

FAMCHIP CONFERENCE – WARZAW 2013

## ENDOGENIZING WELFARE TYPOLOGIES

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# PREMISE

## FAMILY DEMOGRAPHY

Fertility

Union formation and dissolution

Leaving home

Transition to adulthood



# COMPARATIVE RESEARCH - INTRODUCTION

Two continents?

America and Europe

Two groups of countries?

North and South of Europe

Two countries?

Poland and Italy Or Italy and Japan

Two regions?

South and North of Italy

Two cities?

... and so on



## COMPARATIVE RESEARCH

The more comparative units – the better

With new data sets, this is made easier

ESS

GGG

SHARE and SHARELIFE

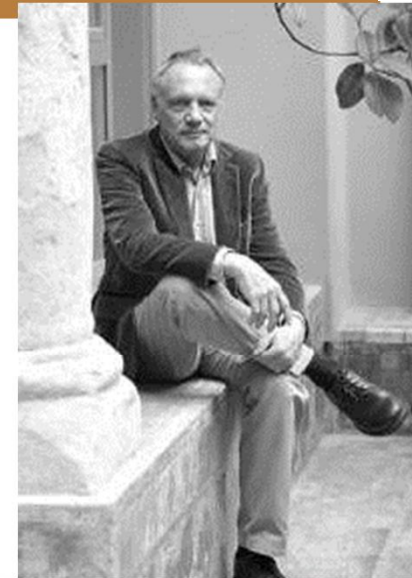
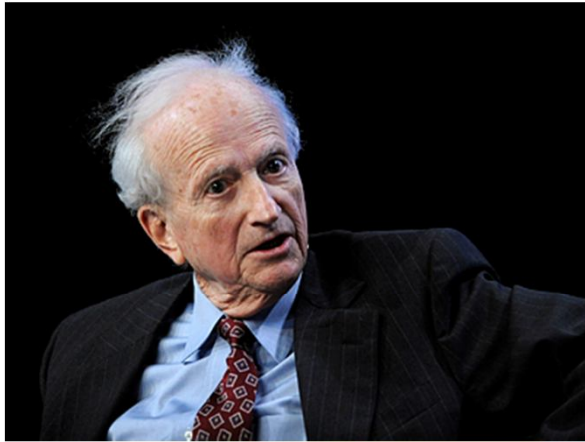
WVS and EVS

EU-SILC

Eurobarometer

or use aggregate data of countries (or regions) collected from Eurostat

# THEORY



ENDOGENIZING WELFARE TYPOLOGIES

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|   | Coef.    | Std. Err. | t     |
|---|----------|-----------|-------|
| 1 | .4459588 | .0100424  |       |
| 2 | 1.132109 | .0129926  | 44.41 |
| 3 | 1.326684 |           |       |
| 4 | 1.730000 |           |       |

# TRANSITIONS

There are quite a few...

The usual suspects:

DT

SDT

Other critically important transitions:

Labour market

Globalisation

Digital age

Mass education



## WELFARE TYPOLOGIES

Esping-Andersen and “The three Worlds of welfare capitalism”

The Social Democratic (Nordic countries)

The Anglo-Saxon

The Continental

Later: Ferrera

The Southern model

And now:

East European countries

Which does not easily form a cluster at all

The feminist extension of welfare-state regimes (Lewis 1992, Gornick et al 1996): Social policy – family – employment nexus

# WELFARE TYPOLOGIES

The benefits:

It is Simple

Provides a analytical tool for understanding demographic outcomes

Example 1: Fertility in Nordic countries is high because there are generous benefits to parents with small children

Example 2: Divorce rates are high in Nordic countries because the welfare state cares for single mothers



## WELFARE TYPOLOGIES

Inspired by Richard Titmuss, the work by Esping-Andersen opened a new direction in social sciences (e.g. European Journal of Social Policy)

A plethora of papers arguing about what is the appropriate typology

This is fine, but...

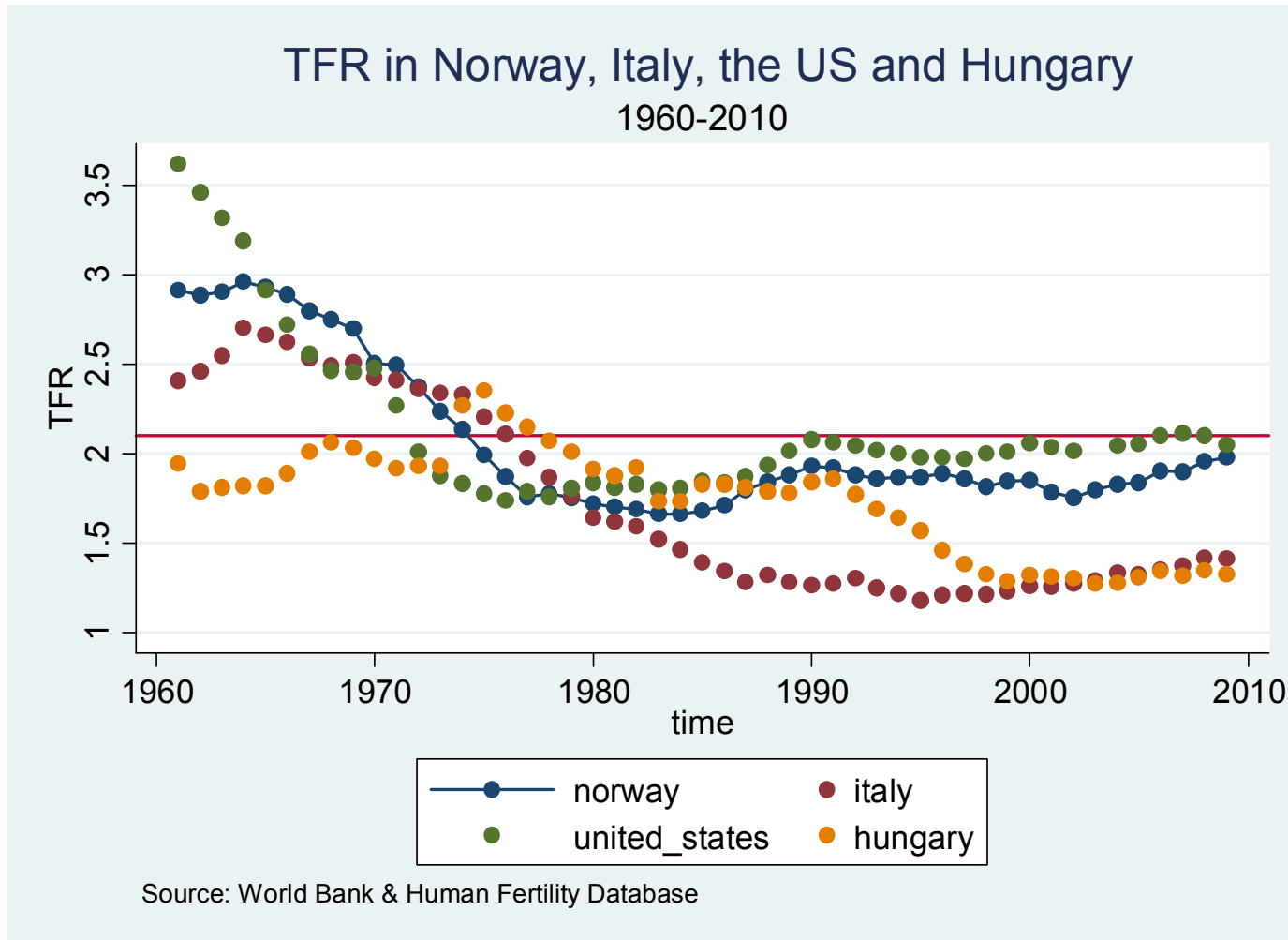
The perspective is rather cross-sectional

Not sufficient if interest lies in Demographic trends and dynamics

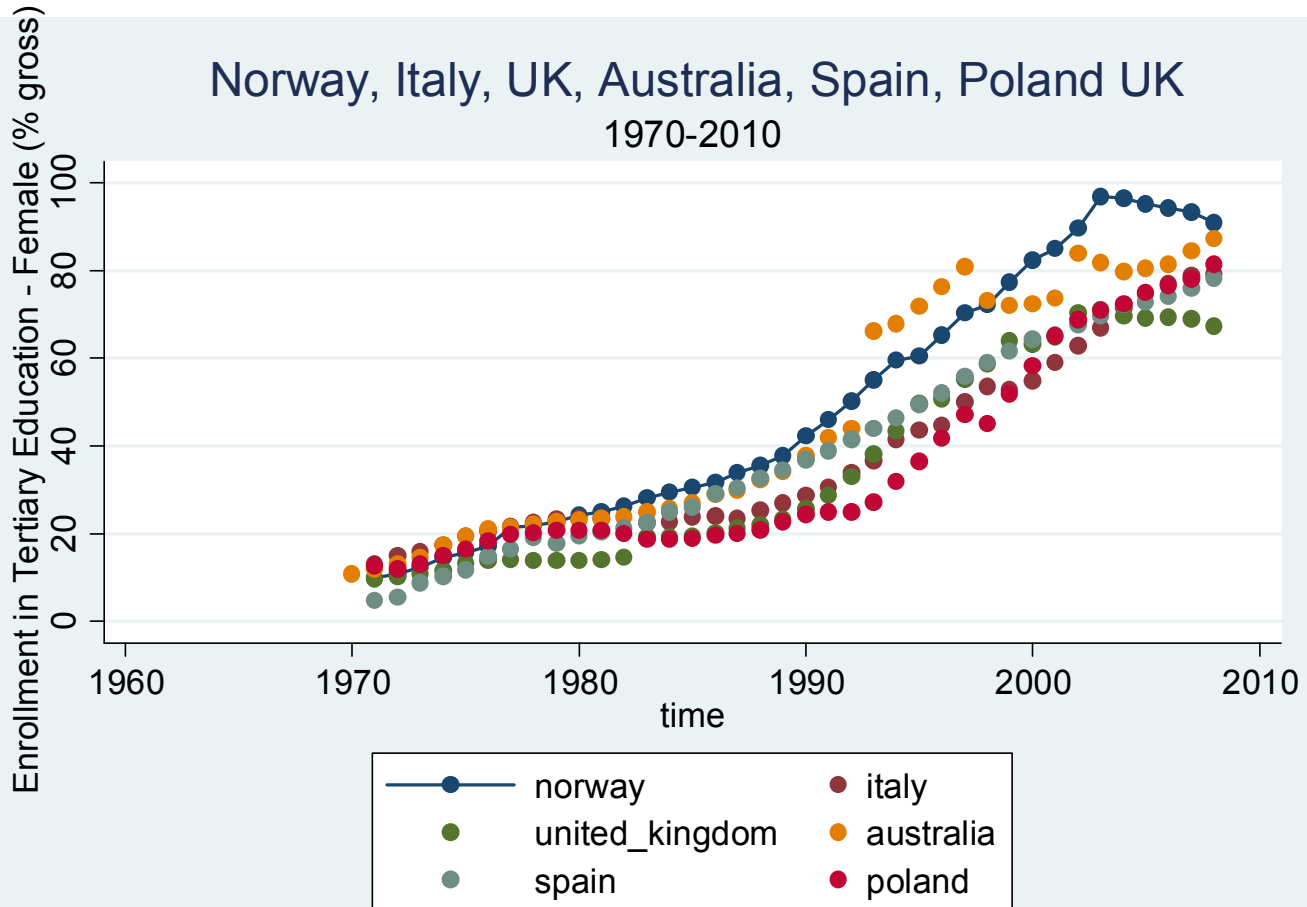
(... which is not to say that welfare is dis-connected from demography)

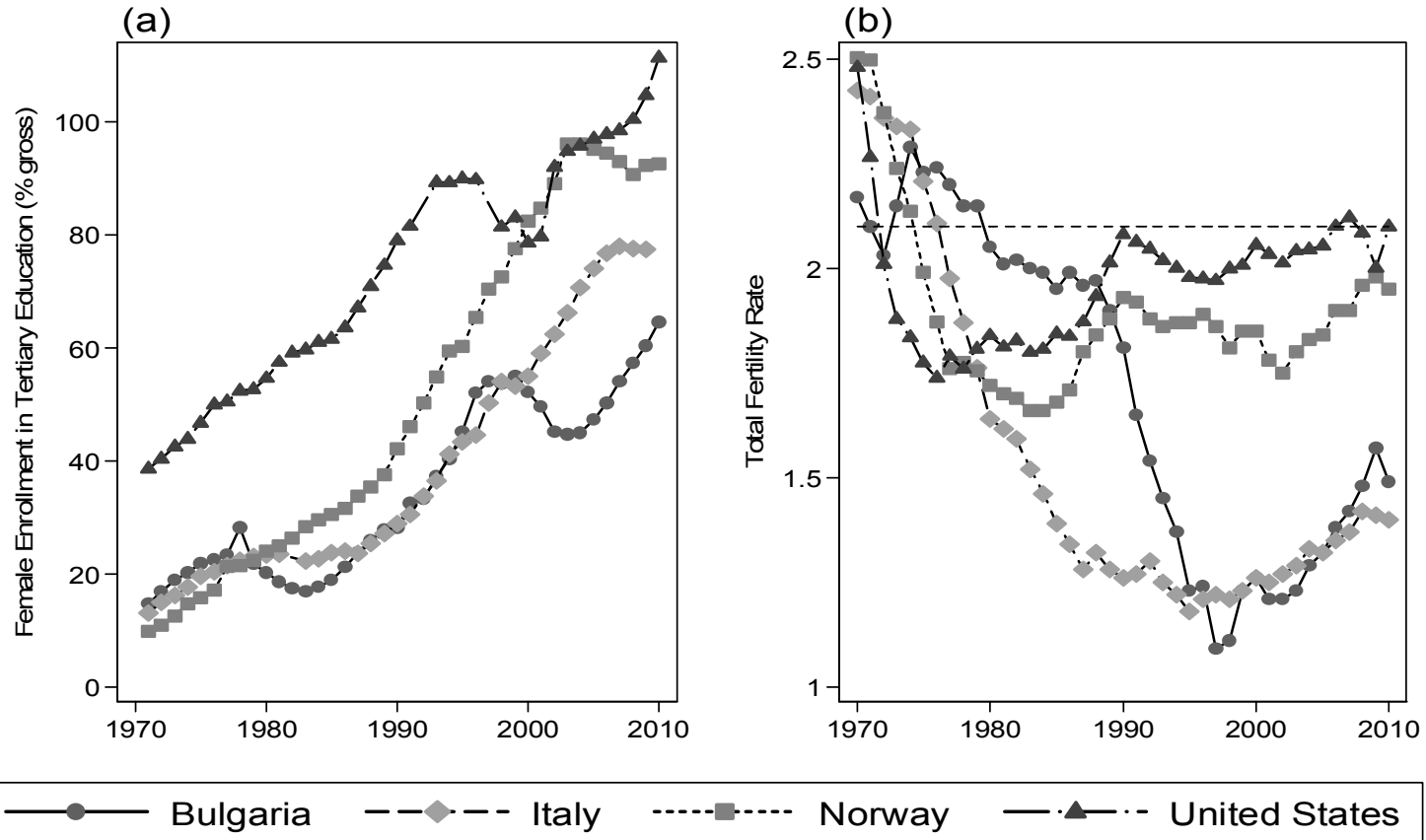


# Example: Fertility



# A key transition – mass education





## The BIG question:

Why did the Nordic welfare system come about in Nordic countries?

A minefield...



## Culture and Structure

An example of a cultural trait that might matter for the evolution of welfare regimes

### Generalized trust

What is it?

- The way you put trust to another individual other than your own family members – that you do not know

Positively associated with the quality of institutions, which in turn matters for the functioning of societies (Knack 2002).

Trust relates positively to economic growth (Helliwell and Putnam 1995; Knack and Kiefer 1997; Zak and Knack 2001)

It correlates negatively with corruption (Uslaner 2002; Buonanno 2009).

Literature

Edmund Banfield's study of Chiaramonte (1958) – amoral familism

Putnam's study of Italian cities and their destinies in terms of economic progress (1993)

Origins of trust

Tabellini 2005; 2008,

Durante 2010,

Nunn and Watchekon 2009.



The idea is to consider generalized trust as a cultural trait

- It is very different across countries, but very persistent over time
- Why should it matter for the evolution of welfare regimes and fertility?
- The fundamental idea is that we consider the interaction between the cultural trait and the structural change
- Here: Generalized trust \* onset of mass education
- Outcome: expansion of work – family policy (e.g. A Nordic welfare state) and high fertility

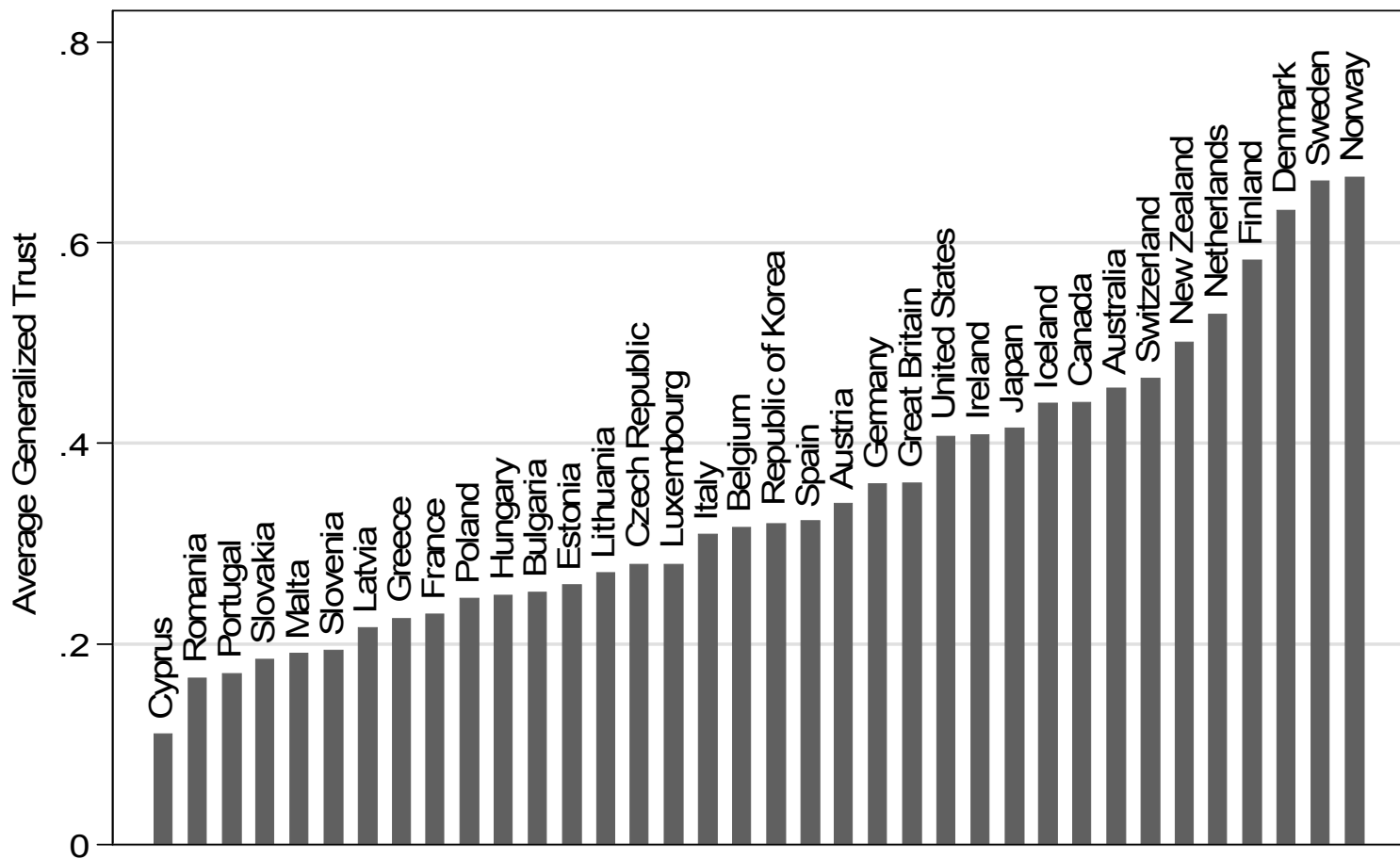


## Example: World Values Survey

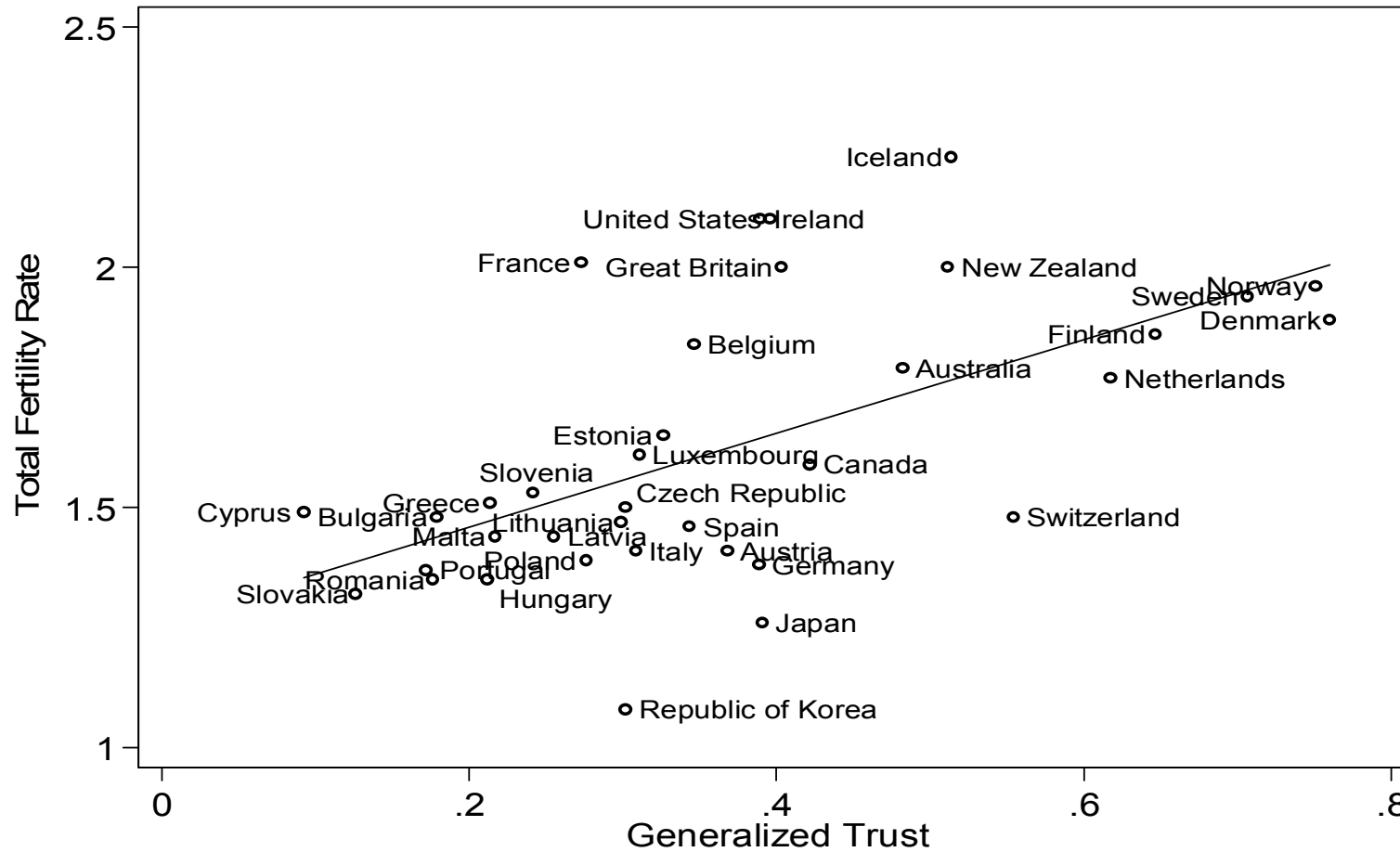
- 37 countries: Australia Austria Belgium Bulgaria Canada Cyprus Czech Republic Denmark Estonia Finland France Germany Greece Hungary Iceland Ireland Italy Japan Republic of Korea Latvia Lithuania Luxembourg Malta Netherlands New Zealand Norway Poland Portugal Romania Slovakia Slovenia Spain Sweden Switzerland Great Britain United States Northern Ireland
- First surveyed in 1981 – last time in 2006 with five year interval
- We construct first a country panel, where the key explanatory variable is average generalized trust. TFR is the dependent variable



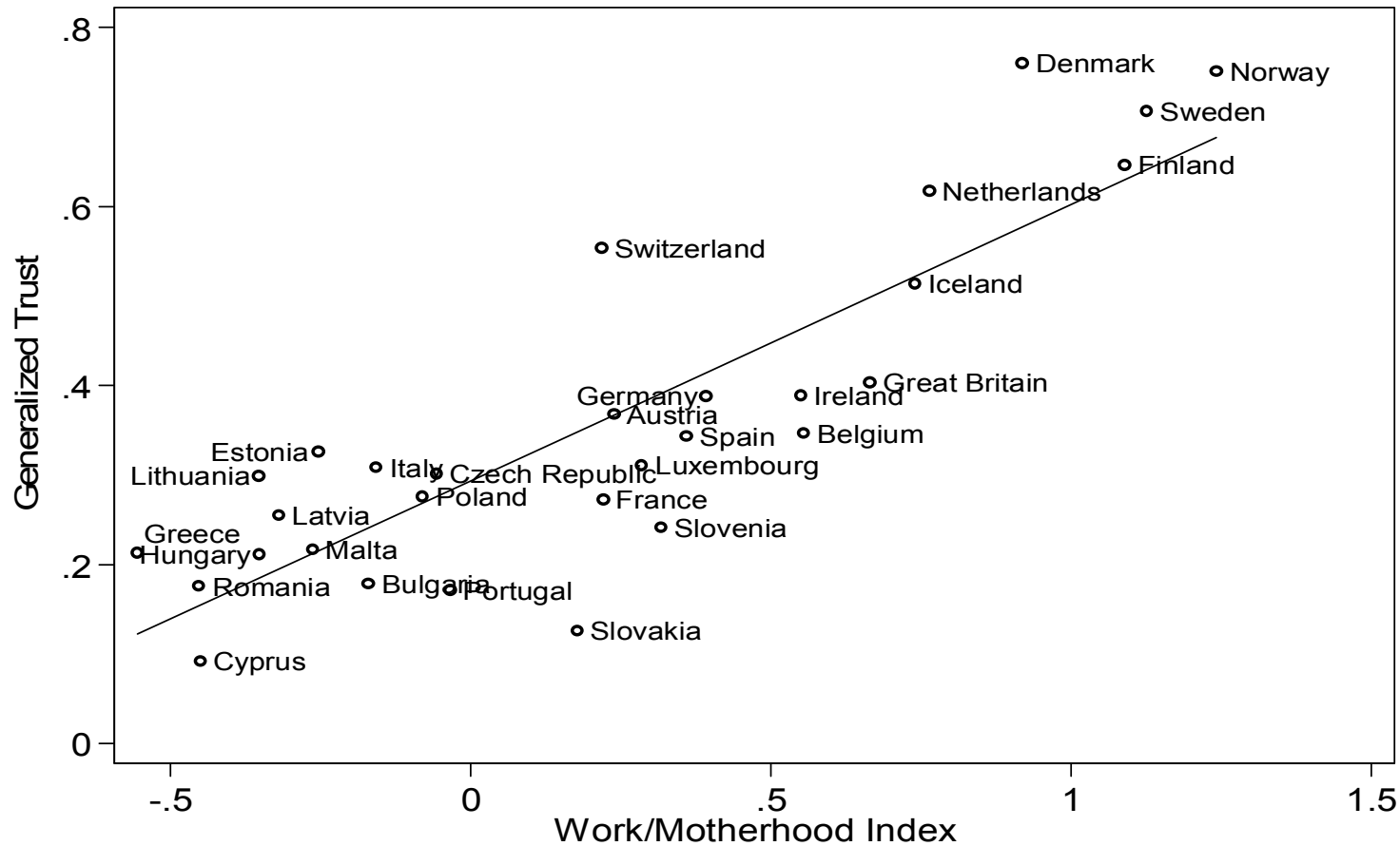
# Average trust scores based on the World Values Survey and the European Values Study



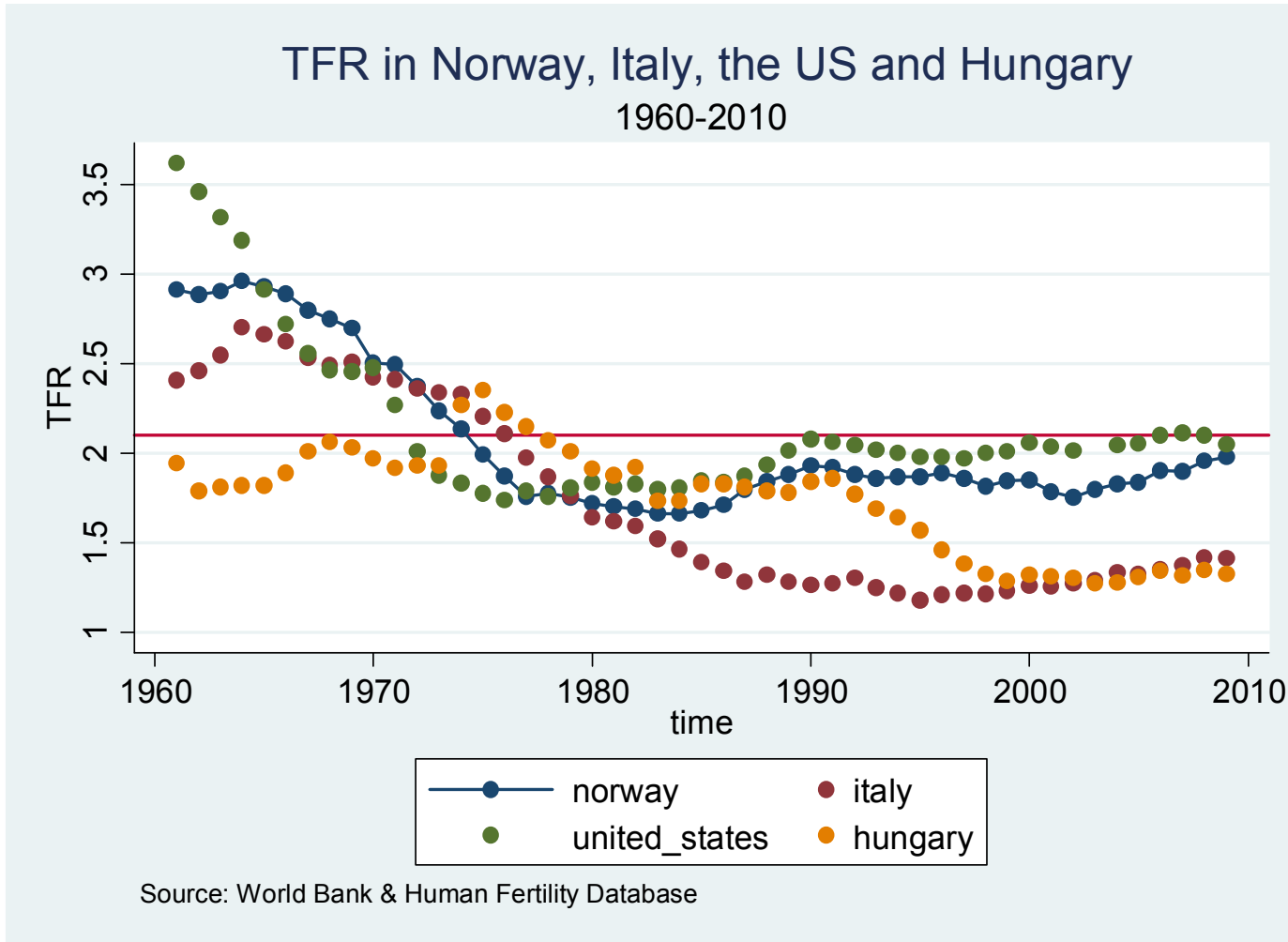
# Total fertility rate against average generalized trust (WVS-EVS 2006-2009)



## Average generalized trust against average work and motherhood index (European Values Study 2008-2009)



# Example: Fertility



## Country random effect regression

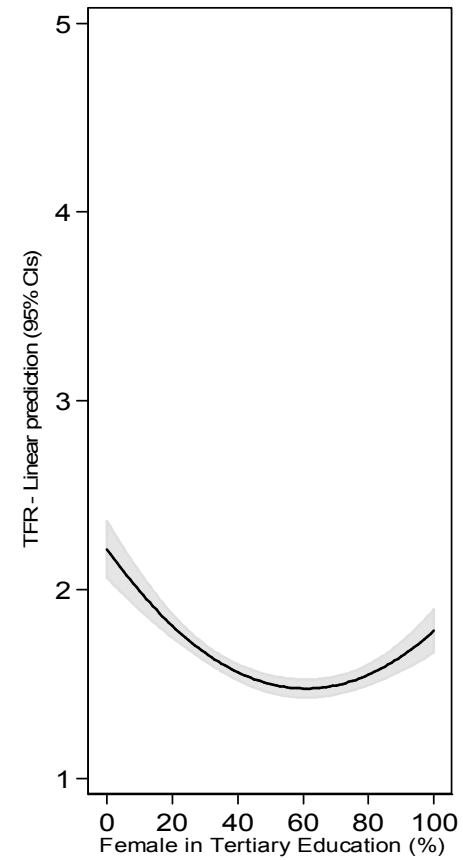
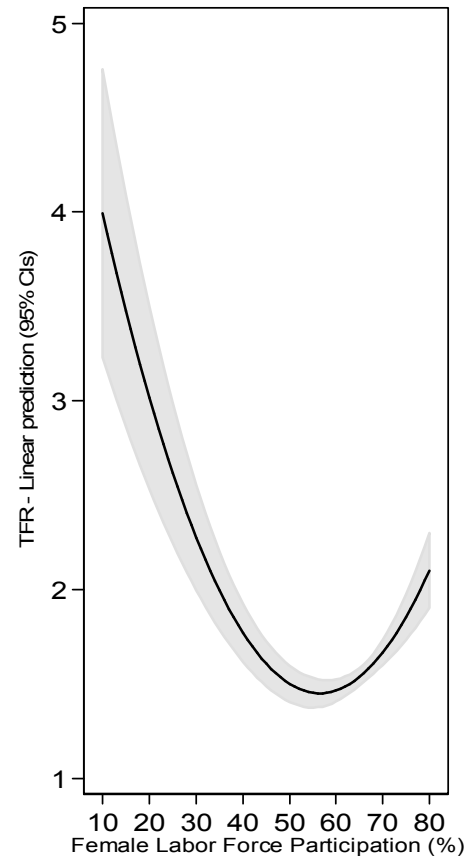
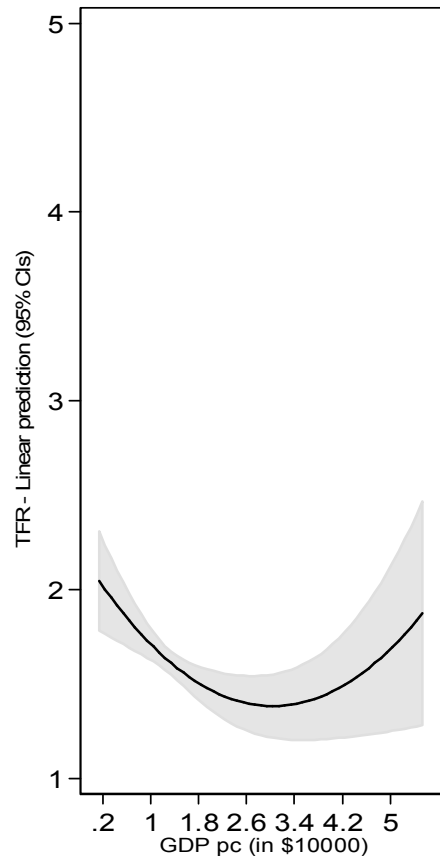
| Dependent variable: TFR  | (1)              | (2)                | (3)                  | (4)                 | (5)                  | (6)                  | (7)                  | (8)                  |
|--------------------------|------------------|--------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GDP per capita           | 0.029<br>(0.088) | -0.108<br>(0.058)† |                      |                     |                      |                      | 0.142<br>(0.079)†    | 0.197<br>(0.086)*    |
| GDP squared              | 0.001<br>(0.019) |                    |                      |                     |                      |                      | -0.027<br>(0.016)†   |                      |
| Generalized trust * GDP  |                  | 0.292<br>(0.103)** |                      |                     |                      |                      |                      | -0.623<br>(0.243)*   |
| FLP                      |                  |                    | -0.115<br>(0.016)*** | -0.009<br>(0.003)** |                      |                      | -0.081<br>(0.015)*** | -0.005<br>(0.004)    |
| FLP squared              |                  |                    | 0.001<br>(0.000)***  |                     |                      |                      | 0.001<br>(0.000)***  |                      |
| Generalized trust * FLP  |                  |                    |                      | 0.015<br>(0.003)*** |                      |                      |                      | 0.020<br>(0.008)**   |
| Wom in Tert edu (EDUC)   |                  |                    |                      |                     | -0.024<br>(0.003)*** | -0.008<br>(0.001)*** | -0.022<br>(0.003)*** | -0.009<br>(0.002)*** |
| EDUC squared             |                  |                    |                      |                     | 0.000<br>(0.000)***  |                      | 0.000<br>(0.000)***  |                      |
| Generalized trust * EDUC |                  |                    |                      |                     |                      | 0.015<br>(0.003)***  |                      | 0.017<br>(0.006)**   |
| Observations             | 151              | 151                | 151                  | 151                 | 151                  | 151                  | 151                  | 151                  |

Standard errors in parenthesis

† p<0.10 \* p<0.05 \*\* p<0.01 \*\*\* p<0.001



# Predicted TFR by GDP, FLP and enrollment rate of women in tertiary education



## Multilevel regression using all rounds of WVS

| Dependent variable: Number of children | (1)                  | (2)                  | (3)                  |
|--|----------------------|----------------------|----------------------|
| Generalized trust†                     | -0.077<br>(0.040)    | -0.061<br>(0.040)    | 0.002<br>(0.028)     |
| Average national g.trust               | 0.058<br>(0.083)     | 0.058<br>(0.083)     | -0.018<br>(0.078)    |
| Education†                             | -0.029***<br>(0.001) | -0.029***<br>(0.001) | -0.029***<br>(0.001) |
| Average national education             | -0.003<br>(0.005)    | -0.003<br>(0.005)    | -0.019***<br>(0.005) |
| Individual income scale†               | -0.007***<br>(0.002) | -0.007***<br>(0.002) | -0.007***<br>(0.002) |
| Average national income scale          | 0.002<br>(0.005)     | 0.002<br>(0.005)     | -0.005<br>(0.004)    |
| National FLP                           | -0.000<br>(0.001)    | -0.000<br>(0.001)    | -0.003***<br>(0.001) |
| G. trust† x National education         | 0.015**<br>(0.006)   |                      |                      |
| G. trust† x National FLP               |                      | 0.001*<br>(0.001)    |                      |
| G. trust† x National income scale      |                      |                      | 0.005<br>(0.005)     |
| Observations                           | 56493                | 56493                | 56493                |

Note: Standard errors in parenthesis \* p<0.05 \*\* p<0.01 \*\*\*\* p<0.001

Controls: Gender, marital status, employment status and year dummies

†Expressed in deviation from the national average





## Is this the end?

### Convinced???

Perhaps it is not trust

An alternative story:

Hierarchical as opposed to flat structures

- Adler, Paul S. 2001. "Market, Hierarchy, and Trust: The Knowledge Economy and Future of Capitalism", *Organization Science*, 12(2): 215-234.
- Mintzberg, Henry. 1979. *The Structuring of Organizations*. Prentice-Hall, Englewood Cliffs, NJ.
- Aghion, Philippe, Algan, Yann, Cahuc, Pierre and Andrei Shleifer. 2010. "Regulation and distrust," *The Quarterly Journal of Economics* 125(3): 1015–1049.



## More alternative stories

Are there other cultural traits that may matter?

Individuals' sense of equality? Can that be a cultural trait?

Plough based agriculture?

Are there other shocks/structural change that may matter?

Digital age?

Onset of globalisation?

Changing labour market?

Women's revolution more broadly defined?





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