

Welfare Policies and Solidarity Toward the Elderly

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In this paper we analyze the effect of welfare policies oriented toward the elderly on solidarity toward the elderly in a sample of European countries. The research question is whether more generous welfare policies crowd out solidarity. For this purpose, we analyze four waves of the SHARE database. We use multilevel analysis to estimate the effect of national variables on transfers toward the elderly, controlling for individual level variables. At the national level we focus on the effect of public spending on policies oriented toward the elderly after controlling for some other relevant variables, such as the proportion of elderly people, female labor force participation and unemployment. Our results indicate that expenditure in social protection toward the elderly has a positive and significant (albeit moderate) effect on the economic support received by the elderly (which is in line with the *Crowding-in* hypothesis). However, in the case of time transfers, we find that expenditure in social protection toward the elderly has a negative and significant impact on the time transfers received by the elderly (which is consistent with the *Crowding-out* hypothesis).