal mechanism on the societal level is independent from solidarity inside the family. Nevertheless, this also highlights that older people's support for youth-oriented spending is not based on altruism, but is partly motivated by some kind of enlightened self-interest. Reciprocity is not equivalent to unconditional giving, but is a long-term cooperation providing beneficial outcomes for all participating actors. This becomes most apparent when considering the effect of functional solidarity, where the younger population contributes to the economy from which older people at least indirectly benefit through pension payments. In contrast, the rather social or emotional dimensions – associational, affectual, and structural solidarity – matter less. In sum, therefore, older people are not altruists, but some of them are reciprocators who engage in a “nice TIT FOR TAT” which benefits both sides.

However, there are also some shortcomings present in this chapter. As I can use only cross-sectional data to test my hypotheses, it is difficult to make causal claims concerning the link between intergenerational relationships and older people's perceptions of the younger population, respectively, and intergenerational solidarity in the welfare state. It is not possible to exclude the impact of unobserved heterogeneity completely. This is why I only state to find positive relationships between some solidarity dimensions and intergenerational support in the welfare state. Future research, therefore, should use panel-data to increase the validity of the findings presented in this chapter.

Moreover, the operationalization of the dependent variable raises three problems that have to be mentioned at this point. First, as mentioned above, the variable does not measure absolute support for both childcare services and better living conditions of the old. However, it is not the aim of this chapter to make any assertions concerning older people's support for one of these policies separately, but to analyze the relative weight they give to youth-oriented social spending compared to elderly-oriented expenditures, whether this is affected by the norm of reciprocity, and whether older people respond to existing social policies when forming their attitudes. Regarding the available datasets, this operationalization is a valuable proxy to measure the elderly's intergenerational solidarity in the welfare state.

Second, one cannot completely rule out that the finding of intergenerational solidarity is mixed with some kind of self-interest. One could suspect that older people support the provision of childcare services because they want to promote early childhood education and to free up human resources through female labor force participation to foster economic growth which benefits themselves through higher pension payments and the maintenance of a pay-as-you-go pension system (similarly in Boldrin and Montes, 2005). Or they are supportive of youth-oriented social spending as childcare facilities increase the housing prices in their neighborhood, which is beneficial to them in case they want to sell their houses (this argument is made for education spending in Brunner and Balsdon (2004)). Thus, one could suspect that older people's solidarity towards the younger generations is to some extent the result of long-term self-interest. This is consistent with findings that neither purely self-interested nor purely other-regarding motivations drive people's behavior, but that it is a mixture of both (Fehr and Gintis, 2007). What we can rule out, however, is that older people's support for youth-oriented social spending is the result of purely short-term self-interest.

Finally, the provision of childcare services is not the only type of youth-oriented social spending. Another prominent example is education spending. In contrast to support for education spending, the elderly's attitudes towards childcare services might not only be motivated by self-interest and solidarity, but could also be affected by normative considerations. As shown in the empirical analysis, conservative views regarding gender roles are clearly related to lower support for childcare services and therefore to less intergenerational solidarity. The same relationship could be assumed for opinions regarding the responsibility to take care of small children. People who think that this should mainly be the responsibility of the family are less supportive of childcare services and therefore appear to be less solidary towards the younger generations. In these cases, however, lower support for childcare services is not the result of less intergenerational solidarity, but of normative considerations. Further research should test the empirical findings of this chapter using data on public opinion on education spending to cancel out the possible impact of normative ideas on intergenerational solidarity.

## Appendix Chapter 4

Table 4.2: Correlations between Solidarity Dimensions

	Intra-Fam.	Associat.	Affectual	Consens.	Functional	Structural
Intra-Familial	1					
Associational	0.1189*	1				
Affectual	0.1185*	0.0930*	1			
Consensual	0.0594*	0.0599*	0.3112*	1		
Functional	0.0208	0.0561*	0.2245*	0.4320*	1	
Structural	0.0787*	0.2184*	0.0988*	0.0390*	0.0681*	1

\*  $p < 0.01$

Table 4.3: Determinants of Older People's Relative Preferences for Age-Related Social Spending

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Level-1 Variables									
Retired	-0.050 (0.04)	-0.037 (0.05)	-0.027 (0.05)	-0.037 (0.05)	-0.030 (0.05)	-0.031 (0.05)	-0.026 (0.05)	-0.020 (0.05)	-0.020 (0.05)
Female	0.085** (0.04)	0.091** (0.04)	0.098** (0.04)	0.080* (0.04)	0.085* (0.04)	0.090** (0.04)	0.087** (0.04)	0.086* (0.05)	0.086* (0.05)
Education	0.005 (0.02)	-0.004 (0.02)	-0.005 (0.02)	-0.008 (0.02)	-0.008 (0.02)	-0.012 (0.02)	-0.004 (0.02)	-0.013 (0.02)	-0.013 (0.02)
Household Income	0.039*** (0.01)	0.031*** (0.01)	0.031*** (0.01)	0.030*** (0.01)	0.032*** (0.01)	0.032*** (0.01)	0.030*** (0.01)	0.033*** (0.01)	0.032*** (0.01)
Religiosity	-0.029** (0.01)	-0.029* (0.02)	-0.032** (0.02)	-0.029* (0.02)	-0.026* (0.02)	-0.030** (0.02)	-0.030* (0.02)	-0.029* (0.02)	-0.030* (0.02)
Political Ideology	-0.039*** (0.01)	-0.043*** (0.01)	-0.043*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.043*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)
Women Care for Family		-0.066*** (0.02)	-0.065*** (0.02)	-0.062*** (0.02)	-0.063*** (0.02)	-0.061*** (0.02)	-0.066*** (0.02)	-0.063*** (0.02)	-0.064*** (0.02)
Living Conditions of Pensioners		0.090*** (0.01)	0.091*** (0.01)	0.088*** (0.01)	0.079*** (0.01)	0.085*** (0.01)	0.091*** (0.01)	0.079*** (0.01)	0.081*** (0.01)
Provision of Childcare Services		-0.042*** (0.01)	-0.042*** (0.01)	-0.042*** (0.01)	-0.046*** (0.01)	-0.043*** (0.01)	-0.043*** (0.01)	-0.045*** (0.01)	-0.044*** (0.01)

Table 4.3: (continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Intra-Familial Solidarity		-0.008 (0.01)	-0.011 (0.01)	-0.010 (0.01)	-0.013 (0.01)	-0.010 (0.01)	-0.008 (0.01)	-0.016* (0.01)	-0.016* (0.01)
Associational Solidarity			0.020* (0.01)					0.017 (0.01)	0.017 (0.01)
Affectual Solidarity				0.025** (0.01)				0.007 (0.01)	0.006 (0.01)
Consensual Solidarity					0.060*** (0.01)			0.042*** (0.01)	0.042*** (0.01)
Functional Solidarity						0.048*** (0.01)		0.034*** (0.01)	0.034*** (0.01)
Structural Solidarity							0.007 (0.02)	-0.006 (0.02)	-0.005 (0.02)
Level-2 Variables									
EBiSS									0.160** (0.08)
Constant	-0.814*** (0.16)	-0.686*** (0.19)	-0.726*** (0.19)	-0.830*** (0.20)	-0.920*** (0.20)	-0.905*** (0.20)	-0.691*** (0.19)	-1.065*** (0.21)	-1.776*** (0.41)
Level-2 Variance	0.326***	0.344***	0.343***	0.330***	0.344***	0.352***	0.346***	0.346***	0.282***
Level-1 Variance	3.995***	3.865***	3.866***	3.861***	3.844***	3.859***	3.857***	3.835***	3.835***
Observations	9533	8439	8419	8403	8225	8351	8421	8130	8130
Groups	18	18	18	18	18	18	18	18	18
ICC (Rho)	0.076	0.082	0.081	0.079	0.082	0.084	0.082	0.0827	0.068
Deviance	40325	35425	35344	35266	34484	35044	35333	34066	34063

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 4.4: Interaction Effects - Determinants of Older People's Relative Preferences for Age-Related Social Spending

	(10)	(11)	(12)	(13)	(14)
Level-1 Variables					
Retired	-0.021 (0.05)	-0.021 (0.05)	-0.021 (0.05)	-0.021 (0.05)	-0.020 (0.05)
Female	0.086* (0.05)	0.086* (0.05)	0.086* (0.05)	0.086* (0.05)	0.087* (0.05)
Education	-0.013 (0.02)	-0.014 (0.02)	-0.013 (0.02)	-0.013 (0.02)	-0.013 (0.02)
Household Income	0.032*** (0.01)	0.032*** (0.01)	0.032*** (0.01)	0.032*** (0.01)	0.032*** (0.01)
Religiosity	-0.030* (0.02)	-0.030* (0.02)	-0.031* (0.02)	-0.030* (0.02)	-0.031* (0.02)
Political Ideology	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.045*** (0.01)	-0.045*** (0.01)
Women Care for Family	-0.064*** (0.02)	-0.065*** (0.02)	-0.064*** (0.02)	-0.065*** (0.02)	-0.064*** (0.02)
Living Conditions of Pensioners	0.081*** (0.01)	0.080*** (0.01)	0.081*** (0.01)	0.081*** (0.01)	0.081*** (0.01)
Provision of Childcare Services	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)
Intra-Familial Solidarity	-0.018 (0.01)	0.035 (0.03)	-0.006 (0.03)	-0.003 (0.03)	-0.022* (0.01)
Associational Solidarity	0.014 (0.02)	0.017 (0.01)	0.017 (0.01)	0.017 (0.01)	0.017 (0.01)
Affectual Solidarity	0.007 (0.01)	0.026 (0.02)	0.006 (0.01)	0.007 (0.01)	0.006 (0.01)

Table 4.4: (continued)

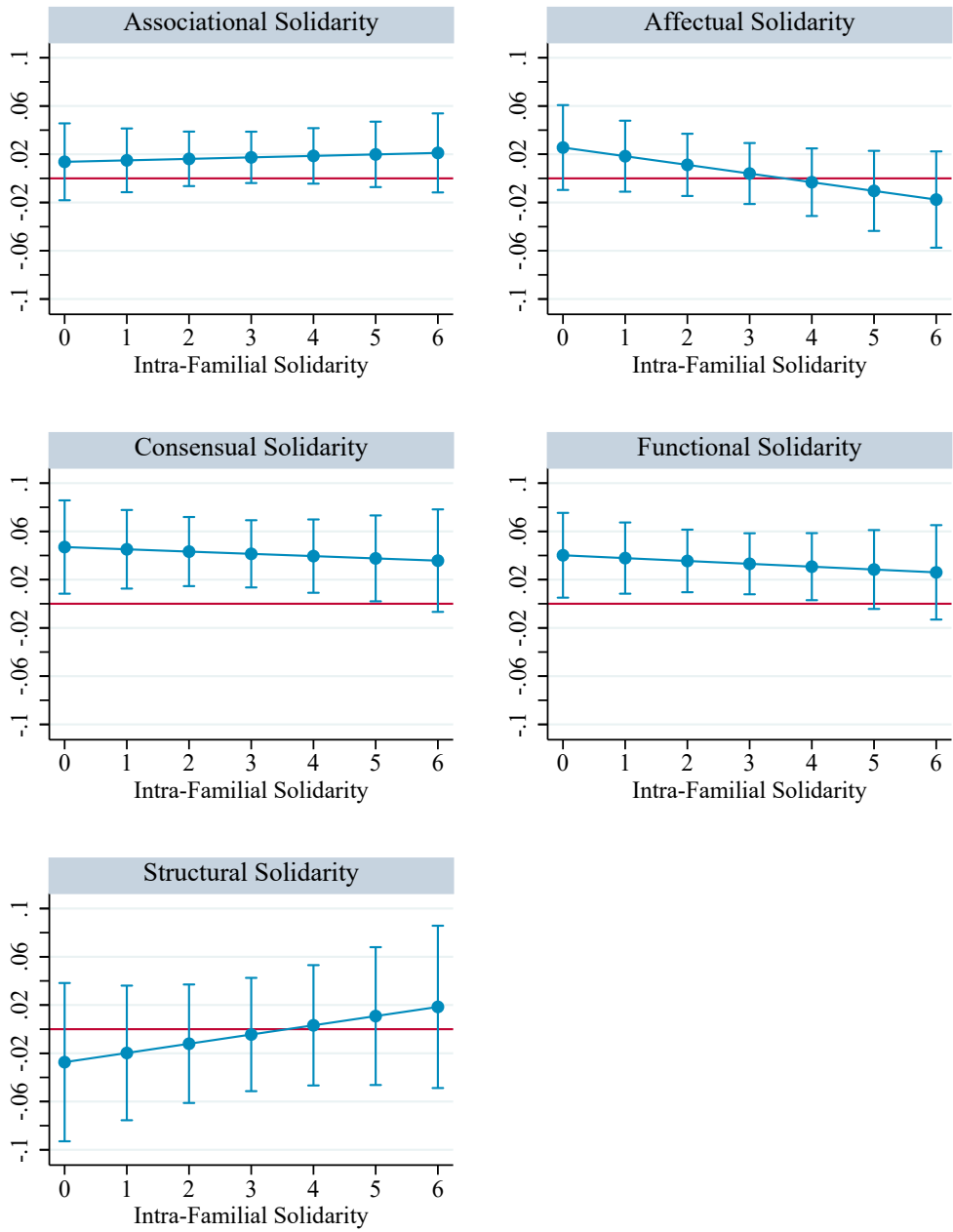
	(10)	(11)	(12)	(13)	(14)
Consensual Solidarity	0.042*** (0.01)	0.042*** (0.01)	0.047** (0.02)	0.042*** (0.01)	0.042*** (0.01)
Functional Solidarity	0.034*** (0.01)	0.034*** (0.01)	0.034*** (0.01)	0.040** (0.02)	0.034*** (0.01)
Structural Solidarity	-0.005 (0.02)	-0.005 (0.02)	-0.005 (0.02)	-0.005 (0.02)	-0.027 (0.03)
Intra-Familial Solidarity × Associational Solidarity	0.001 (0.00)				
Intra-Familial Solidarity × Affectual Solidarity		-0.007 (0.00)			
Intra-Familial Solidarity × Consensual Solidarity			-0.002 (0.01)		
Intra-Familial Solidarity × Functional Solidarity				-0.002 (0.00)	
Intra-Familial Solidarity × Structural Solidarity					0.008 (0.01)
Level-2 Variables					
EBiSS	0.160** (0.08)	0.159** (0.08)	0.159** (0.08)	0.160** (0.08)	0.160** (0.08)
Constant	-1.769*** (0.41)	-1.904*** (0.42)	-1.801*** (0.42)	-1.807*** (0.41)	-1.760*** (0.41)
Level-2 Variance	0.282***	0.281***	0.282***	0.282***	0.282***
Level-1 Variance	3.835***	3.834***	3.835***	3.835***	3.834***
Observations	8130	8130	8130	8130	8130
Groups	18	18	18	18	18
ICC (Rho)	0.068	0.068	0.069	0.068	0.069
Deviance	34063	34060	34062	34062	34062

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



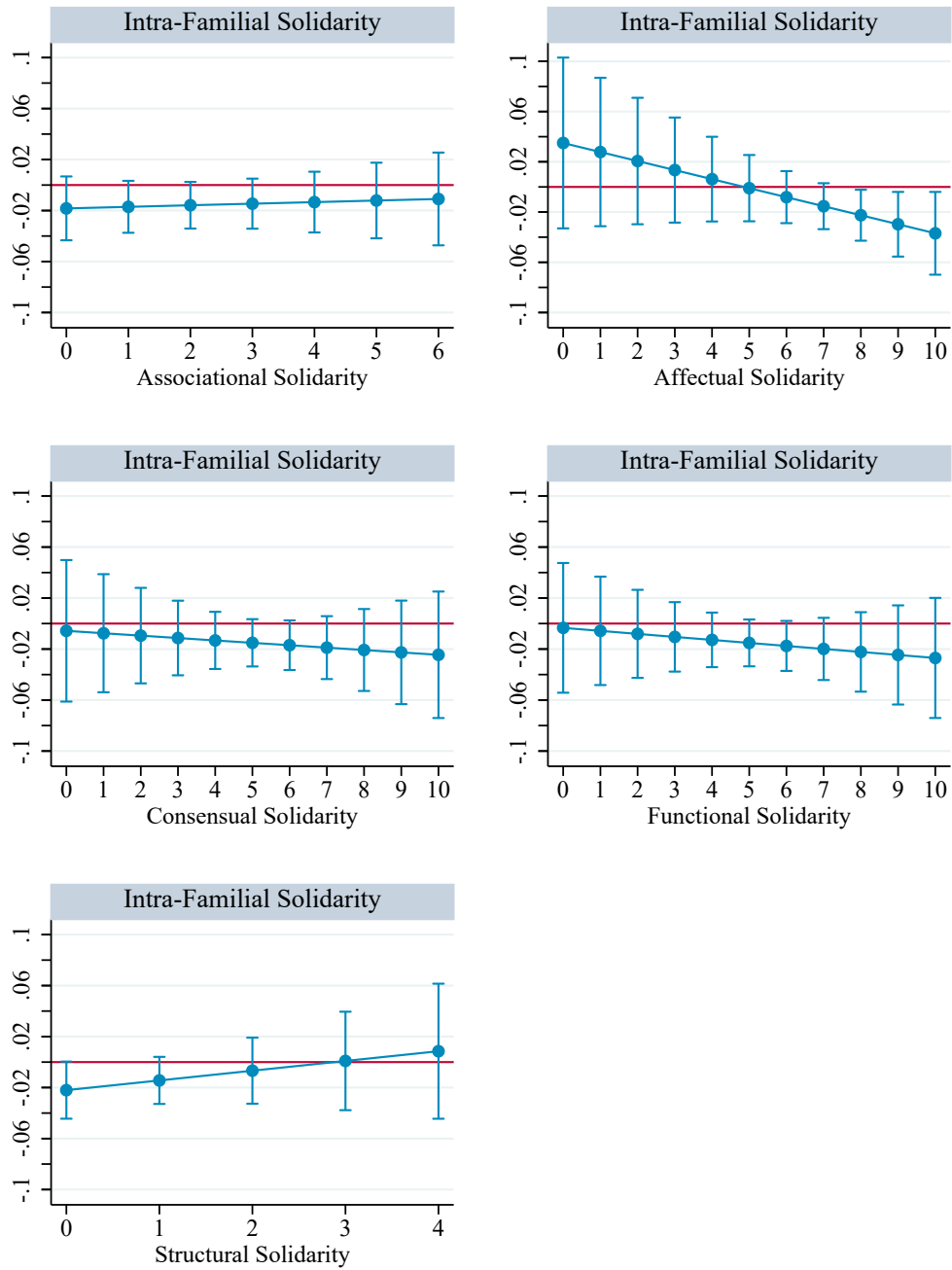
### AMEs of Extra-Familial Solidarity Dimensions



Note: 0 = 'No (grand)children between 15 and 30',  
 6 = 'Can discuss all personal issues with (grand)children between 15 and 30';  
 Effects on Linear Prediction, Fixed Portion;  
 95% Confidence Interval

Figure 4.7: Average Marginal Effects of Extra-Familial Solidarity Dimensions

### AMEs of Intra-Familial Solidarity



Note: Effects on Linear Prediction, Fixed Portion;  
95% Confidence Interval

Figure 4.8: Average Marginal Effects of Intra-Familial Solidarity

Table 4.5: Robustness Checks - Determinants of Older People's Relative Preferences for Age-Related Social Spending

	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Level-1 Variables							
Age	-0.008*** (0.00)						
Small Children (<7) in the HH		0.573 (0.51)					
Retired		-0.019 (0.05)	-0.008 (0.01)	-0.020 (0.05)	-0.020 (0.05)	-0.021 (0.05)	-0.022 (0.08)
Female	0.082* (0.04)	0.087* (0.05)	-0.000 (0.01)	0.086* (0.05)	0.085* (0.05)	0.086* (0.05)	0.087 (0.06)
Education	-0.016 (0.02)	-0.013 (0.02)	0.003 (0.00)	-0.013 (0.02)	-0.012 (0.02)	-0.013 (0.02)	-0.013 (0.03)
Household Income	0.028*** (0.01)	0.032*** (0.01)	0.002 (0.00)	0.032*** (0.01)	0.032*** (0.01)	0.032*** (0.01)	0.032*** (0.01)
Religiosity	-0.026* (0.02)	-0.031* (0.02)	-0.007** (0.00)	-0.030* (0.02)	-0.029* (0.02)	-0.030* (0.02)	-0.028 (0.02)
Political Ideology	-0.042*** (0.01)	-0.045*** (0.01)	-0.003 (0.00)	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)	-0.044*** (0.01)
Women Care for Family	-0.058*** (0.02)	-0.064*** (0.02)	-0.003 (0.00)	-0.063*** (0.02)	-0.064*** (0.02)	-0.064*** (0.02)	-0.063* (0.03)
Living Conditions of Pensioners	0.083*** (0.01)	0.081*** (0.01)	0.007*** (0.00)	0.080*** (0.01)	0.080*** (0.01)	0.081*** (0.01)	0.081*** (0.02)
Provision of Childcare Services	-0.043*** (0.01)	-0.044*** (0.01)	-0.007*** (0.00)	-0.044*** (0.01)	-0.045*** (0.01)	-0.044*** (0.01)	-0.045* (0.02)
Intra-Familial Solidarity	-0.015 (0.01)	-0.016* (0.01)	-0.002 (0.00)	-0.016* (0.01)	-0.016* (0.01)	-0.016* (0.01)	-0.016 (0.01)
Associational Solidarity	0.015 (0.01)	0.017 (0.01)	-0.000 (0.00)	0.017 (0.01)	0.017 (0.01)	0.017 (0.01)	0.017 (0.01)
Affectual Solidarity	0.007 (0.01)	0.007 (0.01)	-0.001 (0.00)	0.007 (0.01)	0.007 (0.01)	0.006 (0.01)	0.005 (0.01)

Table 4.5: (continued)

	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Consensual Solidarity	0.041*** (0.01)	0.042*** (0.01)	0.008*** (0.00)	0.042*** (0.01)	0.041*** (0.01)	0.042*** (0.01)	0.042*** (0.01)
Functional Solidarity	0.034*** (0.01)	0.034*** (0.01)	0.006** (0.00)	0.034*** (0.01)	0.035*** (0.01)	0.034*** (0.01)	0.035*** (0.01)
Structural Solidarity	-0.022 (0.02)	-0.005 (0.02)	-0.003 (0.00)	-0.005 (0.02)	-0.005 (0.02)	-0.005 (0.02)	-0.005 (0.03)
Level-2 Variables							
EBiSS	0.155* (0.08)	0.160** (0.08)	0.022** (0.01)			0.159* (0.09)	0.097*** (0.02)
IJI				-1.112 (1.26)			
Reference Category: Social-democratic							
Conservative					0.118 (0.27)		
Liberal					-1.112*** (0.36)		
Southern European					0.393 (0.32)		
Central and Eastern European					0.118 (0.32)		
Constant	-1.211*** (0.46)	-1.778*** (0.41)	0.819*** (0.06)	-0.327 (0.86)	-1.057*** (0.25)	-1.775*** (0.43)	-1.251*** (0.26)
Level-2 Variance	0.282***	0.282***	0.004***	0.331***	0.177***	0.319***	
Level-1 Variance	3.829***	3.834***	0.165***	3.835***	3.835***	3.842***	
Observations	8137	8130	8130	8130	8130	8130	8130
Groups	18	18	18	18	18	18	18
ICC (Rho)	0.069	0.069	0.025	0.080	0.044	0.077	
Deviance	34079	34061	8443	34065	34054	34166	33982

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 4.6: Descriptive Statistics

	Count	Mean	Std. Dev.	Min	Max
Subtractive Variable	13059	-0.823	2.091	-10	10
Ratio Variable	13059	0.941	0.389	0.1	11.0
Retired	13397	0.608	0.488	0	1
Age	13429	67.707	9.047	55	123
Female	13429	0.542	0.498	0	1
Education	13400	2.644	1.424	1	5
Household Income	10579	4.799	2.599	1	10
Religiosity	13354	1.835	1.646	0	6
Political Ideology	11980	5.203	2.182	0	10
Small Children (<7) in the HH	13429	0.001	0.036	0	1
Women Care for Family	13249	3.197	1.162	1	5
Living Conditions of Pensioners	13328	4.687	2.311	0	10
Provision of Childcare Services	11548	5.131	2.211	0	10
Intra-Familial Solidarity	13192	2.645	2.379	0	6
Associational Solidarity	13312	1.779	2.099	0	6
Affectual Solidarity	13178	6.891	1.972	0	10
Consensual Solidarity	12507	5.231	1.821	0	10
Functional Solidarity	12888	5.030	2.018	0	10
Structural Solidarity	13361	0.665	1.065	0	4
EBiSS	13429	4.460	1.473	2.7	8.6
IJI	13429	0.664	0.103	0.4	0.8
Observations	13429				

## **Chapter 5**

### **Conclusions**

Dominik Lober

## 5.1 Findings

The three empirical chapters presented in this cumulative dissertation (Chapters 2 to 4) all deal with the question of whether older people mainly prefer elderly-oriented social spending – and thus confirm the baseline political-economy assumption of people being purely self-interested –, or whether they support youth-oriented social spending, even at personal costs – and thus engage in intergenerational solidarity –, and which factors influence their preferences. In times of aging societies, new social risks for the younger population, and tight government budgets, this question is highly relevant and to date lacks a coherent answer. As shown by Vanhuyse (2013), social spending in the OECD countries is already heavily biased towards the elderly and since they gain more and more weight as a group of voters in elections, fears of the “grey peril” and of emerging gerontocracies which direct even more social expenditures to the benefit of the older population seem not to be overly farfetched. Until now, there are no indications that this already has become reality (Tepe and Vanhuyse, 2009). However, if the competition for scarce welfare resources further intensifies, a generational conflict over social expenditures might not be far away. Therefore, it is of great importance to extend knowledge about older people’s spending preferences, especially in a competitive environment as constituted by the pressure on Western welfare states to recalibrate and reform social spending, and about the factors which influence the preferences of the elderly. This is the overarching goal of my dissertation.

To contribute to the existing literature, I adopt a political-sociological approach which assumes individual preferences as being driven by (material) self-interest, but also by norms and values, and institutions (Brooks and Manza, 2007; Svallfors, 2012a). Moreover, I explicitly focus on individual-level explanations and thus on the role of norms and values. The impact of institutions is only controlled for in terms of country-dummies and clustered standard errors and, in Chapter 4, by including the elderly-bias indicator of social spending (EBiSS) provided by Vanhuyse (2013).

Overall, the results provided in Chapters 2 to 4 basically give cause for concern. The findings in Chapter 2 show that in an unconstrained setting, age plays only a marginal role in preferences for education spending and older people are quite supportive of higher investments in education. However, if higher education spending is associated with pension cutbacks, older people’s support decreases considerably and

age-based self-interest gains ground in preference formation. This is also indicated when preferences for childcare and education spending are put in direct relationship to preferences for pension spending (Chapters 3 and 4). While older people are quite supportive of youth-oriented social policies, they still prefer pension spending to youth-oriented expenditures and the gap in preferences is significantly influenced by the age of the respondents. Thus, the results across all three empirical chapters clearly speak in favor of a dominant role of age-based self-interest in preference formation for age-related social spending and call into question previous findings promoting the notion of the altruistic elderly who put their demands for welfare spending last and instead care about the needs of the younger generations (e.g. Logan and Spitze, 1995; Street and Cossman, 2006).

Nevertheless, this dissertation also confirms the assumption of the political-sociological approach that self-interest is not the only motivation in preference formation for social spending. Several norms and values have a stake in it, too. Under certain circumstances they mitigate or even offset the impact of self-interest. This is especially well documented in Chapter 2. In the unconstrained setting neither has age a significant impact on preferences for education spending nor does social trust notably influence the effect of age. However, if age-related social policies are traded against each other and age-based self-interest is obviously activated, social trust significantly mitigates its impact. Similar results are provided for religiosity in Chapter 3. Although religious people are more skeptical towards state involvement in childcare and education than their secular counterparts, religiosity still reduces the negative effect of old-age with regard to preferences for youth-oriented spending when directly related to preferences for elderly-oriented expenditures. Finally, Chapter 4 indicates that older people's spending preferences are also influenced by the norm of reciprocity. The results imply that the elderly are willing to reciprocate the younger population's contributions to the society and the economy by giving more weight to the provision of childcare services than to better living conditions for their own age group. Thus, it proves worthwhile to adopt the political-sociological approach and to examine the impact of norms and values which increase intergenerational solidarity in addition to the one of age-based self-interest.

To sum up the main findings in a few words: intergenerational solidarity exists, but it is unlikely to solve the demographic problem of Western welfare states. The empir-



ical analyses show that there are older people willing to support youth-oriented social spending, even if this implies cutbacks in programs targeted at their own needs. But they are only a small minority. If solidarity towards other age groups comes at personal costs, most people appear to be self-interested and prefer more public spending especially in areas directly related to their stage in the life cycle. Nevertheless, there are also some norms and values, in particular social trust, religiosity, and reciprocity, which mitigate the impact of self-interest and increase intergenerational solidarity. Whether this is enough to prevent a generational conflict over the distribution of scarce welfare resources remains to be seen.

## 5.2 Implications

The findings in this dissertation could have several implications. A large fraction of people supports the welfare state and social spending and most of them are quite benevolent in the sense that they are supportive of social policies in favor of other age groups. However, most people dislike trade-offs. When higher investments in one area come at the expense of cutbacks in another area, the respondents' approval decreases dramatically. This has important consequences in times of welfare state reforms. Politicians are not well-advised to trade different age groups or groups of beneficiaries against each other in order to recalibrate social spending. Public support for such measures will probably be very low. Certainly, the framing of such plans plays an important role, as shown by Jacoby (2000). There might be ways to sell these measures, but they have to be well-conceived.

Moreover, the occasionally mentioned hope that the growing fraction of older people will endorse a shift in social spending towards the younger generations gets little support. Although they are quite supportive of childcare and education spending, they still give more weight to elderly-oriented expenditures. This suggests that if worse comes to worse, they would be likely to defend their benefits. And this, in turn, implies that if the developments outlined in Chapter 1 – the aging of societies, the emergence of new social risks among the younger population, and constraint government budgets – further intensify, the risk of a generational conflict over welfare resources would increase.

One of the facts that give reason to hope is the preliminary finding of older people

living in more elderly-biased welfare states being more youth-oriented with regard to their social spending preferences than older people living in less elderly-biased welfare states (see Chapter 4). It could well be that if older people become aware that they disproportionately benefit from the welfare state, they would be more willing to accept trade-offs and cutbacks at their expense in order to increase social spending in favor of the youth. Moreover, contrary to the assumption of the single-minded elderly (e.g. Mulligan and Sala-i Martin, 2003), Goerres (2009) argues that the group of older people is no monolithic bloc and that their attitudes and behaviors, including their political participation, do not follow a uniform pattern. In addition, he finds evidence that people's perception of a generational conflict is partly made up by political and media discourses and is therefore unlikely to manifest in an age cleavage in the classical sense (Goerres, 2017). This would support the conclusion that there is no upcoming phalanx of self-interested older people that blocks any attempt to reform social policies, including the pension system (as also indicated by Lynch and Myrskylä (2009) and Parlevliet (2017)).

Finally, the empirical analyses reveal that norms and values play a role in preference formation in addition to self-interest. Social trust, religiosity, and reciprocity all exert a mitigating influence on self-interest and increase intergenerational solidarity. Measures to increase what is commonly referred to as social cohesion could prove worthwhile also to enable an intergenerational accommodation with regard to social spending. This resonates well with the suggestions made by Putnam (1995) who emphasizes the great importance of social capital to maintain a well-functioning democracy and society. He thinks about issues like strengthening personal networks at the workplace and electronic networks, encouraging intensified community engagement, and political initiatives to foster social networks and norms. Although Chapter 4 indicates that personal intergenerational relationships at a non-family-member level are less effective in increasing intergenerational solidarity, there might be other ways to promote other-regarding preferences and behavior.

### 5.3 Ideas for Future Research

This dissertation leaves plenty of room for future research. Chapter 2 demonstrates the importance of trade-offs for research on public opinion about the welfare state and

social spending. Unfortunately, only few surveys contain trade-off questions or survey experiments in the way the INVEDUC survey does, which is why operationalize the dependent variable as relative spending preferences in Chapters 3 and 4. Future analyses of people's support for social spending in general and certain policy areas in particular should also take into account trade-offs to better capture the current situation of the welfare state, especially in industrialized countries. This requires more data containing trade-offs and maybe more refined methods to make use of the survey data already available. This might lead to a revision of some previous results and assumptions and would implement the findings provided by experimental research in psychology and behavioral economics.

Another data-related issue refers to the identification of causal relationships. This would require the use of panel data which are, to my knowledge, not available. This would also help to mitigate endogeneity problems, e.g. reversed causality. Moreover, the use of panel data would help to disentangle period, cohort, and age effects, which is necessary to test whether preferences for age-related social policies are actually driven by the stage in the life cycle (age), as suggested in this dissertation and other analyses, by a certain socialization due to the year of birth (cohort), or by a specific time effect (period). Knowledge about this topic would contribute to the question of whether the age cleavage regarding social spending will be stable over time or whether it will change.

Future research could also address questions about the main reasons behind seemingly solidary or self-interested preferences. As outlined above, older people's support for education spending might not reflect solidarity towards the younger generations, but indirect self-interest. The elderly could speculate about housing prices to increase as more money is invested in local schools, or about economic growth as a result of better educated children. Similarly, younger people could be supportive of old-age related policies to ease their own financial burden in case they have to care for their old parents. On the other hand, older people preferring higher spending on old-age related social policies might not only be driven by self-interest but concerned about the well-being of other elderly people or about the pensions of future generations. New and refined survey items would be necessary to gain more knowledge about the real reasons for certain preferences.

Similarly, more research is necessary to identify other factors that influence older

people's spending preferences. The examination of political ideology, social trust, religiosity, and reciprocity is by far not exhaustive. There are probably other norms and values that affect their preferences for social spending, like trust in politicians and public administrations. Moreover, Chapter 4 indicates that institutions and existing social policies might have an influence. This taps on the issue of feedback effects and calls for a broad-based investigation of such mechanisms. With regard to this it seems important to examine which precise aspects and policies people take into account or consider as relevant when forming their attitudes. While the elderly-bias indicator of social spending (EBiSS), which considers exclusively spending ratios, shows a significant effect on older people's preferences, the intergenerational justice index (IJI), which includes also non-spending measures, lacks significance. New measures complement social spending accounts by considering also the issue of time transfers and thereby yield new insights about the age-bias of intergenerational policies (Gal et al., 2018). It will be worthwhile to investigate whether such topics also affect people's spending preferences for age-related areas. Moreover, future research could also consider the variety of providers of social services, especially care-related services like elderly care and childcare. Chapter 3 argues that religious people dislike youth-oriented spending as they are skeptical towards socializing children in state-based institutions instead of the family or faith-based institutions. It might be relevant to examine whether preferences change when services are provided by church-based or non-governmental organizations.

Finally, future research could deal with the consequences of the results produced in Chapters 2 to 4. This could comprise three aspects. First, do older people's social spending preferences translate into political behavior? Do they join parties or organizations which represent their interests in the political arena or do they vote for them? Or do they engage in other forms of political participation in order to demonstrate their interests? Second, do politicians respond to older people's preferences as a major group of voters? Do they disproportionately cater to the needs of the elderly compared with the younger generations? And finally, are there measurable consequences in terms of social spending? Does the elderly-bias in social spending in OECD countries increase with persistently aging societies? While some scholars argue against such concerns, it is open for future research what would happen if the developments outlined in Chapter 1 accelerate.

## Author Contribution

Chapter 2 (*Between Solidarity and Self-Interest: The Elderly and Support for Education Revisited*) is co-authored work with Marius Busemeyer.

The remaining parts of this cumulative dissertation are original and single-authored work by myself.

My independent contribution to Chapter 2 consists in developing the basic idea and writing a first full draft of the chapter. Throughout the research and writing process, I was solely responsible for conducting the empirical analysis and for revising the empirical section of the chapter.

In close cooperation, we revised the remaining parts of the chapter, especially the theory and framing, and further developed the subsequent versions of the chapter. During the whole process, Marius Busemeyer was always available to give advice and support.

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