Intergenerational Transfers, Social Solidarity, and Social Policy: Unanswered Questions and Policy Challenges*

Susan A. McDaniel, *University of Alberta*

RÉSUMÉ

Le transfert intergénérationnel constitue l'essence de la continuité sociétale et pourtant, il demeure mal conceptualisé et analysé. Il se situe également au centre du concept de l'état sur le bien-être quant à la redistribution des ressources et partant, des changements/défis actuels quant aux mesures sociales. Tout en ayant un effet sur le choix des politiques et en créant un lien entre celles-ci et la recherche, l'attention portée sur le transfert intergénérationnel se concentre sur les questions fondamentales des systèmes de croyance, sur les transferts familiaux (ou privés) opposés aux transferts publics entre les générations et sur la question de l'équité intergénérationnelle et entre les cohortes, à court et à long termes. Cet article comporte quatre objectifs: (1) Situer les transferts intergénérationnels dans leurs contextes socio-historiques, internationaux et en fonction des politiques sociales actuelles. (2) Établir une typologie des transferts intergénérationnels qui pourrait constituer une base de réponses aux questions clés demeurées irrésolues jusqu'à maintenant, à savoir par exemple si la situation des aînés des générations à venir sera semblable à celle d'aujourd'hui. (3) Favoriser la collecte de données complètes et intégrées sur les transferts intergénérationnels au Canada, ce qui permettrait des choix plus avisés en matière de politiques. (4) Faire ressortir les questions de politiques qui n'auront pas été résolues par la recherche. À partir de l'analyse des facteurs de transferts intergénérationnels connus et de ceux qui restent à découvrir, on a établi un agenda de système d'information et de recherche éventuelle sur les questions de politiques.

* Revised version of a paper invited for the plenary session, *Intergenerational Transfers and Social Tensions*, National Conference of the Institute of Public Administration Canada (IPAC), 25–28 August 1996, Victoria, B.C. The invitation from the organizers of the 1996 IPAC National Conference is appreciated. Thanks go as well to Kerri Calvert, Kelly Higgins, Sheryl McInnes, Douglas Wahlsten, and to colleagues on an *ad hoc* Statistics Canada advisory group (Arthur Kroeger, Noah Meltz, and Ian McKinnon). Any errors or omissions, of course, remain the author's responsibility.

Key Words: Intergenerational, Policy, Solidarity.

Mots clés: Intergénérationnel, politiques, solidarité.

Manuscript received December 5, 1996; manuscrit reçu le 5 décembre 1996.

Manuscript accepted February 4, 1997; manuscrit accepté le 4 février 1997.

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Susan A. McDaniel
Department of Sociology
University of Alberta
Edmonton, AB T6G 2H4

https://doi.org/10.1017/S0714980800590059 Published online by Cambridge University Press

ABSTRACT

Intergenerational transfers are the essence of societal continuity, and yet not at all well conceptualized or analysed. Intergenerational transfers are also at the core of the welfare state concept of redistribution of resources and hence, of current social policy changes/challenges. In making a difference to policy choices and in linking research to policy, attention to intergenerational transfers focusses on the fundamental policy questions of guiding belief systems, family (or private) transfers versus public transfers among generations, and issues of intergenerational and cohort equity in the short and longer terms. This paper has four objectives: (1) Situating intergenerational transfers in socio-historical, international comparative, and current social policy contexts; (2) Developing a typology of intergenerational transfers that could provide the basis for answering thus far unanswerable key policy questions, such as whether the situations of seniors into future generations will be like those of seniors today; (3) Encouraging the collection of more complete and integrated data on intergenerational transfers in Canada, which would provide for more informed policy choices; and (4) Enumerating key policy questions that emerge from research and remain to be addressed. From analysis of what is known about intergenerational transfers and what remains to be known, an agenda for an information system, for future research and for addressing policy questions is outlined.

Intergenerational transfers are the essence of societal reproduction, continuity, interaction and exchange. Without intergenerational transfers, societies would cease to exist. Intergenerational transfers are also at the heart of the welfare state precept of redistribution of resources, and thus close to the centre of current social policy and economic restructuring in Canada. Yet, tensions, contradictions and insufficient clarity in the conceptualization and analysis of intergenerational transfers reveal vital unanswered questions, questions with crucial policy relevance, and questions that relate closely to how policy choices might be enhanced by stronger links to research, broadly defined.

The centrality of intergenerational transfers (IGTs) to current research and policy challenges with respect to seniors emerges in the intersection of four key contemporary policy questions in Canada:

– First, there is the question of cohort versus generation (age group versus generational experience), or put differently, will tomorrow be like today in terms of the relative situations of the old, the middle-aged, and the young? Raised here is the policy question of relative advantage and/or deprivation among generations and age groups (cohorts), and crucially, the role of social transfers, particularly public transfers, in maintaining relative advantage or contributing to disadvantage among generations. Ekos (1994), for example, shows how Canadians are beginning to splinter into generational, as well as gendered, regional and class groups with entirely different political attitudes, attitudes with implications for political unity as well as the continuance of Canadian social solidarity. Also raised here are central questions of short- and long-term policy options and their interlinkages; might the relative situations of generations be exacerbated by short-term policy decisions made today, for example?

– Second is the question of the degree of inequality that exists among individuals and among families, and what is becoming the bottom-line social policy question (see, e.g., Banting, Beach, & Betcherman, 1995): how much inequality will Canadians accept? Here, IGTs matter greatly because of the largely unanswered question of the degree to which families share or pool resources among generations to buffer themselves collectively against the uncertainties of the labour market and of shrinking social transfers.

– Third, there is the question of the relationship of public to private transfers among generations, and the potential or actual substitution of public for private, and of private for public. Speculation, largely unsystematic, has occurred in policy circles and in the policy research literature, but the research and data needed to answer the question adequately so far have been missing or incomplete.

– Fourth, the question of guiding belief systems of Canadians is at root an intergenerational issue. For example, the abiding belief of post-World War II Canada, the belief that has motivated hard work and self-sacrifice, as well as spending and saving patterns, has been that things will be better for our children. The very nature of daily life as well as of intergenerational transfers, both public and private, in Canada over the past 50 years has been premised on this belief. It has shaped social policy as well as social institutions, including family. If this is no longer the empirical reality in Canada, the implications for policy could be profound.

This paper has four objectives: *(1) To situate intergenerational transfers in socio-historical, international comparative, and current social policy contexts; (2) To develop a typology of intergenerational transfers that might provide the basis for answering some key thus far unanswerable policy questions, thereby linking research to policy; (3) To encourage the collection of more complete and integrated data on intergenerational transfers in Canada, which would provide for more informed policy decisions and policy options/alternatives; and (4) To enumerate key policy questions that remain to be addressed by research.*

Guiding Theoretical Perspectives

Three theoretical perspectives guide this analysis. First, there is the life course perspective which focusses on the relationship among norms, expectations and the timing of life events and transitions by age (Elder, 1994; Harevan, 1987). The life course perspective at its broadest, includes the concept of "linked lives" whereby generations and people in families are linked together in life. Also emphasized is the interrelationship of individual lives and life choices with socio-economic changes and historical transitions (Elder, 1994). This perspective can be vital to policy questions in placing individuals, the targets of much social policy, into familial contexts.

The second theoretical perspective draws on a fundamental theoretical understanding in sociology: that intergenerational transfers of wealth are contributory to, and determining of, social institutions and normative practices. Engels (1902) showed how wealth flows from one generation to the next are a function of economic surpluses or material success, and determining of monogamy, gender roles in marriage, and the kinds of structures families assume. Surpluses in the economic realm are also the essential prerequisite of the emergence of retirement as an expectable life stage. Without societal surpluses, members of society are more likely to work until death, fall on the goodwill of their families, or risk not surviving (McDaniel & Gee, 1993).

Third, the socio-historical comparative perspective is called upon here. The postwar welfare state in Canada is transforming dramatically as the millennium nears. With supports for the elderly so central to the Canadian welfare state, it is important to couch this analysis of IGTs in the context of what has transpired previously, and consider how Canada compares with other countries in its relative social transfers to seniors and the young (see McDaniel, 1996a).

Intergenerational Transfers in Socio-Historical and International Context

What is known about intergenerational transfers? The answer is both more and less than what might be anticipated. Although there are perhaps more questions than answers about IGTs, much is known. Some of what is known is either incomplete or inaccurate, however, as will be shown.

Historically, IGTs often were presumed to be private transfers from parents, usually fathers, to offspring, usually sons. Transfers within families occurred largely by bequests. That the issue of supposedly private transfers was intensely public in the past, is revealed in the attention given to the issue in cultural epics, such as *King Lear*. In contradiction to the perception that IGTs in the past were private, IGTs and the rules governing them tended to define entire cultures. For example, Gossage (1991) shows ways in which family formation, most notably age at marriage, is inextricably interconnected with economic autonomy which was in Quebec, until relatively late in the 19th century, tied to the transfer of land from father to son. Gaffield (1992, p. 153), in a study of two townships in rural eastern Ontario during 1851–71, shows the fundamental importance of IGTs in differences between French Canadians and English Canadians:

> An inheriting offspring remained to take over each English-Canadian farm, but other siblings . . . decided to seek their fortune elsewhere. This phenomenon also appears to explain the variation in age-at-marriage and therefore family size between English Canadians and French Canadians . . . The shortage of land attractive to English Canadians as early as mid-century meant that aspiring couples who wished to stay in their native townships would have to wait for an inheritance or a vacancy in some established household. As a result, wedlock was often delayed.

Of course, family size was affected as a result, as well as connectedness to family and to land as the means toward economic surpluses. Levine (1989, p. 95) theorizes the interrelationship of family and land as a material resource in arguing that

> . . . the north-western European marriage system is a helical construction in which Christian culture and barbarian demography wrapped themselves around one another. Manorialized feudal society then formed another, later strand in what was to become a triple helix combining the cultural, biological and material mode of reproduction to form a finely meshed system of social reproduction.

Learism or feudal transfers (supposedly familial but likely more public than private in feudalism) are contingent on several presumptions:

(1) that there *is* a legacy to transfer – which presumes a certain level of socio-economic development and the emergence of surplus wealth. This is the crucial element of a major social theory on IGTs, that of Engels (1902).

(2) that there *is* a younger generation to whom the legacy would transfer – which is contingent on levels of fertility and infant mortality being balanced.

(3) that such youth *consent* to the legacy and to carry on the traditions. Feudal castles have their virtues but liquidity is not among them. The attractiveness of castles or land as a bequest, of course, also depends on the other options available, and significantly whether society is experiencing dramatic transitions or upheavals, such as the change from feudalism to capitalism. Lear's castle may have been highly prized by his daughters but perhaps Macbeth's hypothetical daughters might have been less enchanted. If either Lear's daughters or Macbeth's "daughters" had been inheriting castles or feudal landholdings at the historical moment when the market economy was opening, the attractiveness of a castle or land as an IGT might be lessened, and the daughters instead would have been emigrating, as English Canadians did from eastern Ontario, or alternatively, seeking their future in the new capitalist economies of the emerging towns.

Clearly, the social structural imperatives of the market contrast vividly with those of traditional bequests of land. Clinget (1995) suggests that the emergence of corporate capitalism intensifies the contradictions, a subject of sociological speculation extending back to the 19th century and Emile Durkheim (Clinget, 1995, p. 275). Consider the socio-demographic context of wealth flows. Caldwell (1978, 1982), in the best-known theory of wealth flows, purports that the economic value of children and the direction of intergenerational wealth flows, determines fertility regimes. In the situation where net wealth transfers from children to parents are positive, for example, parents may desire large numbers of children; when children consume more parental wealth than they provide, parents may desire fewer children (Kaplan, 1994, p. 754). The situation in Canada in the 1990s when offspring are doing, and anticipate doing, less well than their parents, may necessitate to an unknown extent, greater transfers to children than perhaps might have been expected under an already very low fertility regime. Kaplan (1994) calls for enhanced theories that integrate the human tendency to invest in children with interactions among demographic forces and socio-economic changes, such as articulated by both Caldwell and Levine. More data and research on the direction of IGTs, and on shifting flows are much needed in these times of rapid change in Canada.

Walker (1993) points out that public, including legal, involvement in families and familial IGTs has been long-standing in practice, although the myth is perpetuated that families are private and that the state intervenes only on a causality basis. How does the state intervene specifically in IGTs? It ranges from outright coercion, where the case of Canada placing a legal requirement on adult children to support their parents is cited by Walker (1993, p. 157), through the multiple ways in which the state influences how family help is provided (see McDaniel & Gee, 1993 for examples), to the entire apparatus of social and economic policies which set the framework for increasing or reducing the strains of family caring and sharing (Baker, 1995; Bengtson & Harootyan, 1994; Johnson, 1995; Maxwell, 1996; McDaniel, 1996a). It is in the latter way that IGTs are at the heart of the welfare state and hence central to current economic and policy restructuring. The generational compact that previously assured collective public responsibility for those not in the labour force is being renegotiated and modified in Canada, and with considerable alacrity (Banting, Beach, & Betcherman, 1995). Collective responsibility in the form of social transfers is increasingly needed by those *in* the workforce as well (the working poor, contingent workers, etc.), but they are not receiving that support (Banting et al., 1995, pp. 10, 16–17; Baker, 1995), which has long- and short-term implications both for family well-being and for private and public IGTs. Dependency on social transfers has become a distinct negative in these days of deficit fighting, public purse constraints, and shrinking governments. This is occurring in spite of very high rates of unemployment, particularly among youth (Morrissette, Myles, & Picot, 1995), but also long-term unemployment for older workers where it is uncertain whether they are unemployed or de facto retired, albeit without pensions (McDaniel, 1996a).

Are IGTs contractual? This question goes to the heart of not only social solidarity but solidarity between individuals and organized society, and has been the subject of philosophical attention through much of recorded history (see Johnson, 1995). John Locke, the philospher, in reflections on the social contract in the 17th century, linked consent to be governed to obligations to others in society, the beginnings of contractarianism (Johnson, 1995). Laslett and Fishkin (1992) point out the profound challenges in specifying the nature of any contract among generations. Johnson (1995, p. 252) complicates the challenge by suggesting that IGTs are "transitive," in that we repay the generosity of the preceding generation by giving to our successors. This is the root of generational, and hence societal, solidarity in IGTs, a solidarity that transcends life and society itself: "The compact between generations is not only between specific unknown parties, it is between the dead and the living and the unborn" (Johnson, 1995, p. 253).

Contracts are different than covenants, which are discussed by O'Neill (1994). Distinctions between or among types of relationships and responsibilities to others are necessary, O'Neill suggests, because it has never been the case, nor *can* it be the case, that contractual relations define all human interactions. In marketization of families and children, i.e. making them into utility maximizers with defined *duties* to other family members, O'Neill argues that the very foundation of social solidarity and societal continuity is compromised. Instead, he favours covenants where children's natural dependency and familial solidarity are the pivots of society and civic responsibility. Social justice then is more than redistributive of societal resources, but is also, crucially, *enabling* in terms of human capital (see Rawls, 1971; also Maxwell, 1996).

Seen collectively, in earlier postwar societies, including Canada, non-familial IGTs were the Keynesian class compromise held together by an interventionist state. The risks, therefore, for the majority were *reduced* by the production of wealth by the few. Private success becomes public wellbeing. Under global capitalism, argues O'Neill in a point echoed by Myles (1996), production of wealth *increases* risks for the majority. Thus, public troubles become private problems. In Canada, in the 1980s and 1990s, the broad range of public institutions developed as part of the postwar welfare state, indeed protected, and still protect, Canadians against market failures (Banting et al., 1995; Phipps, 1995; Myles, 1996, p. 16). If that is to be no longer the case or if social transfers in the public sphere lessen, as Myles and others (Freeman, 1995; Phipps, 1995; Maxwell, 1996; McDaniel, 1996a) have suggested is happening, what then will be the role of private IGTs? Will they become substitutes? Will private IGTs be measurable and capturable by a data collection system? The answer is not known, or even knowable, in Canada at present, and yet this is one of the abiding public policy issues of the day: does private provision cover for lost public provision and, if so, how?

Preoccupations with *public* aspects of IGTs, as many (Bengtson & Hareootyan, 1994; Johnson, 1995; Pampel, 1994; Shultz, 1995; Walker, 1993, among others) have pointed out, has become a public preoccupation, manifesting itself with deep concerns about intergenerational justice and equity. Johnson (1995, p. 259) suggests that ". . . the dialogue between the old and the young has become a new industry for financial institutions and their advisors". Some of that industry has become apparent recently in Canada with the presence on the best-seller list in late 1996 and early 1997 of a book on how to benefit from the current demographic situation. Walker, in reflective contrast, points out that

> . . . the precise nature and outcome of the challenge facing the social contract is subject to a variety of interpretations, ranging from those who argue, apocalyptically, that the demise of the welfare state is nigh . . . to those who regard the notion

of 'intergenerational equity' as, at best, based on the shakiest of empirical and theoretical grounds, and, at worst, representative of a dangerous diversion of policymakers' and the public's attention from the major sources of inequality and dependent economic and social status . . . (Walker, 1993, p. 141).

Schulz (1995, p. 272) states, in the best known economics of aging text (now in its 6th edition), without equivocation, that

A kind of 'voodoo demographics' has developed that raises the specter of lost opportunities and an intolerable economic burden arising from growing numbers of older people and a resultant rise in intergenerational conflict.

The evidence on social solidarity being undermined by intergenerational conflict in Canada has been equivocal. The debate, however, in Canada has been muted in comparison to that in the United States (Cook, Lomax, Marshall, & Kaufman, 1994; McDaniel, 1996b). At the macro-level, concerns about pensions and health care for Canada's aging population have led to active, ongoing public debates about the nature of entitlements and of public responsibility of one generation for another. With changes to the Canada/Quebec Pension Plan on the agenda, this debate is likely far from finished (Canada Pension Plan Consultations, 1996). It is a debate that could benefit from clearer understanding of the nature, direction and determinants of shifting IGTs.

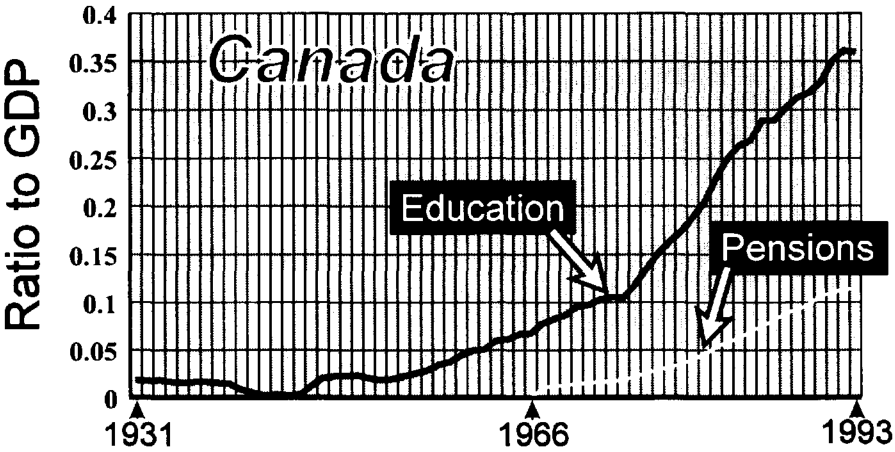
Empirically, it is generally believed that more is known about IGTs than actually is known. This may be for two interrelated reasons. First, adequate data are very scarse indeed on IGTs, broadly conceptualized, and most studies that have been done remain inconclusive because of small samples, too narrow definitions of IGTs, or analytical problems (see Logan & Spitze, 1995, pp. 355–356 for details and examples). Second, myths are held as premises, so that it can be widely believed, for example, that an empirical basis exists for the pitting of one generation's interests against another's when, in fact, no such empirical support exists. This latter point is amply demonstrated by Bengtson and Harootyan's (1994) multidisciplinary study of intergenerational connections, exchanges and conflicts in the United States which finds that, contrary to prevailing expectations, a strong basis exists for intergenerational connections, supports and transfers. Logan and Spitze's (1995) innovative analytical distinctions between "family obligation" and "public policy" in their smaller study come to similar conclusions. Small studies in the United States (e.g., Bengtson & Murray, 1993) have similar findings. There are few similar studies in Canada.

First, a few tiles are explored in the far from complete mosaic of IGTs in Canada, and the Canadian situation in comparison to other countries. In the absence of data on private IGTs in Canada, what is known about public IGTs is highlighted. Many myths and incomplete understanding of IGTs become apparent. Findings from four empirical studies of IGTs are summarized.

There is no doubt that public expenditures have a transfer component from those who are working, or of working age, to those who are not working, most often the young and the old. That public transfers have a demographic/age component, therefore, is clear. Social transfer costs may feel higher to those in the middle. Benefits received are demographically lumpy, with one's cumulative tax payments in mid-life exceeding one's typical benefits in this life period. It is only in the later years where the two accounts (pay-outs and benefits) start to match again. Since it is people in the middle who vote most and have the most vocal role in ratepayers' associations, it may not be surprising that the sense of greater payout than payback is present.Two points are best kept in mind with respect to these empirical "tiles": first, they are snapshots of the situation for the population at one point in time; second, those who are old in 1991 may not have the same life experiences as those who will be old in 2021, so the payouts of pensions, the provision of public health care, and their cohort experiences could matter greatly to the demographic curve of benefits in the future.

Does the age curve of social transfers mean that the old have benefitted at the expense of the young, as is frequently speculated? The answer is no and yes. No, because as Picot and Myles show (1995,Table 1), both young and old have benefitted from transfers. Yes, because recently the old seem to have benefitted more, but perhaps not at the expense of the young. In the Picot/Myles analysis, this is revealed in the percentages below the .5 median income by age group: for those aged 0–6 in 1991, 16.5 per cent were below the median, up almost 1 per cent since 1973 (comparable figures for those aged 7–14 are 14.4% in 1991, and 18.6% in 1973), while for those aged 65–74, only 4.7 per cent were under the .5 median in 1991, compared with 23.1 in 1973.

This, however, is not the complete story on old versus young beneficiaries of public IGTs. Two additional "tiles" must be added. First, based on an approach developed by Cremer, Kessler and Pestieau (1992, 1994), but in the absence of bequest data that they had available from French historical data, public expenditures on education/GDP and public expenditures on pensions/GDP in Canada are compared in Figure 1 for the periods over which these data have been available. After Cremer et al., the intent is to show the two sets of flows together to assess their comparative redistributive effects. Differentially, but with decreasing precision, education expenditures are transfers to the young, and pensions transfers to the old. The decreasing precision, of course, stems from the flux present in the life course now so that older people as well as younger are in educational institutions and some mid-life people may be de facto retired in that they may be permanently unemployed. From Figure 1, it is apparent that the growth in the ratio of education to GDP in Canada over this century has far exceeded the growth in public expenditures on pensions per GDP. Is this demographic? Probably not, since the steepest incline in the curve on education expenditures occurs in the late 1980s and early 1990s, long after the baby boomers had completed their educations. Similarly, pension expenditures



Source: 1931-65 Education Expenditures: Statistics Canada. 1973. Survey of Education Finance, 1968; 1965/66 to 1991/92 Education Expenditures: Statistics Canada. 1992. Public Finance Historical Data: 1965/66-1991/92 (Cata. #68-512); 1993 Education: Statistics Canada. 1996. Public Sector Finance, 1995-96 (Cata. #68-2112-XPB); Pension Expenditures: Statistics Canada. 1995. "Historical Statistical Supplement, 1994/95," Canadian Economic Observer (Cata. #11-210), vol. 9:22; GDP: CANSIM (Cata. #006840.1.2) on-line data, based on 1986 prices annually.

in ratio to GDP plateau at just the moment when population aging is beginning to accelerate.

Second, the question of old versus young as beneficiaries of public IGTs must be viewed not only as generational, but also as a function of shifting opportunities and experiences of cohorts/age groups (McDaniel, 1996a, 1996b). This is the interplay between human lives and socio-economic contexts, mentioned earlier (Elder, 1994). The life experiences of the major cohorts of the 20th century in Canada are profoundly different, as shown in Table 1 where the social and economic situations of the major cohorts of the 20th century at age 25 are compared. Declines in poverty among the elderly in recent decades could be *a function of who these seniors are compared to those in 1973, and what experiences/ opportunities they had at crucial points in their lives in terms of both the economy and social policy developments*, rather than a function of beneficent social transfers, essentially public IGTs to seniors, as is often credited. Implications exist in this finding, for example, for policy choices on public pensions pending now, as well as for the private IGTs that future generations might anticipate.

International comparisons of public spending inequalities on old and young as shown in Table 2, reveal that Canada is not tilting its social intergenerational transfers toward the elderly more than the young, as has been suggested recently. Canada's spending on old versus young is in the middle of industrialized countries, with Germany favouring the old, and France and Belgium favouring the young. The United States is not included

https://doi.org/10.1017/S0714980800590059 Published online by Cambridge University Press

Table 1
A tale of six cohorts at age 25

Six Cohorts	*Average Annual Growth*	*Average Unemployment*	*Family/Demog Context*	*Social Policy*
Pre 1926 born 1916–1926 *age 25, 1941–1951* (age 65, 1981–1991)	4.7	<2.0	Divorce low Family wage Low female l.f. Small cohort Parents of babyboomers	U.I. 1940 Family Allowance 1945
Depression born 1926–1935 *age 25, 1951–1960* (age 65, 1991–2000)	4.6	3.0	Divorce low Family wage More women l.f. V. small cohort Parents of late babyboomers	OAS 1951
Pre-Baby Boom born 1935–1946 *age 25, 1960–1971* (age 65, 2000–2011)	5.5	4.5	Divorce growing Family wage disappearing Rapid > in female l.f. Sl. larger cohort Parents of baby bust	CAP 1966 CHA 1966 CPP/QPP 1965 GIS 1967

Table 1 contd.

Six Cohorts	*Average Annual Growth*	*Average Unemployment*	*Family/Demog Context*	*Social Policy*
Baby Boom 1st Wave born 1946–1955 *age 25, 1971–1980* (age 65, 2011–2020)	4.9	7.5	Divorce high Family wage gone High female l.f. V. large cohort Parents of baby bust	Beg. of "Great Pension Debate"
Baby Boom 2nd Wave born 1955–1965 age 25, 1980–1990 (age 65, 2020–2030)	2.9	9.7	Divorce high Multiple family members work Largest cohort Insecurity Increasing	Beg. of public questioning/cuts
Post Baby Boom born 1965–1975 age 25, 1990–2000 (age 65, 2030–2040)	2.0	10.8	Family insecurity high Family income < Medium cohort	Deep cuts to social programs

Note: Unemployment rates are averaged over the period during which each cohort is age 25; Growth rates are averaged annual change, based on 1981 dollars for the years prior to 1981.

Table 2
Age inequality in spending on old and young: spending indices, national means for selected countries, 1959–86

	Pension	*Family Allowance*	*Residual*
Australia	33.4	2.69	-.004
Belgium	34.0	11.9	-1.97
Canada	27.8	3.50	-.436
France	43.6	11.6	-1.47
Germany	58.2	3.53	.959
Japan	13.0	0.143	-.392
Sweden	46.8	8.09	-.559
United Kingdom	30.8	3.26	- .244

Note: Spending index for pensions is pensions as a percentage of GDP, divided by percentage aged; family allowance index is family allowance as a percentage of GDP divided by percentage of children aged 0–14 years. Residual is a measure of spending bias in favour of the elderly, based on a residualization method which treats spending on children and the elderly symetrically and estimates a linear relationship between the two types of spending. The difference between actual spending on the elderly and that expected from levels of spending for children represents age inequality, arbitrarily coded so that a higher score indicates bias in favour of the elderly.
SOURCE: Pampel (1994), adapted from Table 3, pp. 176–177.

in this analysis. Canada, similarly, emerges in the middle in analyses of the Luxembourg international data on industrialized countries (Coder, Rainwater, & Smeeding, 1989).

A refrain increasingly heard in Canada, and heard rather more loudly in the United States, is individual responsibility, and yet, it is clear that family pooling of resources, certainly within residential households, makes the crucial difference between poverty and living above the poverty level (Baker, 1995; Phipps, 1995). Married seniors, for example, are better off than the unattached (Wolfson & Murphy, 1994). What is not known is the extent to which both married and unattached are affected, perhaps in differential and shifting ways, by IGTs from family members outside their households. The power of the financial effects of family status is such that extra-residential familial IGTs might matter considerably. Hints of the importance of familial transmission of status are provided by Corak and Heisz (1996, p. 3) who find that among men, there is ". . . considerable intergenerational income mobility in Canada among middle income earners, but the inheritance of economic status is significant at both the very top and very bottom of the income distribution". Hints of the strength and constancy of intergenerational family contacts, a probable prerequisite or at least, correlate for financial familial IGTs, is found in research on contacts and supports with family outside households (McDaniel, 1993, 1994). The growing literature on young adults returning to the parental home, or not leaving home, provides further evidence of the familial sharing of resources, a form of social IGT (Elder, 1994; Norris & Tindale, 1994).

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Four empirical studies, pieces in the puzzle of IGTs, are highlighted here. Others exist, but not many. Several new empirical analyses were prepared for a February 1997 Statistics Canada Conference. The *1991 French Household Survey of Financial Assets (Enquête sur les Actifs Financiers)* is a unique data set that includes data on family background, education, intergenerational transmission of gifts and inheritance, household assets and household debt (see Laferrere & McEntee, 1995). Transfers of human capital, i.e. the experience of being a son of self-employed or entrepreneurial parents, are found to be determinants of self-employment (Laferrere & McEntee, 1995). The *1990 United States Study of Intergenerational Linkages* is a study of 1500 adults, aged 18–90 including data on family background, current family, volunteer activity, informal assistance, gift giving, housing assistance, inheritance and bequests, perceptions and opinions on older and younger people and targetted programs, as well as on family and community responsibilities (Bengtson & Harootyan, 1994). Bengtson and Harootyan (1994, p. 233) find the following:

> . . . (a) despite the unprecedented concern over possible intergenerational conflicts today, strong connections between generations – in families as well as in the community – do create bridges between age groups in contemporary society; (b) *many of these bridges are unrecognized by the media or given little political attention by policymakers*; (c) the prevalence, scope, and value of private intergenerational transfers are much greater than generally assumed; and (d) the future of intergenerational relationships is not as pessimistic as some observers predict. [Emphasis added.]

The *U.S. Asset and Health Dynamics Survey*, a panel survey of the non-institutional U.S. population born in 1923 or before, as well as their spouses and partners, focussed on family intergenerational transfers. McGarry and Schoeni (1995, p. 12) find " . . . strong evidence that respondents are more likely to make transfers and more likely to transfer large amounts to their less well off children". They add that their findings are consistent with an altruistic model of intrafamilial IGTs. And lastly, a *Canadian study of social transfers from the Survey of Consumer Finances* by Picot and Myles (1995, p. 28) documents the ". . . increasing importance of social transfers in stabilizing the economic conditions of young families and their children".

Toward a Typology of Intergenerational Transfers

IGTs essentially can be categorized by four criteria: (1) the direction of the transfer (old to young, young to old, middle aged to old or young); (2) the sector in which the transfer occurs (private or public, for the purposes of simplicity); (3) the content of the transfer (money, services, in kind provision, etc.); and (4) the nature of the transfer (direct or indirect, individual/familial or societal or workplace) along with the apparent or inapparent

Table 3
A typology of intergenerational transfers: receiving generations

	Children	*Parents*	*Grandparents*
Giving Generations			
Children			
Private		social joys/continuity community links	social joys/continuity
Public		public debt* support/transfer potential	support/transfer potential
Parents			
Private	child support attention/care socialization	security attention/care	attention/care support
Public	education health care transfers i.e. social assistance, public health, etc.	transfers i.e. employ insurance, regional equities, social assistance, etc.	pensions/health care public debt*
Grandparents			
Private	attention/care bequests/gifts values/heritage	attention bequests/gifts/support values/heritage	attention/care pooling resources
Public	public infrastructure societal wealth	public infrastructure societal wealth	transfers from well-off to less well-off

Note: Cremer, Kessler and Pestieau treat public debt as a transfer from children to parents, or from parents to grandparents, since they see the latter benefitting from taxes and the former paying taxes without benefitting as much from public expenditures.
SOURCE: Adapted from Cremer, Kessler, & Pestieau (1994).

definition of the policy/exchange/situation *as a transfer*.

Table 3 schematizes IGTs among a hypothetical three generation family along the four dimensions outlined. The innovation of this approach is that it includes various kinds of IGTs, public and private, monetary and social. It is limited in utility in application to public transfers but can be generalized for that purpose. As it stands, it is a means by which multiple dimensions of private IGTs can be analysed and conceptualized with more precision.

A major challenge in any typology of IGTs is that many of the transfers/ transactions are hidden from view, from measurement and from enquiry. For example, both connections and conflicts exist. Connections can include transfers, transactions and interactions. Conflicts can involve tensions as well as entitlements (senses of equity, fairness, distributive justice, perceptions). These exist in a complex web of interdependency and independence, not only in families but also in the public domain (adapted from Bengtson & Harootyan, 1994).

Toward Integrated Information on Intergenerational Transfers

Intergenerational transfers is an area of information/knowledge in which Canada could do more, and is indeed contemplating doing more (personal communication, Chief Statistician of Canada, summer 1996). In light of the centrality of IGTs to the central policy issues of the next decade and beyond as well as to social cohesion, it could be worthwhile for Canada to consider an initiative in this area, or, phrased in keeping with the *zeitgeist* of the 1990s, a refocussing and extension of current efforts. Such a refocussing could build strongly on existing data and initiatives, reconceptualized and systematized. Examples that could be built upon to include IGTs include the Life Paths model (see Wolfson, 1996), a 1995 Statistics Canada proposal developed in collaboration with Human Resources Development Canada to amplify the information/data available on human resources, including particularly family information in Canada, and plans by Statistics Canada to collect much needed wealth data in several upcoming surveys. Possibilities exist for integrating the bits and pieces into the beginnings of a "system of social accounts". IGTs, reworked in this way, could become the centrepiece of a reconceptualization of social statistics for Canada, taking us into the new millennium with a fresh sense of social Canada, of social cohesion in Canada, and of the policy directions that might be taken.

It is difficult, yet necessary, to attempt to capture as many phenomena as can reasonably be captured that comprise IGTs. At one level, all intertemporal transfers of money, "in kind" services, or care, support or assistance, are IGTs. At the social structural level, policies can have de facto intergenerational transfer effects. An example mentioned by Cremer, Kessler and Pestieau (1994, p. 219) would be seniority policies in workplaces which potentially widen the gap between the productivity-profile and the wage-profile, entailing an unintended IGT from younger workers to older workers. Another example is publicly funded health care in Canada which disproportionately benefits the very old and the very young, entailing transfers from the middle generation largely to the older, but also to younger generations. This is indeed the case with all social benefits and has a demographic component to which reference was made earlier.

An information/data system on IGTs must permit distinctions to be made in analyses of cohorts and generations. This is crucial for understanding the cumulative life history effects of birth cohort versus the effects of being in a particular age group at any given historical moment. The centrality of the difference necessitates methodological clarity in developing any information/data system on IGTs.

Conclusion: Unanswered Questions and Policy Challenges

Some of the basic questions fundamental to social policy that require more complete data and research on IGTs and can frame current and future policy options follow. Some are formed as questions – their framing as such

https://doi.org/10.1017/S0714980800590059 Published online by Cambridge University Press

revealing the extent to which we do not know what we need to know in Canada. This is not meant to be a comprehensive list.

– To what extent do intrafamilial transfers, unobserved and uncounted, mask the existence or non-existence of inequalities in earnings, incomes, opportunities? Does family income capture interfamilial transfers when the boundaries of family, according to current definitions, do not extend beyond the household? Statistics Canada (1995, p. 10) states:

> Virtually the entire statistical system makes the implicit 'de facto' assumption that the boundaries of family do not extend beyond the physical walls of its dwelling.

– To what extent is incomplete, inadequate or inaccurate information on family and community IGTs (extraresidential) potentially biasing social policies and policy options, including the ways in which social transfers are being reduced or eliminated?

– To what extent are IGTs occurring as capital flows to and from other parts of the world, among immigrant families or those with elderly relatives elsewhere? This important question is raised by Taylor and Williamson (1994, p. 348) who, in a historical overview, conclude that

> . . . in three New World economies (Argentina, Australia, and Canada) . . . high dependency rates may have significantly depressed domestic savings rates and pulled in foreign investment: in effect an intergenerational transfer from old savers in the Old World to young savers in the New World.

– How might extraresidential intrafamilial transfers, in the form of bequests or marriage gifts, be related to marriage patterns and transfers among families whose children are marrying? This question is raised by Zhang (1994) and is important as arranged marriages occur with some regularity in Canada and their occurrence (or any change in frequency) could have effects on IGTs from abroad and on the capacity of newly established families to move ahead in Canada. Interrelationships of family formation and IGTs, although known to be important historically as well as theoretically as discussed above, remain largely unexplored and unexplorable in contemporary Canada, with current data.

– As cuts occur in public transfers, IGTs and others, will this necessitate/encourage more private transfers? Which direction will these occur? Will they substitute for public transfers? What are the implications for income, for inequalities, for those involved, for children, for women, for taxation?

– What is the relationship of IGTs to entrepreneurial activities? This question is considered by Laferrere and McEntee (1995) in a study of the 1991 French Household Survey of Financial Assets. They conclude:

> Intergenerational transfers of wealth, familial transfers of human capital and the structure of the family are determining factors in the decision to move from wage

work into entrepreneurship (Laferrere & McEntee, 1995, p. 43).

– What would a benefits analysis, such as that proposed by the World Bank (1995) to ascertain who benefits from public spending and from private IGTs, reveal in Canada? Such an analysis with existing data would be difficult since so little data exist about private IGTs in Canada, and yet policy choices could be more effectively made, were these data available.

– Fundamental to the establishment of an information system on IGTs is overcoming the great divide between public and private IGTs in theory and in practical data collection. As Francis Bacon wisely noted in the early 17th century:

> . . . the noblest works and foundations have proceeded from childless men, which have sought to express the images of their minds, where those of their bodies have failed. So the care of posterity is most in them that have no posterity [from Francis Bacon, "Of Parents and Children," *The Great Books*].

Posterity is indeed something in which we all share and have a significant stake, whether or not we have children per se or familial transfers of our own.The best of information systems on IGTs would capture both public and private transfers, recognizing that the two are not entirely distinct as the growing research and theoretical evidence on IGTs summarized here shows.

With respect to key policy challenges, a return to the key contemporary policy questions raised at the outset seems appropriate. First, with respect to the question of generation versus cohort (will tomorrow be like today for seniors?), lack of adequate data on IGTs prevents a complete or accurate answer to the question. If indeed, as evidence provided here shows, private IGTs might mask or exacerbate existing inequalities, policy implications exist that remain as yet unexplored. Uncertainty also exists about what the future, even the short-term future, holds for individual opportunities, for economic growth, for unemployment or social assistance or pension needs. The vital policy questions cannot be fully known or understood without more research on IGTs.

Second, the essential policy question of the 1990s, how much inequality will Canadians accept, is inextricably bound together with the family, defined in wider terms than household, as an economic unit that pools and shares resources. Much more needs to be known about family sharing of resources, and what the potential policy consequences are of this sharing. Policy questions raised here include the relationships of demographic forces such as reproduction, infant mortality, life expectancy and health behaviours to the degree and directions of intergenerational transfers.

Third, the question of the complex relationship, the possibly dynamic interrelationship, of public and private transfers among generations, remains largely a black hole among researchers and policy-makers. If family transfers are substituting for public transfers, who benefits most? Who benefits least? What are the short- and long-term implications for societal inequalities? What are the implications for future generations as the effects of private transfers compound?

Fourth, and lastly, the question of intergenerational possibility and mobility is addressable in the context of enhanced conceptualization and data collection on IGTs. Answers to the fundamental belief question, "Will things be better for our children?" are only possible with enhanced knowledge and understanding of IGTs, both public and private. This is a central policy question since social and political continuity may indeed rest on the answer.

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