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The Age of Welfare:

Patronage, Citizenship, and

Generational Justice in Social Policy[1]

by

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ABSTRACT

Welfare states' redistribution of resources across classes, occupations, and genders is the subject of intensive scholarly analysis. Yet we know very little about how and why welfare states treat different age groups differently. This article demonstrates that seniors' demand for welfare does not determine age-orientation. Rather, the "age of welfare" is a largely unintended consequence of the interaction between the structure of social policies and the way that politicians use these programs to compete for votes. An implication for the policy feedback literature is that constituency demand may be less important than the unintended consequences of welfare state institutions.

Biographical sketch

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The capacity of welfare states to redistribute resources across classes, occupational groups, and even genders has been the subject of intensive analysis in political science and sociology. Yet existing scholarship tells us very little about how and why welfare states treat different age groups differently, a dimension that crosscuts existing welfare-state typologies. This imbalance persists despite the profound implications of the age-orientation of welfare states for both individual well-being and political economic adaptation to changing demographics and labor markets. Political scientists and economists who do attend to the age-orientation of welfare states have focused on the numerical and political dominance of senior citizens to explain why some countries spend more on the elderly than on other age groups. This article demonstrates that seniors' demand for welfare does not determine age-orientation. Rather, the "age of welfare" is a largely unintended consequence of the interaction between early decisions about the structure of social policies and the way that politicians use these programs to compete for votes.

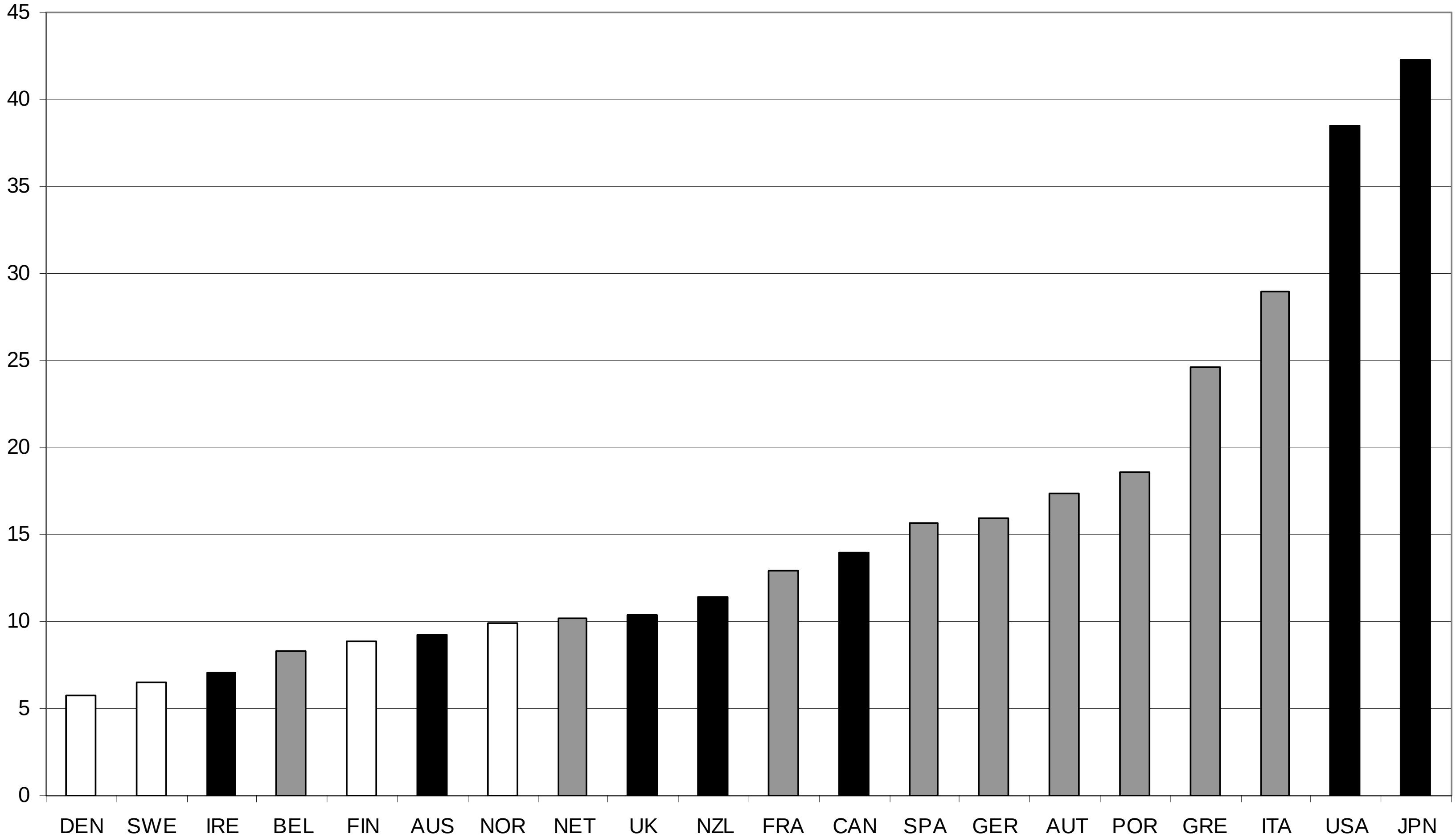
Early choices about program design are important because welfare states in which eligibility for benefits is based on citizenship mature over the course of the twentieth century into rather youth-oriented welfare states, while those that grant benefits linked to labor-market participation end up devoting the lion's share of resources to the elderly. Where politicians compete for votes in a programmatic manner, citizenship-based entitlements are easier to put in place and easier to maintain, and welfare states are more youth-oriented. By contrast, patronage-oriented behavior by politicians locks into place occupationally-based social programs that result in elderly-oriented social spending. The structure of social programs and the dominant mode of political competition in a polity reinforce each other, locking in early choices that produce unintended consequences quite unrelated to current configurations of political power or ideological dominance.

Why study the age-orientation of welfare states? Across the industrialized countries, the generosity and scope of social programs like public pensions, family allowances and benefits for the unemployed vary significantly, with consequences for the well-being of different age groups in the population.[2] It is worth understanding how welfare states treat different age groups because, quite apart from any normative concerns that we might have about intergenerational justice, it matters in the decisions people make about whether to enter the labor-market, how to organize their family lives, and how they save for the future. When welfare states direct resources towards families with children, for example, it can affect fertility rates, female labor force participation, and the professional preparedness of young adults. The division of labor between family, market and state in caring for young children or the frail elderly may affect both women's emancipation and the quality of care provided. The structure and size of public pension systems of course have consequences for labor costs and financial markets, but can also set limits on the speed and flexibility with which welfare states retool to meet new needs that affect adults during their working years.

The redistribution carried out across age groups and generations is likely to be one of the most important determinant of how welfare states respond to new challenges like population aging, long-term unemployment, and rising divorce rates. Yet we know almost nothing about why countries vary in the extent of this age-based redistribution. This article offers an explanation. And in a striking departure from the way that we normally explain other forms of redistribution, this article argues that the *quality* of democratic competition, not its partisan or ideological *content*, determines the "age of welfare" in different welfare states.

[2]For cross-national data on poverty rates and poverty reduction by age group, see Cantillon (1998). For income distribution see especially Forster and Pellizzari (2000).

Figure 1.1: Ratio of per capita spending on the elderly to per capita spending on the non-elderly



Standard welfare-state theories do not explain cross-national variation in the age-orientation of social spending

The age-orientation of social policies varies dramatically across advanced industrialized countries, and in ways that upset canonical notions of family relationships among different types of welfare states (Lynch 2001). Figure 1 shows the ratio of direct social expenditures on the elderly (pensions and services for the elderly) to spending on the non-elderly (unemployment benefits, active labor-market policy, family allowances, and family services), adjusted for the relative size of elderly and non-elderly populations in each of twenty OECD countries. The ratio gives an estimate of the relative weight of spending on the elderly – people aged 65 and above or in formal retirement – versus on working-aged adults and children. This spending-based indicator is of course just an approximation of the full gamut of services and benefits offered to different groups, but it has been shown to summarize usefully a broader array of policy areas (health, housing, education), policy types (services and transfers) and policy instruments (direct expenditures, tax expenditures, market regulation, subsidies) (Lynch 2001).

The most striking feature of the age-orientation of welfare states is its transgression of the boundaries established by Esping-Andersen's (1990) seminal division of advanced industrial democracies into three worlds of welfare capitalism, echoed in the more recent literature on "Varieties of Capitalism" (see Hall and Soskice eds. 2001). The relief from market forces that decommodifying social policies provide is surely an important measure of the welfare state. But it is not enough to ask how much welfare states decommodify: we must also ask for whom. Social Democratic welfare states do cluster at the youth-oriented end of the scale, indicating a rough balance in these countries between spending on the elderly and spending on everyone else. But Conservative-Corporatist regimes run the gamut from youth-oriented Belgium and the Netherlands to elderly-oriented Italy and Austria. Most strikingly, Liberal welfare states range from quite youth-oriented (Ireland, Australia) to extremely elderly-oriented (Japan, the U.S.).[3] The weak correspondence between the age-orientation of social policy regimes and worlds of welfare suggests that there is an important dimension of variation among welfare states that familiar typologies do not capture.

The causes of divergent welfare-state characteristics typically cited in the comparative social-policy literature also fail to predict differing age-orientations.[4] Bivariate comparisons of the columns in Table 1 suggest that neither the demographic structure of a country's population, its wealth or "level of development," nor the overall size of the welfare state predict with any consistency how welfare states allocate resources to the elderly and non-elderly in their populations.[5]

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[3]Alternative typologies fare no better when confronted with the data on age-orientation. Christian Democratic welfare states (van Kersbergen 1995) are as likely to be youth-oriented (the Netherlands) or age-neutral (Germany) as they are to throw their support to the elderly (Italy). Mediterranean countries do not cluster neatly, either, contrary to scholarship suggesting a distinctive Southern European welfare state type (see for example Ferrera [1996], Leibfried [1992], Rhodes [1997]). Italy and Greece look like classic "pensioner states" (Esping-Andersen 1997) but Portugal resembles Canada, the UK and Germany more closely than it does its Southern European neighbors.

[4]See approaches in the "logic of industrialization" tradition, e.g. Flora and Alber (1981), Myles (1989), Wilensky (1975), and political party and "power resources" approaches, e.g. Esping-Andersen (1985 and 1990), Stephens (2001); van Kersbergen (1995), Wilensky (1981).

[5]Larger welfare states do tend to be more youth-oriented, but there are numerous examples of small, youth-oriented welfare states (Ireland, Canada, Portugal) as well as large, elderly-oriented ones (Italy, Austria). This makes plain that factors apart from the aggregate level of welfare state spending must affect the age-orientation of welfare states.

Table 1: Socio-Demographic (Non-)Correlates of the Age-Orientation of Welfare States

Country	Elderly/ Non-Elderly Spending Ratio	Elderly (age 65+) percent of total population	GDP per capita (purchasing parity adjusted $US)	Non-health social spending as percent of GDP
Denmark	5.75	15.3	$19,205	30.1
Sweden	6.50	17.6	18,290	31.4
Ireland	7.11	11.3	13,914	19.6
Belgium	8.32	15.3	18,184	25.6
Finland	8.86	13.7	16,447	27.8
Australia	9.29	11.4	18,286	15.5
Norway	9.89	16.0	20,223	26.0
Netherlands	10.20	12.9	17,870	26.9
United Kingdom	10.38	15.6	16,825	23.6
New Zealand	11.42	11.2	14,595	20.4
France	12.91	14.5	18,089	27.6
Canada	13.95	11.5	19,532	18.6
Spain	15.66	14.3	12,998	19.7
Germany	15.97	14.4	18,548	25.3
Austria	17.37	15.0	18,146	26.6
Portugal	18.62	13.7	10,975	15.3
Greece	24.66	14.8	10,585	20.0
Italy	28.94	15.5	17,267	23.6
United States	38.46	12.2	24,220	14.0
Japan	42.31	13.2	19,308	12.2
(mean)	10.86	13.4	17,733	23.3

All figures are averages of yearly figures from 1985-1998.
Calculated from OECD Social Expenditure Database (1996 and 2003), OECD Health Data (2003).

Standard political "power resources" explanations fare little better than the structuralist variables above in multivariate and case-based analysis. The organization of labor, the prevalence of corporatist interest intermediation, and the strength of Left and Christian Democratic political parties all fall short of offering determinate answers about why welfare states vary in their emphasis on different age groups.[6] This is perhaps not surprising. Both working-class and Christian democratic parties espouse ideologies that could be used to justify either elderly-oriented or more age-neutral welfare states. On the Left, egalitarianism could justify an equal emphasis on the needs of the young and the old, but the workerist fight for deferred wages could instead lead to a predominance of pension spending. For Christian democrats, the social value of familial reproduction could imply more spending on families with children, but the emphasis on subsidiarity could also justify minimal state intervention in this sphere. More pragmatically, parties and un-

[6]Stronger Left parties do seem to lead to more youth-oriented welfare spending, but only in the presence of institutions of neo-corporatist concertation. When concertation does not occur, Left parties and other parties push an equally elderly-oriented mix of welfare state policies (author citation deleted). Results of pooled time-series analysis for twenty OECD countries from 1960-1994 are available from the author upon request.

ions are cross-age coalitions, and as such may adopt contradictory or difference-minimizing positions on issues related to intergenerational distribution. So even if we could deduce the age-related policy preferences of political actors from their ideologies or social bases, the internal dynamics and external environments of parties and unions still affect the welfare policy positions that they advocate.

Might family structures themselves, rather than ideologies about families, explain differences in patterns of social spending on different age groups? Observers of Southern European politics, in particular, argue that the prevalence of multi-generational families and a pervasive familialist orientation in these countries account for the under-development of public policies ranging from child care to social services to unemployment benefits.[7] It is certainly plausible that cohesive extended families engaging in extensive intrafamilial resource sharing make it possible for Southern European countries (and perhaps Japan) to sustain high levels of unemployment without falling prey to debilitating social conflict between labor-market "insiders" (primarily older, male workers and pensioners) and "outsiders" (e.g., first-time job seekers, women, the long-term unemployed).

It is far from clear, however, that family structures are the cause of limited benefits for working-age adults and children in Southern European countries, rather than the other way around. Jurado (2002) demonstrates that housing and labor markets in Southern Europe, rather than sociocultural features, are responsible for the long permanence of adult children in their parents' households. And while Southern European welfare states do rely on extended family structures to a greater extent than in other countries (Millar and Warman 1996, Naldini 2003), this is in some regards a rather recent phenomenon. The tendency for social legislation to focus on the family as primary caregiver and source of income support seems to be a result of increasing demands and decreasing welfare-state resources, rather than a result of the impact of a familialist culture (Addis 1999, Saraceno 1999).

Relations between the generations within families do not seem to determine the allocation of public resources to different age groups. But what happens when age-based groups go public with their claims on resources? Some theorists argue that state spending on pensions is a result of the influence of "Gray Power": large blocs of elderly voters with well-defined policy preferences. In one of the first quantitative cross-national studies of the welfare state, Wilensky (1975) argued that elderly populations influence the development of welfare-state spending because large elderly populations create both a need for more welfare spending, and a political constituency to fight for the allocation of resources. Pampel and Williamson (1989) likewise found that in democratic countries the "political pressure of a large aged population" is an important influence on spending. Yet these cross-sectional predictions do not fare particularly well empirically. Strikingly, the most youth-oriented welfare state in our sample, Sweden, has the oldest population structure (see Table 1).

The dynamic version of the basic Gray Power hypothesis would lead us to expect all countries to become more elderly-oriented as elderly voting blocs become larger and more important. One author in fact posits the aging of a politically powerful "welfare generation" as the driving force behind the growing emphasis of welfare states on programs for the elderly from the 1970s onward (Thomson 1989). Yet even in the most elderly-oriented welfare states, where we might expect seniors' political voice to be strongest because of policy feedback effects (Pierson 1994, Weaver 1987), this pattern is not evident. Many of the most youth-oriented countries in the OECD have in fact become *more* youth-oriented between 1980 and 2000 (Lynch 2001).

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[7] See for example Jurado and Naldini (1996), Moreno (1997).

The effective political organization of pensioners is clearly required to transform sheer numbers of pensioners into elderly-oriented social policies. But even this may not be enough. Mounting evidence throws into question the Gray Power assumption that the political influence of the elderly implies similar policy outcomes over time and space – particularly when welfare states are under construction, rather than during retrenchment. Wilensky (1990) adds nuance to his earlier assumptions about the influence of the elderly, asserting their probable interest in welfare-state spending on children as well as seniors. Williamson and Pampel (1993) find that in the presence of neocorporatist policymaking institutions large elderly populations can lead to less, not more, elderly-oriented spending. Gray Power taken out of its specific political and institutional context thus does not seem able to explain the age-orientation of social spending.

The age structure of the population, ideologies about redistribution across the life-course, and the political power of groups with age-related policy agendas are weak predictors of the age-orientation of welfare states. This is because the age-orientation of social policies is not, in fact, related to social structural, partisan, or institutional features that are overtly connected to age. Rather, the distinct age profiles of social-policy regimes are a largely unintended consequence of how welfare-state programs are structured, and how politicians typically compete within a party system. The next section presents an explanation for the variation in age profiles of social policy regimes in which early choices about the structure of welfare programs combine with distinctive modes of political competition in different countries to account for the development over time of differing age-orientations.

Program structure and political competition: key determinants of the age of welfare

How are the organization of social programs and the mode of political competition related to one another, and ultimately to the age-orientation of social spending? To simplify dramatically, the age-orientation of social spending is determined by the structure of welfare-state programs (citizenship-based or occupational), and the structure of welfare-state programs is determined by the dominant mode of political competition in a polity (programmatic or patronage-oriented). Citizenship-based social programs and programmatic politics reinforce each other to produce youth-oriented welfare states, while occupationalist program design and the politics of patronage lead to more elderly-oriented social policies.

Before examining the argument in more detail, it is useful to define some terms. First, the structure of social programs: we can think about welfare-state regimes as lying along a continuum defined by the structure of the major social programs like old-age pensions, unemployment benefits, and family allowances. Most welfare states have a mix of universalist and occupationalist social programs, so we should take care to distinguish degrees as well as kinds of organizational profiles. For the purposes of this analysis, though, the distinction between primarily universalist (e.g., Sweden, the United Kingdom), primarily occupationalist (e.g. Italy, Japan), and mixed (e.g., France, Germany) welfare states is sufficiently fine-grained.[8]

In *citizenship-based regimes* welfare benefits may be either means-tested or truly universal. In either case eligibility and the level of the basic benefit is the same regardless of an individual's job title, sector of employment, size of firm, duration of working life, or even degree of attachment to the labor-market. All citizenship-based systems cover people without strong ties to the labor-market (labor-market "outsiders"), such as single mothers, children, the indigent, or the long-term unemployed. Within the citizenship-based family of welfare states, means-tested sys-

[8]Ferrera (1993) emphasizes the fundamental nature of the universalist-occupationalist divide. Other scholars assign slightly different labels (e.g., Beveridgean versus Bismarckian) to the same basic distinction (Baldwin 1990, Bonoli 1997).

tems (e.g., the United Kingdom) typically leave labor-market "insiders" (full-time workers in the formal labor-market, pensioners, and often their spouses and children) to procure, either from employers or the market, their own insurance against risks like ill health or old age. Universalist citizenship-based systems (e.g., Denmark), by contrast, provide public citizenship-based protection for workers and pensioners in addition to benefits for labor-market outsiders.

On the other end of the spectrum are *occupational regimes*, in which eligibility for and/or the quality of a full spectrum of social benefits varies according to a person's connection to the labor market. Workers in small firms or in uninsured sectors (e.g., agriculture, domestic work, the informal sector) and people with short, spotty, or no history of employment may be excluded from social protections altogether. Benefit levels for the insured population replicate labor-market stratification because benefits are often pegged to prior wages. But occupational systems also generate stratification and fragmentation because other variables of importance in determining benefit levels – replacement rates, waiting periods, the reference period for prior earnings, the kind and number of dependents insured – may also vary across firms and sectors.

The mode of political competition also varies along a continuum, ranging from programmatic to patronage-oriented. *Programmatic competition* occurs when politicians and parties vie for votes by promising to enact policies that they argue will benefit society at large. This type of political competition is characterized by the relatively low degree of selectivity of the beneficiary groups (e.g., entire classes, rather than particular industries, neighborhoods, or ethnic groups.) To the extent that policies are designed to benefit somewhat selective groups (e.g., the working class) rather than the public at large, they are justified with reference to coherent political ideologies.[9]

At the other end of the spectrum of competitive strategies lie a range of patronage-oriented practices, from log-rolling, constituency-service, and intensive interest group involvement in policymaking to an out-and-out exchange of benefits for votes: wherever politicians offer benefits to selective groups of voters in return for their votes.[10] Patronage politics may or may not be justified rhetorically with reference to political ideologies or the common good. A politician operating in this environment might offer, for example, to introduce favorable public pension legislation affecting workers in a single industry, in the expectation that the beneficiaries of the proposed policies would reward the politician with their votes.

Measuring the mode of political competition in a polity presents a number of challenges. Both programmatic and particularistic modes of political exchange operate in all polities, so what we are really trying to measure is the rough balance of the two. But determining the nature of political appeals is not always straightforward. As Piattoni 2001, p. 6, fn. 9) notes, "The most striking feature of mass clientelism is that, in an effort to truly reach the masses, it often works through fairly impersonal means, such as the passage of laws or implementation of measures that favor entire categories of persons." The wide variety of practices included under the umbrella term patronage make it difficult to establish the extent of the phenomenon in any comprehensive way. And the opprobrium with which many of these practices are viewed makes it difficult to obtain reliable information about the extent to which they occur in any given polity.

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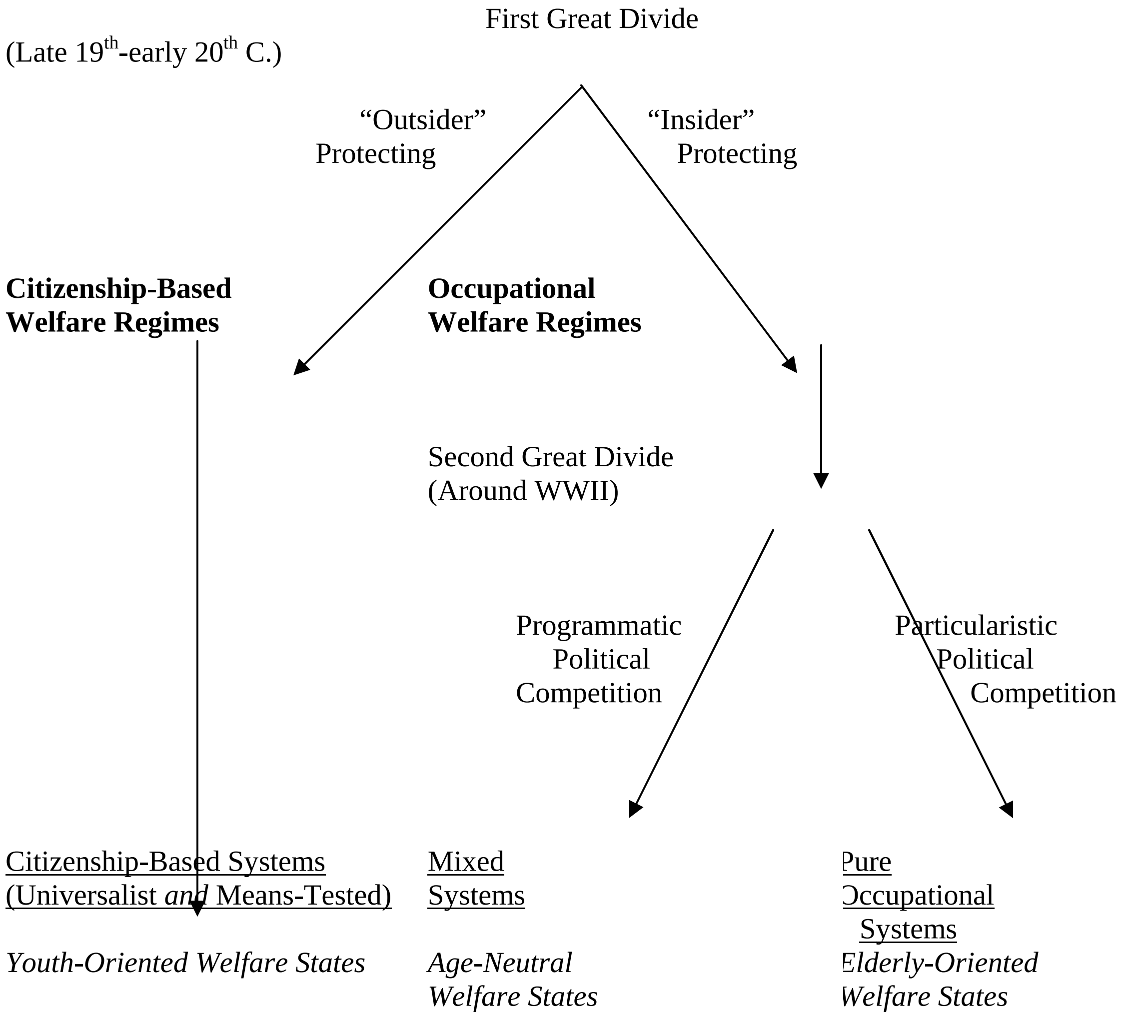
[9]A variety of different labels have been attached to this phenomenon, e.g., "responsible party government," "universalism." In Shefter's seminal work (1993, ch. 2), policy-orientation is the polar opposite of patronage-orientation. I reject this label because patronage-oriented politicians are no less concerned with policies, they simply care about policies for distributive rather than programmatic reasons.

[10]Alternate labels include "clientelism" and "particularism." For a useful discussion of the subtle distinctions between patronage and clientelism, see Piattoni (2001). I use the terms interchangeably to denote behaviors that meet the definition offered above.

Figure 2: Watersheds of Welfare State Regime Formation



Still, there is wide agreement about the degree to which political life is dominated by patronage-orientated versus programmatic parties and politicians in the different countries of the OECD. Austria, Belgium, Greece, Italy, Japan, Spain, and the United States are uniformly classified as possessing distinctively particularistic styles of politics and policymaking. France and Portugal occupy a middle ground, while political competition in the remaining countries of Northwestern Europe, Canada and the Antipodes is described as primarily programmatic.[11]

[11]See, for example, Shefter (1993), Blondel and Cotta (2000), Kitschelt (2000), Cazorla (1992), García and Karakatsanis (2001), Hopkin (2001), Lyrintzis (1984). Corruption rankings (e.g., those summarized in Kaufmann, Kray et al. 2003) can be combined with expert evaluations of clientelism to triangulate in a situation of imperfect measurement. Corruption rankings generally concur with the intensity of patronage politics noted in case studies. Greece, Italy, Japan and Belgium suffer from both high levels of corruption and strongly particularistic politics, whereas Austria, the US and Spain score somewhat lower on both counts. Some scales report some problems with corruption in Portugal and France, while the remaining countries of Northwestern Europe, Canada, Australia and New Zealand are apparently corruption-free zones.

Having defined our key terms related to the organization of social programs and of political competition, we can now move on to an explanation of how these features of welfare states influence the age-orientation of welfare states. The argument can be previewed in the form of a branching tree, as in Figure 2. At two critical junctures the welfare states of the industrialized democracies set out upon trajectories towards divergent age-orientations. From the first critical juncture in the early twentieth century, when industrialized nations established different kinds of public social provision in their attempts to grapple with the emerging "social question," two groups of countries emerged with welfare states organized according to radically different logics: either citizenship-based or occupationally-based. In interaction with demographic and economic shifts, these organizational forms matured over the course of the twentieth century into welfare states of different age-orientations. Citizenship-based programs became more youth-oriented with the passage of time, while occupational programs contained within them the seeds of elderly-oriented social spending.

But in order for these divergent age-orientations to become manifest, the original choice of program design had to be maintained well into the postwar period. At a second critical juncture around the Second World War, when public social provisions were reimagined through the lens of national solidarity, countries with occupational social programs in fact set out on two different tracks: one maintained occupationally-based family allowance, unemployment and pension programs, while the members of the other group replaced many of their prewar occupational programs with citizenship-based ones. This second parting of ways is explained and reinforced by the predominant mode of political competition in these countries, either programmatic or patronage-oriented.

The impact of program structure on the age-orientation of social policies

We can divide welfare states into three groups based on the structure of the major social programs that make up their mature welfare states: predominantly citizenship-based, predominantly occupational, or mixed. Then ranking countries according to the age-orientation of their social spending during the latter part of the twentieth century, as in Figure 3, the relationship between welfare-state structure and age-orientation becomes clear. Welfare states with a long history of citizenship-based social programs are the most youth-oriented, welfare states that mix occupational and citizenship-based programs have intermediate age-orientations, and pure occupational regimes are extremely elderly-oriented in their spending patterns.

The relative youth-orientation of citizenship-based welfare states comes about because in these systems social programs cover all citizens (sometimes even all residents) of a country, regardless of their status in the labor market. This means that citizenship-based welfare states provide benefits for relatively youthful groups of labor-market outsiders like single mothers, children, and youth unemployed in addition to the standard repertoire of benefits for current and former workers in the core labor force. Occupationally-based social programs, on the other hand, spend relatively little on these youthful constituencies. In occupational systems benefits for labor-market outsiders are most often provided by private charities or family members, not the public purse. Where women and children do have entitlements to public benefits, it is typically by virtue of their relationships to members of the core work force. These benefits are thus often cast as wage supplements, not as individual entitlements, and are correspondingly lower.

Figure 3: Age-orientation, program structure, and mode of political competition

	Program Structure[b]		
	Citizenship-based	Mixed	Occupational
Elderly-oriented			***Japan**
			***US**
			***Italy**
			***Greece**
		Portugal	
			***Austria**
		Germany	
			***Spain**
	Canada		
		France	
Age Orientation[a]	New Zealand		
	UK		
		Netherlands	
	Norway		
	Australia		
	Finland		
			***Belgium**
	Ireland		
	Sweden		
	Denmark		
Youth-oriented			

[*] Denotes countries in which dominant politicians are patronage-oriented
[a] Rank ordering of age-orientation based on Table 1
[b] Based on structure of social programs in 1975. Occupational = employment-related public pensions and family allowances, no benefits for first-time job-seekers.

Occupational social programs are also elderly-oriented because their core constituency of labor-market insiders is an aging one. Large numbers of fully vested pensioners draw from mature public occupational pension systems that pay out more per pensioner than they did in the 1950s. At the same time, occupational systems, often financed through mounting payroll taxes that discourage new hires, insure that even the non-retired segment of the labor-market insider pool is growing older. “Fortress” labor markets in the occupational welfare states of continental Europe work to keep newer, younger workers out of the protected core. As a consequence, public spending on non-retired labor-market insiders grows more elderly-oriented as well.

The structure of core welfare-state programs is clearly correlated with the age-orientation of welfare states in the late twentieth century (Figure 3). Quite surprisingly, this is true regardless of the size of aggregate welfare-state spending relative to GDP, and regardless of whether programs are means-tested or not. But as strong as the correlation between program structure and age-orientation is, it is important to note that the age-orientation of welfare states is a largely *unintended consequence* of program structures set into place in the late nineteenth and early twentieth centuries. In this earlier period, the age-orientations implied by citizenship-based versus occupational welfare states were in fact the reverse. Citizenship-based programs spent primarily on the indigent elderly, while occupational regimes protected a youthful core work force and their families.

The late nineteenth and early twentieth centuries marked the beginning of a rapid phase of welfare-state development in the countries of Europe, North America, and the British Commonwealth, largely in response to industrialization and pressure from new political actors. There were two fundamentally different ways that welfare states grew: along either citizenship or occupational lines.[12] In citizenship-based systems, the core of the welfare state was made up of programs designed to *complement*, rather than replace, benefits provided by mutual associations for their members (policies like old-age and invalidity pensions, unemployment insurance, health insurance, etc.) (Manow 1997). Welfare-state programs in citizenship-based regimes thus covered labor-market outsiders. For example, in the United Kingdom in 1910, outdoor relief, which included income maintenance programs for the poor of all ages, and non-contributory old age pensions accounted for 84 percent of all public social-welfare spending, while social insurance programs for risks like occupational accidents and disease accounted for only 16 percent. And there were no public programs at all for unemployment insurance or occupational pensions (data from Ritter 1983, p. 194). These work-related programs were instead provided by non-state actors, in the form of Britain's friendly societies.

In occupational regimes, by contrast, the state took over from mutualist organizations the job of protecting people with tight links to unions and the labor market. State welfare provision focused on social insurance programs for labor-market insiders. In Germany in 1910, for example, 52 percent of the labor force was enrolled in public occupational pensions, 51 percent in public occupationally-linked health insurance, and 87 percent in public occupational injury insurance (data from Flora and Alber 1981, pp. 74-77). But basic social assistance and poverty alleviation were relegated to religious charities, municipalities, and above all families. The task of caring for labor-market outsiders in occupational regimes fell to non-state actors.

Citizenship-based regimes originated by providing state protection for labor-market outsiders, and occupational regimes for labor-market insiders, and these differences in focus persist to this day. Occupational welfare states often still lack comprehensive social safety nets for the poorest citizens, for example, while many citizenship-based systems provide only basic old-age pensions and leave the provision of supplementary retirement income to private actors. But the age composition of what I have termed labor-market insider and outsider groups has changed as welfare states and private insurance markets have matured over the course of the twentieth century. As a result, citizenship-based and occupational social programs have different consequences for the age-orientation of welfare states now than they did one hundred years ago.

One of the primary causes of the demographic transformation of insider and outsider groups over the twentieth century is the development of private insurance markets. The limited supply of retirement insurance options in the early twentieth century meant that, in citizenship-based regimes, where public old-age insurance was limited, most former workers were labor-market outsiders: people who had no way of maintaining a continuing personal connection to the wages (or deferred wages) generated by work. When people became too old to work, they turned to their families and to the state to protect them from poverty. Indeed, the majority of the labor-market outsiders covered by the public welfare programs in citizenship-based regimes in the early twentieth century were elderly people who had ceased working and had sunk into poverty. As a

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[12]My task here is not to explain this initial divide, which in any case has been done elsewhere (see in particular Baldwin 1989, Ferrera 1993, Manow 1997). Rather, I am interested in the consequences of this fundamental decision about the welfare state's organization for its eventual age-orientation.

result, citizenship-based regimes in the early twentieth century were quite elderly-oriented compared to their current age profile.

As markets for occupational pension insurance matured, more and more of the elderly became covered under employment-based pensions.[13] Fewer and fewer of them were left as outsiders to be cared for by the state. Once most of the elderly poor were removed from the outsider group, citizenship-based regimes became much more youth-oriented. The pool of labor-market outsiders who constitute these regimes' core constituency now has come to be dominated by young people: children, the long-term unemployed, single-parent families, and the like. As a result, by the latter part of the twentieth century outsider-protecting citizenship-based welfare regimes have become quite youth-oriented.

The reverse transformation occurred in occupational welfare states. These countries began the twentieth century with fairly youth-oriented social policy regimes. Social programs like public occupational injury insurance covered labor-market insiders, not outsiders. And in the early twentieth century, employment-related old-age pensions that brought retirees into the insider camp receiving state protection were rare. But as employment-related pensions – which in occupational welfare states were provided by the state – expanded to cover more people in more sectors of the economy, more and more retired people became insiders. Insider-protecting occupational systems thus have grown increasingly elderly-oriented over the course of the twentieth century as pension systems have matured.

The maturation of private and public employment-related old-age pension systems is not the only reason for the reversal in the age-orientation of citizenship-based and occupational welfare states. As we have seen, the aging of the protected core workforce has meant that in occupational systems even public programs like unemployment insurance or disability pensions that once benefited the relatively young now tend to be skewed towards older workers. Changes in marriage patterns and fertility behavior, as well as life expectancy, also have an impact on the age composition of outsider and insider groups. The important point is that occupational programs lead to more elderly spending, and citizenship-based programs lead to more spending on young people, despite the fact that in the early twentieth century these different types of systems had opposite age-orientations. Static welfare-state institutions thus interact with dynamic social structures and markets for labor and insurance to create a pattern of social policy spending that matures over time to result in the age-orientations we observe in the 1990s. But what kept these welfare-state institutions static?

The impact of political competition on program structure and age-orientation

What was the "reproduction mechanism" (Thelen 1999) that reinforced decisions about program structure made in the early twentieth century, such that these early choices about welfare-state institutions play out over the long run to produce the age-orientations we observe today? How political competition is organized in different countries helps explain why occupational programs persisted in some countries but not others – and in turn why some countries with similar welfare program structures in 1900 end up with very different age-orientations at the end of the century.

Welfare-state institutions are often characterized by policy feedback mechanisms that make them rather sticky. But they can and do change under certain circumstances. We can think

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[13]One of the things that advanced industrial capitalism does rather well is look after retired workers – perhaps, as Myles (1989) argues, because it is in the interests of employers to move older people out of manufacturing jobs to make way for more productive younger workers.

about the first critical juncture, the initial choice between occupational and citizenship-based regimes in the early twentieth century, as setting countries off on one of two tracks of welfare-state development. But an opportunity to switch tracks occurred in the period around the Great Depression and World War II. The 1930s and 1940s were a time of great institutional fluidity, when many advanced industrialized countries had an opportunity to reevaluate and rebuild their welfare programs. Wartime conditions aggravated social problems, while in many countries a drive for national unity fostered during World War II contributed to a new push for national social programs. In addition, both public and private insurance programs had been bankrupted throughout much of Europe because of runaway inflation and wartime destruction of property. This presented occupational welfare states, in particular, with a prime opportunity to experiment with new forms of social protection.

In most European countries with occupational welfare states, governments commissioned official studies to investigate the feasibility of introducing citizenship-based welfare programs along the lines of the Beveridge Plan in Britain. Such inquiries occurred in France, Belgium, the Netherlands, Austria, Germany and Italy in the period between 1945 and 1948 (Ferrera 1993). Under the influence of the International Labour Organization[14] and policy lessons diffusing from Britain, some countries that before World War II had had purely occupational welfare systems adopted citizenship-based programs, beginning the process of switching tracks. But an equal number of occupational regimes stayed the course, despite the conclusions of government advisory panels that encouraged the adoption of British-style citizenship-based benefits.

The countries that in the 1980s and 1990s had the most elderly-oriented social spending – Italy, the United States, Japan, Spain, Greece – were welfare states that entered World War II with occupational social programs and never, or only very recently, added a significant layer of citizenship-based benefits. Other countries that had occupational welfare states after World War II – the Netherlands, Germany, France – were able to "switch tracks" from occupationalism to develop more youth-oriented citizenship-based programs. What accounts for the different pathways pursued by these two groups of countries following the second critical juncture? I argue that the path to highly elderly-oriented social policies versus a more moderate age-orientation is above all determined by the way that politicians use social benefits and other policies like taxation and labor-market policies to compete with one another.[15]

Occupationalism transformed versus occupationalism reinforced: the Dutch and Italian cases[16]

A brief summary of the development of welfare-state programs in Italy and the Netherlands helps to illustrate the mechanisms through which patronage politics and occupational welfare programs reinforced each other in postwar welfare states. Both Italy and the Netherlands had pure occupational welfare regimes before World War II, and in both countries after the war

[14]Such was the enthusiasm for the Beveridgean model at this time that ILO recommendations included citizenship-based prescriptions, despite the fact that the ILO was dominated by countries with occupationalist social insurance systems.
[15]Again, my task here is not to account for the differences in the mode of political competition among OECD countries, or to debate whether these differences are reducible to culture (Putnam et al. 1993), institutions (Shefter 1993, Kumlin and Rothstein forthcoming), or incentives (Piattoni et al 2001). It is enough to note that these differences exist, and are of long enough standing to affect the development of the tax systems necessary to underwrite social insurance programs.
[16]Much more extensive treatments of the development of family allowance, unemployment and pension policies in Italy and the Netherlands can be found in Chapters 4 through 6 of my book manuscript *The Age of Welfare* (currently under review).

official reform commissions (the D'Aragona Commission in Italy, the Van Rhijn Commision in the Netherlands) expressed the desirability of moving towards a universalist, citizenship-based system. Other similarities, too, might have pushed the Netherlands and Italy to follow a similar path after the war. In both countries the major expansion of the welfare state in the postwar period was carried out under coalitions dominated by Christian democratic parties, yielding male-breadwinner-centered models of social provision and placing both countries in the Conservative-Corporatist world of welfare. At the same time, in both countries Left parties enjoyed substantial influence in social policymaking even though they rarely controlled the responsible ministerial positions, and despite the fact that labor-relations regimes were characterized by numerically weak unions and sporadic tripartite concertation. Both the Dutch and Italian welfare states have been characterized as "Red-Roman" because of this combination of Christian democratic and social democratic influences on social policy development (Ferrera 1993). Yet a crucial difference stands out: the Netherlands shifted social provision in a number of key areas to a citizenship-based model after World War II, while Italy, despite repeated attempts, did not. As a result, the Netherlands entered the 1990s with a far more youth-oriented welfare state than did Italy.

Why did Italy remain an occupational welfare state, while the Netherlands adopted many citizenship-based programs? The key to understanding this difference is the very different way that political competition is organized in the two countries. Italian politics during much of the postwar period has been famously, and often spectacularly, patronage-oriented. Politics in the Netherlands has tended towards the programmatic end of the spectrum. This difference explains why the Netherlands was able to adopt citizenship-based welfare programs like universal pensions, universal family allowances, and a basic social minimum, while Italy, despite repeated attempts to do so, could not. The development of family allowance policies, unemployment-related benefits, and old-age pensions in Italy and the Netherlands illustrates how the structure of social programs and the competitive behavior of politicians interact to produce an elderly-oriented welfare state in Italy, and more youth-oriented spending in the Netherlands.

Italy's elderly-oriented welfare state at the end of the twentieth century is characterized by fragmented occupational social programs that do very little for working-aged adults and children. Spending on family allowances and services for families with children accounts for less than 4 percent of all social spending, a smaller share than in any European country save Greece (data from Eurostat 2000). Regular unemployment insurance provides a replacement rate of only 40 percent of prior earnings, again at the bottom of the European scale, and throughout the 1990s less than 5 percent of the unemployed were able to claim benefits (data from Eurostat, various years). First-time job-seekers, who make up 54 percent of the unemployed in Italy (Eurostat 1996), have no entitlement to support. Despite more generous provisions for some sectors and some firms (up to 80 percent of prior earnings for workers in specified firms and industries undergoing restructuring), aggregate spending on labor-market supports per unemployed person is among the lowest in the OECD.[17] By contrast, Italian pension spending is lavish, even if the distribution of this spending means that some pensioners enjoy replacement rates in excess of 100 percent of prior earnings while many more receive pensions below the subsistence level.

The relatively youth-oriented Dutch welfare state, on the other hand, has universal citizenship-based benefits for working-aged adults and children. Family allowances and services for families are not overly generous compared to Scandinavian programs, but are still more comprehensive than in Italy: the basic allowance for a child living in a family with two parents and two children in the Netherlands is almost five times the allowance in Italy.[18] Active and passive

[17] Data from OECD *Labour Force Statistics* and OECD *Social Expenditures Database*.

[18] 94 Euro per month in the Netherlands versus 19 Euro per month in Italy. The child allowance benefit in the Netherlands varies according to the child's age and number of children in the family. The figure re-

labor-market programs provide support for first-time job-seekers and the long-term unemployed, unlike in Italy, and the replacement rate for regular unemployment benefits (80 percent of prior gross wages, dropping to 70 percent only in 1987) is among the highest in the OECD. The public pension system provides a moderate flat-rate benefit that insures a decent standard of living for virtually every person over age 65 in living in the Netherlands. This system is supplemented by a system of publicly-guaranteed private occupational pensions with a maximum replacement rate of 80 percent of prior earnings.

These very different constellations of policy features in Italy and the Netherlands today can be explained by the mutually-reinforcing dynamics of social-policy development and political competition in the two countries over the second half of the twentieth century. Once Britain's victory in World War II insured that the Beveridgean model would become the archetype of the "modern" welfare state, universal, citizenship-based programs like those in the Netherlands became the stock-in-trade of programmatically-oriented politicians seeking to make their mark by providing public goods, rather than private benefits. Programmatically-inspired political competition in the Netherlands in the postwar period spurred the development of universal social programs to complement or replace preexisting occupational ones. Politicians in Italy also sought to use the programs of the welfare state to generate electoral support. Much as in the Netherlands, Italy's moderate Communist party hoped to consolidate its working- and middle-class base by offering a vision of a new, universal, citizenship-based system. But Italian Christian Democratic politicians' strategic use of the welfare-state, tax system, and public employment service soon made the goal of universalism seem less possible, and less desirable, to the Left.

When politicians in the Netherlands used the welfare state to "buy" votes during periods of intense electoral competition, the universalization of benefits like family allowances and pensions was one result. Politicians fought to transform occupational social programs into citizenship-based ones in order to extend coverage to a key constituency, the self-employed. But in Italy, when social programs became the currency of electoral competition, they were not universalized. Clientelist politicians wooed the self-employed with new, tailor-made provisions of their own, or else allowed them to remain outside the social insurance system and so preserve privileged tax treatment.

The effects of particularistic political competition are felt not just in the welfare state itself, but also in the tax systems that underlie social programs. Clientelist domination of the legislature and the public administration in Italy in the early postwar years impinged on the development of a well-functioning tax system. Politicians and tax collectors looked the other way as valuable electoral constituencies like the self-employed failed to report income or pay taxes on the income they did report. A fragmented and highly complex tax system eventually reified many of the special privileges granted in practice to valuable allies of the Christian Democratic party. The result was a tax system in Italy that could not support, either financially or politically, the weight of citizenship-based social programs.

While the Left in Italy had in the 1950s and 1960s advocated a set of universal, citizenship-based social entitlements, the political coalitions advocating universal family allowances, unemployment benefits and old-age pensions unraveled by the 1970s. The Italian Socialist party had moved towards the center, and, sharing in government with the dominant Christian De-

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ported refers to the allowance for a child aged 12 to 17 years living in a household with two children. Family allowances in Italy depend on size of household and family income. The figure reported is one half of the allowance granted to a family with two dependents with an income of approximately 30,000 Euro. Data can be found on the MISSOC web site, at http://europa.eu.int/comm/employment_social/missoc/2003 (accessed January, 2004).

mocratic party, had become firmly enmeshed in the clientelist system. At the same time, twenty years of piecemeal expansion of the Italian welfare state had taught the Communist party and its allies in the labor movement that "universalizing" social insurance could only mean adding benefits for the self-employed while continuing to finance them out of taxes paid by employees. Particularistic use of the tax system had made universal social programs impossible in Italy. In the Netherlands, quite the opposite occurred: there, a capable fiscal administration was the precondition for agreements that extended occupational family allowances, unemployment benefits and old-age pensions into a full-fledged safety net entitling the self-employed and non-employed, as well as the employed, to social insurance benefits.

Particularistic use of the tax system in Italy insured that occupational social programs could not be replaced. But these programs, which provided different levels and types of benefits for different groups of workers, were also a gold mine for politicians who used particularistic strategies to compete for votes and win elections. Multiple, differentiated benefit categories within a single program – like the seventy-two separate public pension funds that existed in Italy prior to the 1994 pension system reform (Baccaro 2000), or the dozen or so different kinds of cash benefits for the unemployed – are not just *ex post* evidence that politicians used the welfare state to target benefits to small groups of voters. The existence of such fragmentation also made it easier to justify new forms of discretionary targeting of benefits like a better replacement rate here, or a shorter reference income period there.

Provisions tailor-made for small segments of the electorate are visible and valuable to the beneficiaries, and hence to their benefactors. But as the fragmentation of the Italian welfare state increased, the very complexity and opacity of what Italian commentators have come to call "micro-corporativism" comes to protect the politicians who engage in it. A thicket of highly specialized provisions makes it difficult for the public (and sometimes even for policymakers) to know when changes have occurred, and even harder for them to understand what the consequences of such changes might be for the public interest. For all of these reasons, politicians who compete using patronage have been loath to see occupational fragmentation overturned, or even reformed.

Occupational social programs "stuck" in Italy for two main reasons. First, particularistic political competition made it difficult to develop neutral state capacities like strong tax systems or well-functioning labor exchanges that are necessary to make universal social programs politically and financially viable. Second, occupational welfare programs themselves provided valuable resources for patronage-oriented politicians. In the Netherlands, neutral state capacities provided strong foundations for universal, citizenship-based programs. These programs, in their transparency and lack of differentiated benefits, both reflected and encouraged programmatic political competition.

The distinction between occupational and citizenship-based social programs also affected the demand-side of social policymaking in important, if less obvious, ways. Prior to the 1960s, benefits for children and working-aged adults were, in Continental Europe, typically cast as wage supplements. Family allowances were put in place to make up for wage restraint or reduced hours; unemployment benefits were extended to those excluded from the labor market on a long-term basis only in cases of emergency or restructuring. When such benefits become a part of the apparatus of a citizenship-based welfare system, though, as they did in the Netherlands in the 1960s, they take on a different meaning. No longer simply wage supplements, in the Netherlands family allowances and long-term unemployment benefits grew into full-fledged entitlements, with accompanying expectations about the appropriate level of the benefit.[19] In Italy, however, where family allowances and benefits for the unemployed remained occupational in nature, benefit levels were allowed to drift downwards as wages and standards of living grew. Non-indexation of unemployment benefits and of family allowances in Italy doubly doomed those programs: as long as wages were rising few people noticed that the benefit levels were falling, and once the benefit had shrunk to insignificance, very few people cared.

Universal programs for the non-elderly grew quite rapidly in the Netherlands in the 1960s and 1970s because, once divorced from wages, these benefits turned into expensive individual entitlements. At the same time, their undifferentiated structure meant that if politicians used these programs in an attempt to capture the votes of any group interested in the program, benefit levels would increase across the board. A raise for one is a raise for all in a citizenship-based social program. Occupational programs in Italy, on the other hand, could remain modest, and still provide valuable currency to politicians. Even cash rewards too small to be much more than symbolic could be used to secure votes, as long as there were people who were not getting anything at all. Family allowances provide a clear example. Even after benefit levels had shrunk to insignificance due to non-indexation, clientelist politicians in the Socialist party continued to expand the system to cover new groups as a way to consolidate their support.

If even small youth-oriented benefits can be useful for particularistic politicians in an unsaturated marketplace, large and highly salient benefits like old-age pensions take on a life of their own. Differently situated constituencies press for ever-better benefits, and the lack of transparency inherent to fragmented occupational regimes makes it possible for politicians to provide without invoking the public's wrath. This situation has made Italy's pension system extraordinarily resistant to change – more resilient, I would argue, than a simple constituency-feedback model would suggest.

In universal, citizenship-based pension systems like the Netherlands, on the other hand, private or supplementary occupational pensions can act as a release-valve for pressures to increase pensions. This safeguard is necessary since the budgetary consequences of increasing benefit levels in a universal program that provides even a modest income for retirement are so visible. Universal benefits that by their nature are relatively large – i.e. provide more than temporary or partial income support for large groups of people – thus are more resistant to expansionary politicking than are either fragmented occupational benefits, or smaller citizenship-based benefits like family allowances and unemployment benefits.

Particularistic political competition in Italy locked into place preexisting occupational programs, resulting in declining benefits for the non-elderly, and an explosion of pension spending. In the Netherlands, citizenship-based programs grew on a base of neutral state capacities provided by programmatic political competition, and in turn reinforced the tendency in that system to compete along programmatic lines. The development of social spending in different areas – strong growth in the area of new entitlements of the non-elderly, and more cautious growth in the larger old-age pension program – resulted in a relatively youth-oriented welfare state.

The results for how well the welfare states work for different population groups in Italy and the Netherlands are stark. After redistribution carried out by taxes and welfare-state programs is taken into account, children are more than twice as likely to be poor in Italy (17 percent) as in the Netherlands (8 percent). Among the advanced industrial democracies, only the United States and Greece have higher post-tax and transfer child poverty rates than Italy (Forster and Pellizzari

[19] Bussemaker (1992) usefully discusses this transformation with reference to the "individualization" – extension to women as an independent entitlement – of benefits previously reserved for male breadwinners.

2000). Importantly, outcomes for typical seniors are little better in countries like Italy where clientelism directs high volumes of resources to the privileged elderly. People over age 65 in Italy are less likely than children to be poor, as they are in most countries. But poverty rates among the elderly (14 percent) are still quite high compared to other OECD countries, including the Netherlands (6 percent). High aggregate levels of spending concentrated in pensions for the lucky few who benefit from clientelist policymaking do little to reduce poverty among the elderly, and are reflected in much higher levels of income inequality among the elderly than in the Netherlands.[20]

Generalizing the model

The Dutch and Italian case studies flesh out the mechanisms behind the claim that the dominant mode of political competition – programmatic or patronage-oriented – is crucial for the eventual age-orientation of social spending. Do the mechanisms we've observed at work in these cases travel? Cross-sectional comparisons across a wider range of country cases, as in Figure 3, are suggestive. Among the twenty OECD countries for which we have reliable data, program structure and the mode of political competition are perfectly correlated, with the age-orientation of social spending showing only a small amount of independent variation.[21]

The distinction between occupational and citizenship-based welfare programs alters the costs and benefits to politicians of expanding programs in different ways. Program structure also affects the salience to the public of different types of benefits, and thus the ability of political actors to mobilize voters around the expansion of particular welfare-state programs. The way that social programs are structured affects the degree of transparency surrounding political decisions about spending, which rewards patronage-oriented and programmatic politicians unevenly. And the ability of clientelist politicians to use the welfare state for patronage affects the preferences of other political actors in ways that lead to the preservation of occupationalist systems. For all of these reasons, the mode of political competition reinforces early choices about the structure of welfare programs, and thus the eventual age-orientation of welfare states. Joining this intuition to our understanding of how different program structures mature over time to produce different age-orientations, it becomes possible to visualize, as in Figure 1, a tree-like set of branching pathways by which specific age-orientations in social policy emerge.

Two critical junctures in welfare-state formation condition the eventual age-orientation of social policies. The first critical juncture, the split in the early twentieth century between occupational and citizenship-based regimes, creates divergent age-orientations as welfare programs mature: occupational regimes become elderly-oriented, while citizenship-based ones are more neutral with respect to age. The second critical juncture occurs around World War II, when some occupational countries reduce the elderly-orientation of their welfare spending by becoming mixed systems, adding universal programs to their base of occupational programs. Others remain pure occupational systems, and continue to develop highly elderly-oriented spending patterns. This

[20]Except where otherwise noted, all figures in this paragraph are author's calculations from Wave V Luxembourg Income Study Data. Poverty line is 50 percent of median income. Unfortunately it is not possible to compare the poverty or inequality *reduction* carried out by taxes and transfers in the two countries because Italy does not report pre-tax income (for reasons that are clear from the preceding discussion).

[21]Belgium constitutes the main challenges to the model, with quite youth-oriented social policies in the context of an occupational welfare state and clearly patronage-oriented political system. This anomaly can be explained almost entirely by very high family allowance spending that is maintained throughout the post-World War II period, rather than declining as in Italy and, to a lesser extent, in France. These continuing high levels of family allowance benefits seem to be maintained by pressure from vibrant large-family interest groups and unions with a stake in the administration of family allowance programs. See Aldous et al. (1980), Morgan (2001).

second divide is both facilitated and reinforced by the mode of political competition, programmatic or patronage-oriented, that prevails in these countries.

In countries where many politicians competed for votes using patronage, fragmented occupational program structures provided critical resources for politicians, and were thus never abolished. At the same time, the attachment of politicians to particularistic systems of taxation, ways of financing social security, and kinds of labor-market regulation made universalistic social programs unpalatable even for Leftist politicians, who were for ideological reasons less inclined to compete along particularistic lines. In countries where political competition occurred along primarily programmatic lines, it was easier to introduce citizenship-based programs because politicians were less tempted to undermine tax systems in order to reward self-employed voters. They were also less tempted to tailor existing fragmented occupational social programs to appeal to micro-clienteles, and thus less devoted to the preservation of occupational program structures.

The original choice to organize social programs along either citizenship-based or occupational lines had a lasting influence on the age-orientation of social policies today in a wide range of industrialized countries. But this choice was not necessarily a permanent one. At key moments such institutional choices need to be reaffirmed. In the welfare states of Europe, North America and the Pacific, the predominant mode of political competition in the period following the Second World War served as the backdrop against which institutional structures were either reaffirmed or renegotiated. The mode of political competition, either programmatic or particularist, thus has important consequences for the age-orientation of social spending, channeling as it does the choices politicians make about how to structure and distribute social welfare benefits.

Conclusion

The argument presented here highlights two features of welfare states that have until now received very little attention in the literature on comparative social policy: the structure of welfare-state programs, and the use that politicians make of such programs in their competitive battles with one another. With this new analytical leverage, we can reconsider some of the classic explanatory paradigms that have been offered to explain why welfare states in highly industrialized countries vary on a variety of dimensions.

The explanation for why welfare states differ in their age-orientation is perhaps most surprising because it has so little to do with the politics of age. The political power of age-based political actors and the ideologies they are presumed to carry with them about what is a just distribution across the life-course play far less of a role in determining the age of welfare than expected. This suggests two important lessons. First, a demand-driven explanation for the age-orientation of social policies is not satisfying. The age-orientation of the welfare state cannot be read simply as the revealed preference of powerful demographic groups. Politicians help invent the demand for such welfare-state policies as family allowances, unemployment benefits, and old-age pensions, as surely as they provide for the supply of these welfare goods.

Second, the unintended consequences of institutional rigidities probably play a larger role in structuring welfare-state outcomes than much of the previous literature recognizes. Policy "drift" allows old institutions and structures to generate new outcomes as the context within which they operate changes (see Hacker forthcoming). The age-orientation of welfare states is an outgrowth of early choices about welfare-state structures, choices that were made without concern for the shape of the labor market, public finance, family structures, or demographic trends one hundred years hence. It seems likely that other attributes of welfare states that are also affected by the institutional form of social policies – attributes like aggregate social spending or the extent to which welfare states "decommodify" workers – may also rely more than previously recognized on the unintended consequences of earlier policy decisions.

If this is true, then neither the age-orientation of welfare states nor some of these other characteristics of welfare states that interest scholars should be interpreted purely as offshoots of the standard configurations of ideological or power-resources variables (Left and/or Christian Democratic power, more or less redistributive ideologies). To focus on preexisting institutions and on the prevailing political rules of the game forces us to consider the resources that specific contexts of competition confer on (or deny to) politicians, as well as these actors' ideologies and goals. Even when politicians are ideologically committed to particular policy goals, they may eventually press for other, sub-optimal policy solutions. Left-leaning political actors in Italy, for example, repeatedly chose not to pursue the generous universal social benefits that they had once advocated because the political strategies of Center and Right politicians made other, second-best solutions preferable. This is not to deny the importance of power resources, or of purposive action on the part of politicians and other policymakers – both of which have undeniably contributed to the shape of welfare states as we know them today, not least through the initial choice of occupational or citizenship-based program designs. But all politicians must do their work within specific contexts, only some of which permit them to choose policies that are optimal from the standpoint of their ideological or organizational commitments.

This finding illuminates an important but often overlooked characteristic of the roughly one-half of polities in the advanced industrialized countries where programmatic political competition is not the norm. Patronage-based political competition, even when it is the preferred style of a minority of politicians, sends out ripples that affect the entire polity. This is because particularistic behavior on the part of ruling politicians informs not only their own strategies, but also the strategies and even policy preferences of opposition politicians. The clearest example from this work is the clientelist manipulation of the tax system in Italy, which contributed to Left politicians' and unions leaders' decision to abandon the project of building a universalistic welfare state.

The results of particularistic political competition for the capacity of welfare states to perform arguably their most important function – caring for vulnerable outsiders – are pernicious. In this account, the quality of political life emerges as key determinant of the quality of social benefits, echoing T. H. Marshall's (1950) linkage of political and social citizenship. Where programmatic party competition prevails, new social programs can come forward to meet the emerging social needs of adults and children struggling to balance work and caring responsibilities in a changing labor market – and can constrain the otherwise powerful budgetary expansionism of social benefits for protected core workers and pensioners. In settings where patronage prevails, however, benefits are concentrated on a relatively small group of privileged, aging insiders, while the growing mass of outsiders is left to fend for itself.

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