

## ABSTRACT

Title of Document: THE POLITICS OF POPULATION AGING IN  
GERMANY, ITALY, AND JAPAN

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The purpose of this study is to determine the extent to which population aging has led to the emergence of age-based politics in Germany, Italy, and Japan. Many argue that the increase in the share of aged relative to youth has led to the development of gerontocracy—as aging has intensified, so has the political power of the aged. I argue that assuming political power from the size of demographic groups is flawed because political institutions are important vehicles that mediate and articulate the myriad interests of a population. The first pillar of the study explains how different party systems create different pressures for the emergence of age-based politics through the ways they articulate these interests. A second pillar of the study uses recent labor reforms to examine the trajectory of generational winners and losers within the labor policy arena. The study compares quantitative data and includes qualitative reviews of primary source material, such as party doctrine. In Germany, Italy, and Japan, there are few signs that older groups are hijacking the political agenda—gerontocracy is mostly a myth. Labor policy in all three states is adjusting

to bring youth into the labor market and reforms often go against the interests of the aged. Though aging issues are present in politics in all three states, the competitive multiparty system in Germany encourages parties to appeal to particular age groups, while Japan's more limited system encourages broad appeals. The fractured Italian system shows signs of both types of appeals. Aging issues do not dominate the agendas of these states and in some cases regional identities are more important than age-based identities. As aging intensifies we should expect that institutions will continue to mediate the interests of different age groups the way they have over the past decade. External pressures, such as those stemming from globalization, will likely continue to encourage convergence in labor policies that bring underutilized groups of all ages into the workforce.

THE POLITICS OF POPULATION AGING IN GERMANY, ITALY, AND JAPAN

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## Chapter 1: Introduction to the Politics of Population Aging

*Lou Schwartz: "What can I do? I work hard and make good money, but the whole thing, practically, is taxed away for defense and old age pensions."*

*Em Schwartz: "Lou, hon, I'm not calling you a failure...You just haven't had a chance to be anything or have anything because Gramps and the rest of his generation won't leave and let somebody else take over."*

*(Kurt Vonnegut, Tomorrow and Tomorrow and Tomorrow, 1953)*

In "Tomorrow and Tomorrow and Tomorrow" Kurt Vonnegut describes a world in which life expectancy has been extended to the point that six generations of a family live together under the same roof. In the beginning of the story, ninety-three year old Em bemoans that her one hundred and seventy-two year old father-in-law still rules the roost: "I get so sick of seeing his wrinkled old face, watching him take the only private room and the best chair and the best food, and getting to pick out what to watch on TV, and running everybody's life by changing his will all the time" (Vonnegut 2006, 316). Vonnegut tells the ultimate tale of generational warfare, with the young angry and resentful of "all the money and votes the old people've got." Writing in 1953, Vonnegut articulated his generation's fears of the potential political power accompanying increased life expectancy and a baby boom. But such alarmism over population aging continues. So far, life expectancy has stayed well below one hundred years; still, because fertility in most advanced industrial democracies has been dramatically declining for decades these populations are growing older, shifting the proportions of young and old. Half a century after Vonnegut penned his story, a situation in which the proportions of old outweigh those of the young is a reality for advanced industrial states. But is there really strength in numbers? Has Vonnegut's story, where the old hijack political power and deprive youth, come to life?

It seems so according to many academics, think tanks, policymakers, and the press. Peter G. Peterson (2000, 213), author of *Gray Dawn*, fears that the political mood will change as the population ages, saying that “as the culture ages, the social temperament will grow more conservative and less flexible.” Researchers at Washington, D.C.’s Center for Strategic and International Studies (CSIS) express concern that “The burgeoning proportion of elderly in the population, the smaller size of families, and growing ethnic diversity promise to recast every facet of society, from the popular culture to politics” (Jackson and Howe 2008, 95). Even headlines of well respected publications like *The Economist* and *Foreign Policy Magazine* are dominated by these fears: “Europe’s Struggle Not to Disappear,” “The Population Implosion,” and “Incredible Shrinking Countries” are just a sample of these headlines.<sup>1</sup> Fear is the common thread between then and now. Just as Vonnegut feared the unknown time in the future when science would fundamentally change the life course, people today fear the political, social, and economic effects of the unprecedented trend of population aging—what this study shows is that the political takeover by the elderly is no less fiction now than it was when Vonnegut wrote.

But even if generational conflict is fiction, population aging and fears about it are real. In Western Europe in 2005, a greater proportion of the population was over age 65 than was under age 15. In Southern Europe, the UN projects that those under age 15 will compose a mere 12.5 percent of the population by 2025, while 22.6 percent will be aged 65 and older (“World Population Prospects: The 2006 Revision Population Database” 2007).<sup>2</sup> Younger generations in developed countries do indeed face the prospect that they

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<sup>1</sup> From *Foreign Policy*, 3/9/07, *Foreign Policy*, 2001, and *The Economist* 1/5/06, respectively.

<sup>2</sup> Assuming constant fertility at the level estimated for the years 2000-05.

will share less in the prosperity of their countries as increasing numbers of elderly demand more of the state's resources—and more from younger workers to pay for those entitlements. On the flip side, many elderly worry that as family size shrinks there will be too few young to care for them and their needs will be marginalized. Vonnegut foresaw this issue as well. Ironically, Em, Lou, and the whole Schwartz family end up in jail from rioting over the eldest Schwartz's will. They find themselves delighted at being thrown in jail, where for the first time in their lives they have privacy, three square meals a day, and room to rest their heads. Vonnegut's prescience is remarkable: Japan's elderly have made headlines for committing more petty crime, often to garner a spot in jail where they will be sure to be taken care of, as many can no longer rely on the care of their children. According to one account:

The senior ward...offers more seclusion—a hospital-like environment equipped with many private rooms. Charts on doors indicate special dietary and physical needs. The recreation area, with all walls papered over by prison artwork, allows the older inmates to enjoy pin bowling and light exercise—but never more than they can tolerate, officers insist. (Faiola 2006)

There is no doubt that the populations of advanced industrial democracies are rapidly aging. In 1950 the median age of developed countries was 29. By 2010 it is projected to be 39, and it will reach about 43 years by 2020. While the United States remains a notable exception to the trend of low fertility, the aging of America's large baby boomer cohort makes these questions of intergenerational equity and political power relevant there as well—and US trends drive a lot of the fear that surrounds aging. The reason why population aging has captured the fascination of the media is because it is so rare. For most countries in the world, the proportions of youth far outweigh those of the old. In Nigeria, over 40 percent of the population is under age 15, whereas for many

developed states the proportion is only about 14 percent ("World Population Prospects: The 2006 Revision Population Database" 2007). The reason there is so much alarm over population aging is because people fear what they do not know. But several states are already well advanced in aging so we actually *do* know something about the political consequences of this demographic shift. Western Europe and Japan are the furthest along the aging spectrum, as their fertility has been low for decades. Japan's median age was already 43 in 2005 and their fertility is among the lowest on the planet, while their life expectancy is among the highest—there are fewer people but they are living longer. Within Europe, Germany is well known for aging, but often surprising to some (because of its Catholic heritage, which eschews birth control) is that Italy is also one of the oldest states on the continent. Having had low fertility since at least the late 1970s, Germany, Italy, and Japan have become three of the most aged states on the planet. Though the phenomenon of population aging is new and unprecedented, these states' histories with aging provide us with appropriate laboratories within which to study the political effects of population aging.

In the face of fewer children to support growing numbers of elderly, some sacrifices are necessary. The ultimate political question is: who bears the burden of sacrifice? As one scholar notes, "If the size of demographic groups translates into political power, the trends in the status of children and the elderly will continue to diverge" (Pampel 1994, 154). Many scholars and journalists assume that the size of these groups does matter. They cite evidence of extravagant social spending on the elderly alongside neglect of public schools, high voter participation rates of older citizens and apathy of youth, and the influential gray lobby in the United States. But I believe these

assertions ignore two important factors. The first is the role of political institutions. In this study, I ask: What roles do the political institutions of Germany, Italy, and Japan play in translating the interests of the population into policy? In particular, which arrangements of the political party system create pressures for and against the emergence of age-based interests? The second prong of this study asks: Is it true that as aging intensifies so does the political power of the aged? Most stories about this kind of “gerontocracy” focus only on the policy areas of entitlements and retirement—but what about other issue areas? In order to begin to tackle the question of whether or not the aged or the young are “winning” the political battles of population aging, I examine cross-national variation in a different set of policies that captures generational issues—labor policies. The young, middle-aged, and old all have a vested interest in labor policy. All three groups will be employed at the same time in any given country, but the stakes are different for each group. The young may be worried about entering the labor force, hoping there will be enough jobs, while the old may be hopeful about exiting the labor force with generous benefits. Have the old been as politically successful in the arena of labor policy as they have in social security and entitlements? If gerontocracy really exists in Germany, Italy, and Japan, this issue area will arguably be a tougher test than that of social entitlements since it engages all generations.

In fact, I find that there is no evidence of gerontocracy in labor policy in Germany, Italy, or Japan. Population aging there may be advanced, but institutions have helped prevent the emergence of a regime in which the old govern in their interests only. Some institutional arrangements are more effective than others at preventing the emergence of age-based interests. In particular, a federal organization and the multiparty

system create opposing pressures for the emergence of age-based interests. Though I did not set out to study federalism, as I examined parties and elections I discovered that a federal organization elevates the importance of regional governments and thus fosters regional identities and interests even in national politics. Age-based politics require cooperation of cohorts across regions—less likely in a decentralized state. Regional identities in general, including those stemming from cultural legacies, as in Italy, are important, even if they are not formalized through political institutions, as Italy has a long way to go before it could be considered fully decentralized.

A multiparty system works in a way opposite to federalism, as it requires that parties ideologically differentiate themselves in order to maximize political success. This is an institutional arrangement that favors the emergence of age-based interests, as parties can choose to appeal to the large block of elderly voters in an effort to stand out. The two-party system in Japan thus acts as a hindrance to the emergence of age-based politics there. While age-based issues are high on the agendas of all Japanese political parties, they appeal to concerns of all generations rather than singling out younger or older generations. Additionally, in some of these cases—Germany, especially—other issue areas, like unemployment, are so unsettled and important that they eclipse population aging and define the political debate. Though population aging is one of the constraints on advanced industrial countries (including globalization, resource constraints, changing family models, and changing social welfare models), to date aging has not been an important factor in shaping politics among generations in Germany, Italy, and Japan. So far, the generational conflict warned about in the media is no more reality now than it was when Vonnegut wrote—intergenerational conflict is a myth. As aging progresses,

population structure could become more important, but because political institutions are the mechanisms through which generational interests are translated, unless there are major changes in the political institutions of these states the conclusions of this study should hold. One such change that could accompany greater population aging would be the emergence of interest groups as influential political actors. These groups have the potential to spark the politics of aging—as they do in the US—but their influence is limited in Germany, Italy, and Japan. Thus, they are excluded from this study.

This argument makes contributions along several lines of inquiry. First, this study offers new insight into the importance of demographic structure in policymaking in advanced industrial democracies. Second, it makes a unique contribution by bringing together institutional emphasis from comparative politics with a demographic perspective. Finally, the research examines labor policy as a potential site of generational contention, expanding on work done in the areas of retirement and social security. This study raises more questions than it answers, yet it is fated to do so for one very important reason: population aging is new and ongoing. However, its newness does not negate the value in taking stock of its effects so far and theorizing about ways in which it is or is not likely to matter for politics in advanced industrial democracies. This study should be seen as the beginning of a conversation about the political effects of population aging, rather than the final answer. It has the modest aim of bringing demography to the center of a traditional political science topic about how power is distributed in society but does not attempt to answer all questions about how the two are related. Instead, the study introduces ways to start thinking about the effects of aging by focusing on one way aging matters—institutions—and by expanding the policy arena related to aging to labor policy.

## Concepts

### *Population aging*

Before launching into a discussion of how population aging has affected Germany, Italy, and Japan, this section explains how the phenomenon of population aging comes about and clarifies some of the demographic terms that will be used in this dissertation. Fertility rate (most often total fertility rate, or TFR) refers to the number of children that will be born to an individual in her lifetime. These numbers are widely ranging around the globe. For example, South Korea and Taiwan were tied for the lowest TFR in 2006, at 1.1, and Niger had the highest, at 7.9 ("2006 World Population Reference Sheet" 2006). Developed countries typically have TFRs below replacement level, which is generally defined as 2.1 children per woman. The number of births required to "replace" both the mother and father is two, but because some children will die before reaching reproductive age the 0.1 is added. Theoretically, a population with a fertility rate of 2.1 will stay static, while one with a fertility rate above 2.1 will grow, and below 2.1 will shrink. The US is one of the few advanced industrial democracies that has hovered around this rate for a while, recording a TFR of 2.0 in 2006.

While the idea of a 2.1 replacement level is convenient for understanding fertility, the real rate of replacement varies in practice. For developed, industrialized states with low infant and child mortality a replacement rate of perhaps 2.04 would suffice, whereas for many states in Africa where infant and child mortality are exceedingly high, a replacement level of around 3.0 would be more accurate (McFalls 2007, 5). Birth rate (or crude birth rate) is slightly different from TFR, and describes the number of births per 1,000 people. It is calculated from the number of babies born in a given year divided by



the mid-year population. This number is used much less often than fertility rate as an expression of a state's population because it does not distinguish between the fact that a state with a high proportion of young people will have a higher crude birth rate than a state with an older population. Age-specific birth rates are used to calculate the TFR and so are sensitive to a population's age structure.

In 1929, Warren Thompson first postulated the demographic transition model when he observed that as states develop and modernize, the fertility and mortality rates of the population fluctuate in a discernable pattern. This theory has been critiqued and revised numerous times since then and there is no consensus within the demographic community as to why fertility is low in developed states.<sup>3</sup> Solving this debate is not the concern of this study, but the effects of low fertility are central. One consequence of low fertility is that the average age of the population begins to rise as there are fewer young people and the larger cohorts (leftover from earlier high fertility eras) age. A second consequence is that if fertility rates remain low, as those large cohorts die the population itself will shrink. More importantly for this study, population aging lowers the number of workers to dependents (and thus changes the context within which labor relations take place) and changes the composition of the electorate.

For the purposes of this study, population aging is specifically the transition from a high old-age dependency ratio (those ages 15-59 divided by those ages 60 and over) to a low old-age dependency ratio—a shrinking labor force that means fewer workers to support more elderly. Though most of the states in Africa and some in the Middle East

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<sup>3</sup> Other theories and approaches include: wealth-flows theory (Caldwell 1982); economic approaches (Becker 1960); value of children theories (Nauck 2005); theories of planned behavior (Ajzen 1991); institutional approaches (McNicoll 1980); anthropological approaches (Greenhalgh 1995); and evolutionary approaches (Foster 2000).

continue to have high birthrates and their populations are growing rapidly, fertility rates have dropped dramatically in other regions. There are at least eighty-three countries and territories that exhibit below-replacement fertility patterns. For a population to truly be aging, in the sense meant in this study, it is not enough that the state's TFR is falling; it must be below replacement of 2.1. This helps to distinguish the vast differences between industrialized and less developed states. There are a variety of reasons that fertility falls, ranging from economic to cultural reasons, but renowned demographer Peter McDonald notes that the three most aged states have something in common: Japan, Germany, and Italy all follow the male breadwinner model and thus have very low fertility (McDonald 2006, 499); these are also the countries, as McDonald says, who see themselves as having strong traditional family values. Though this study makes no attempt to "control" for culture, in the sense of holding it constant to more closely examine the variables of interest, it is important to note that despite their major cultural differences, Germany, Italy, and Japan have become the three oldest states on the planet—a feat which seemingly would require they have something in common—and yet population aging has affected their politics in quite different ways.

Even if projections are wrong and the birth rate does experience a measurable, national-level rise, the population will still not rebound to its youthful past. Because the birth rate has been low for decades, there are fewer potential mothers in each cohort—in demographic terms, the population lacks momentum. A state with a tremendously youthful population, such as contemporary Afghanistan or 1910 Germany, has a *greater* number of potential mothers for each cohort, so even if the fertility rate slows the population will continue to grow because there are more women. Germany's Federal

Statistical Office agrees with this assessment, saying, “Even a slight increase in the birth rate would not change the situation fundamentally...a rise in the birth rate to 1.6 children per woman would actually lead to a somewhat lower birth deficit (difference between birth and death rates), which nevertheless would still be three times as high as it was in 2005” (Eisenmenger et al. 2006, 14).

Finally, a note on the statistics used. The data come from a variety of sources: the United Nations Population Division, the Population Reference Bureau in the US, and national statistical offices for the cases under review. All of these bureaus and offices get their data from censuses, sample surveys, vital registration systems (such as recorded births and deaths by county or appropriate unit), and estimates using demographic techniques. The statistics coming from the various data sources are comparable, and as this study uses qualitative methods, not quantitative, minor differences in estimates or reported levels are inconsequential.

Throughout the study I frequently refer to generational differences when actually, the term generation describes more of a cultural categorization than a division based on age. For example Aries (1980, 648) summarizes some past generations: people born between 1870 and 90 were the “final generation of prudent modernity;” those born between 1910 and 1930 were baby boom and trustful modernity; and those born between 1940 and 1950 tended to be rebellious. The danger is that the term can be haphazardly applied, often by the media (Generation X, Generation Y, etc.), and thus loses its significance as unit of analysis. The term age cohort is more accurate. Elder et al. (2003, 9) provide a nice description of the term, worth quoting at length:

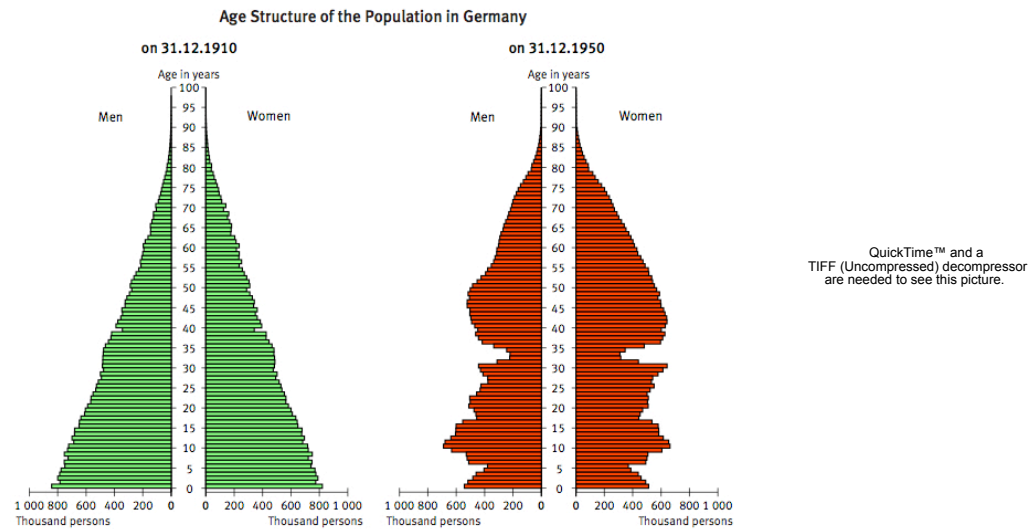
Locating people in cohorts by birth year provides more precise historical placement. Cohorts, in effect, link age and historical time. Historical changes

often have different implications for people of different ages—that is, for people who differ in life stage (Ryder 1965). People of different ages bring different experiences and resources to situations and consequently adapt in different ways to new conditions. When historical change differentiates the lives of successive birth cohorts, it generates a cohort effect. Older and younger children, for example, were differentially vulnerable to the economic stresses of the Great Depression (Elder 1974, , 1999). History also takes the form of a period effect when the impact of social change is relatively uniform across successive birth cohorts. Both period and cohort effects constitute evidence of historical influences.

I do not eschew the use of the term generation because a wider audience more easily recognizes it, but I use it in this study to mean age cohort. In the final chapter we return to the idea that the conclusions of the study are limited in the sense that they are only applicable to the age cohorts of today—older generations ten or twenty years from now are likely to be very different.

Population trees are useful aids to show how the age structure of a population looks at any one point in time. These illustrations are sometimes called population pyramids, because they used to resemble pyramids—see the left-most figure, below—for most states. Increasing variety in age structure has necessitated a change in terminology to “tree.” Below are the population trees for Germany in 1910, 1950, and 2005.

Figure 1.1 – Germany's age structure, 1910, 1950, 2005



Source: (Eisenmenger et al. 2006, 16) Federal Statistical Office, ([www.destatis.de/](http://www.destatis.de/), accessed July 21, 2007)

The first tree is typical of a high fertility country, and could equally describe modern-day Afghanistan. In this profile, each birth cohort is successively larger than the preceding one because most women of childbearing age are giving birth to more than one child. The second population tree, 1950, is atypical and reflects some of the major political effects on childbearing patterns. When comparing the left, or male, side of the 1950 tree versus the right, or female, side we can observe the relatively fewer number of men over the age of 25. This imbalance resulted from the numerous male deaths in World Wars I and II, casualties of the 1918 Spanish Flu (which spread rapidly among soldiers), and, for those of the older ages, also reflects the generally shorter lifespan of men. Also remarkable are the deep recesses, caused from reduced births and increased deaths during the economic crisis of the 1930s and the two world wars.

The third population tree, 2005, is typical of an aged society—Italy's and Japan's look similar, though Japan's shows even more advanced aging. The narrowing of the “pyramid” illustrates how successive generations of women have been giving birth to

fewer than two children, causing a bulge of older persons at the top of the tree; the largest bulges are the baby boomers.

### ***Gerontocracy***

The term gerontocracy was coined by Jean-Jacques Fazy and “was first used in a pejorative sense to describe the old, conservative French parliament in the 1820s (Achenbaum 1993)” (Harris 2005, 163). Most research on gerontocracy is done in Africa where old men frequently rule societies. As literally translated, gerontocracy means “rule by the old.” Thus, many take the term to describe a society in which there are increasing numbers of old politicians or old voters. In Italy, for example, the past few heads of state and government have been pensioners. Other political measures of gerontocracy include old-age participation rates of voting, which are generally higher than for younger groups. Economists use another measure of gerontocracy: the distribution of economic resources. Evidence they cite includes declining rates of elderly poverty, measures of social spending by generation, and measures of wealth by age group.

Of course, we would expect that as the median age of a democracy’s population increases, the median age of its representatives would also increase, as would the median age of its voters. The proportion of social spending would also increasingly go to the elderly, *ceteris paribus*, as their ranks increase while those of the youth decline. Thus, gerontocracy, as defined above, seems inevitable for most western democracies.

But I think this definition of gerontocracy is problematic partly because of its inevitability. Its simplicity obscures the complexity of politics by assuming that age equals interests. Though a society may have increasing numbers of elderly, both proportionally and in absolute numbers, and elderly may vote in higher numbers, it does

not automatically follow that they are voting in their own interests only. Instead, I take inspiration from Aristotle's classification of political systems. According to Aristotle, democracy is not simply "rule by the people"—in whose interests they are ruling matters. I define gerontocracy, then, as rule by the old in the interests of the old. This definition gives a more nuanced view of the politics of aging and allows for additional measures.

### ***Institutions***

This study examines how political institutions—namely, the political party system—mediate and articulate generational interests over labor policy in states experiencing population aging. Hall and Taylor (1996, 938) define an institution as "formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy." I focus on the formal forms of institutions and their function within a state because "Institutions provide information, opportunities, incentives, and constraints for both citizens and leaders choosing certain strategies, and it is only through the intermediation of actors' strategic decisions that collective outcomes can be explained" (Colomer 2001, 4). Some institutional forms will facilitate the fair representation of citizens' interests whereas others will allow specific interests to hijack the political agenda. Moving back to the idea of age-based politics, certain institutional forms will be more likely to facilitate generational equity or justice. Political institutions also shape actors' strategies.

There are many formal political institutions that could be important in articulating a population's interest into policy, such as the judicial system, the electoral system, or the relationship between interest groups and the state. Though this study excludes many of these in order to focus in detail on party system, I acknowledge that all likely play a role

in policy outcomes. One way to expand this study would be to include some of these other institutions and the conclusion will outline ways to do so. The importance of the organization of a state and political party system are outlined in the following section.

### **Organization of the state (modes/varieties of federalism)**

Though I did not set out to include federalism in this study, as my research on party systems progressed this issue continued to rise to the surface. In hindsight, it makes sense that state organization would matter; the organization of a state—whether federal or unitary, or somewhere along the spectrum—is an essential way that citizens’ interests and political parties’ agendas are articulated in the political arena. As Campbell and Morgan say (2005, 889), different forms of federalism “shap[e] the degree to which social problems are channeled upward to federal policy makers.” There are many ways to define federalism, but I refer to an arrangement in which power is shared between regional and national governments, with some powers exclusively allotted to regional governments. Most definitions include some aspect of self-rule by the regions and insist that there exist little hierarchy where the regional governments are subordinate to the national government (Wheare 1946, ; Ostrom 1987, ; Elazar 1987). Federalism can come about through different ways and other scholars have devoted entire volumes to the origins of different state organizations. For example, Ziblatt (2006) explains how the organizations of the German and Italian states precede their post-World War II creations to the late 1800s when the states were first unified. In Germany, decentralization and regionalism prevailed in post-War reconstruction with the creation of eleven Land governments coming together to form the new state. The occupying forces insisted on this arrangement for Germany, fearing a resurgence of a force like Nazism. Though



Germany, Italy, and Japan were reformed around the same time, they have different state organizations. In post-War Italy, the new government tried to subsume strong regional identities and thus opted for a unitary, rather than federal state. Though post-War Italian state also had the goal of avoiding concentration of power that led to fascism, they chose to spread power horizontally over the different branches of government, rather than vertically like in Germany. Germany was federal from its post-War start, while Italy and Japan were unitary, though the latter two have undergone some degree of decentralization since.

A federal organization is often suggested for states with problems of nationalist or ethnic conflict because it allows formal representation of those interests on the national level. In a way, federalism encourages the continuance of regional or state-based identities and discourages the formation of cross-(domestic)border identities. Though some regions of a state may have a larger proportion of elderly than others (as in East Germany), for the most part age-based politics requires the mobilization of aged across internal borders, or requires that the old in all regions feel that they have more in common as a group than they do with the fellow members of their local region or state.

### **Political parties**

In this study, political parties are treated simply as, “channels of intermediation between political elites and voters” (Gunther and Diamond 2003). Richard Gunther and Larry Diamond (2003) discuss how “the social/technological context within which parties function has a direct bearing on the effectiveness of different types of partisan organizations, and the dominant features of this context will systematically evolve over time” (174). Essentially, the nature of parties is dependent upon the environment in

which they operate. Parties are given central focus in this study because they serve the major function in advanced industrial democracies for translating interests: “Both social psychologists and rational choice theorists agree that partisan ties are a key element in explaining how the average person manages the complexities of politics and makes reasonable political choices” (Dalton and Wattenberg 2002, 261).

Most importantly for this study, the number of effective political parties will change how societal interests get translated into policy. The fewer the parties, the more inclusive each party will try to be of a wide range of citizens’ interests. Having only two political parties leads to the development of packaged platforms that are broadly encompassing: “voters tend to choose the party ‘package’ that is closest to their preferences on the issues they care about most intensely” (Colomer 2001, 141). Two-party systems encourage parties to try to appeal to the broadest segment of the electorate possible. The more parties there are, the greater the incentive for parties to differentiate themselves and attract niche voters and the greater likelihood voters will find a party in line with their preferences. Multiparty systems are also more ideologically polarized than systems with fewer parties, which tend towards the ideological center (Lees 2006). In a multiparty system, “each party can focus on a different set of issues, globally enlarging the electoral agenda” (Colomer 2001, 141)—we see this in Germany and Italy. Even if a party does not have enough votes to control the government, they will enter into a coalition and bring their ideas and platforms with them, so those ideas still get represented in government. Because of these differences, the likelihood that age-based interests will find a foothold in a one-party dominant state, like Japan, is low since parties

have to try to be inclusive. The likelihood that parties could target age groups in a multiparty system is high since they have to try to differentiate themselves.

## **Literature**

This study is concerned with the extent to which population aging has led to the emergence of age-based politics in Germany, Italy, and Japan. The two central research questions of this study are: To what extent do older generations have a monopoly on political power? And why and how could older generations gain a political advantage? Many scholars and journalists speak of emerging generational conflict because a disproportionate share of many advanced industrial countries' spending goes towards the elderly ("The gerontocrats" 1995, ; "Italy - Haven for Gerontocrats" 2006). Some reason that because population aging will increase the share of elderly relative to youth in a society, the elderly will have increasing political power and will ensure that the government institutes policies that favor their interests (see Cutler 1977, for example). Galasso and Profeta (2004, 65) argue that aging has a direct political impact because "as an older electorate increases the relevance of pensions spending on the agenda of the policy-makers, it tends to foster larger and more generous systems." With this assumption in mind, two types of approaches attempt to explain why the elderly have more political power: political economic approaches and political institutional approaches.

Mulligan and Sala-i-Martin (1999) offer an economic theory of elderly political power. They say that political institutional explanations are obviously inadequate since government policies tend to favor the elderly over youth in a wide range of countries—social security benefit systems exist in democracies and non-democracies alike. They

argue that the one thing the elderly have in common cross-nationally is time. Since policy changes require political, moral, and social pressure, the elderly hold more power than youth in western societies because they have the time to put more pressure on the government. In their explanation, lobbying by the elderly is the key to their political success: “an interest group’s political influence depends on the amount of working time enjoyed by its members” (Mulligan and Sala-i-Martin 1999, 11). There are two major problems with this economic approach, but both stem from the fact that the theory does not take a variety of political factors into account. The first issue is that they assume the elderly do indeed have the institutional access to pressure the government. Mulligan and Sala-i-Martin believe that organized interest groups are always important and often successful no matter a state’s formal political institutions, including the electoral process. Their findings only show a correlation between the presence of old people and the presence of generous social security benefits. We learn nothing about policymaking processes cross-nationally and should not infer causality. By taking the AARP<sup>4</sup>—an old-age lobbying group in the US—as a starting point they assume an American bias that colors their viewpoint and leads them to believe that organized groups of older persons are a) present and b) equally influential (given a state’s institutions) everywhere. Some of the countries they mentioned actually do not have organized groups of older persons or have only weakly organized groups and some political institutional arrangements do not allow opportunities for interest groups to be influential. A political institutional approach should correct some of these issues.

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<sup>4</sup> The group used to be called the “American Association for Retired People,” and AARP was an acronym. They have since dropped the long version and now go by “AARP” exclusively.

Second, the problem with economic theories of aging and politics, like Mulligan and Sala-i-Martin's theory of time allocation and political activity, is that they try to apply economic theory regarding self-interest to voting behavior, when we cannot be certain that voters vote only in their own self-interest. They do not draw on any scholarship identifying the preferences of the elderly and other age groups, even though some studies have shown that the elderly tend to have the same interests as other age groups in the population (Binstock and Day 1996, ; Danigelis et al. 2007). They claim that the elderly are a politically homogenous group, while "Those with jobs are likely to be from different occupations and industries, each with its own unique political concerns"—they show no evidence to substantiate this assumption (p. 11).

Since the political economy arguments fail to take into account the political orientation of the elderly, the interests of the elderly, their participation, and political institutional factors, we turn to the political institutional approach. As Pampel (1994, 156) notes, while the literature on age structure and politics is underdeveloped, there has been movement toward "integrative models in which the political environment shapes the impact of social and demographic change..." One of the first scholars of international relations to make this link was Nazli Choucri (1974, 17), who argues that:

the nature of the political system—including political structures and processes, and political ideology—is often a critical factor in determining the extent to which population variables might generate political outcomes, and conversely, to which population variables may tend to shape the political process. In each case, structure and process will provide further influences mediating between population and politics.

Pampel (1994) argues that pluralist and corporatist systems are different in how they direct spending between youth and elderly in aged states. Using time-series data for 18

advanced, industrial democracies, Pampel concludes that aged-biased spending is reduced in states with class-based corporatism and strong leftist parties. He notes that Germany and Italy tend to spend more on the elderly than on children, yet classifies them as corporatist systems. In a pluralist state, spending tends to be biased towards the aged because groups align based on age cohort in the absence of the intergenerational solidarity encouraged by class politics (age cohorts are ready-made, sizeable groups). He argues that political institutions, not aging alone, drive the allocation of resources.

While I agree with this last point, one problem with this study is that Pampel excludes political divisions based on race in the United States, a case of pluralism he cites often and that is key to his analysis. Though race and the US are not related to this study, because they are key to Pampel's they matter for assessing the value of the study. While there are powerful age-based interest groups in the US, Pampel does not provide evidence that class or race-based politics are obsolete in the US. Additionally, many sociologists have observed that class divisions are waxing, while age divisions are becoming more salient (Esping-Andersen and Sarasa 2002). Second, Pampel stops his study in the early 1990s because he assumes that "the movement toward European integration during the late 1980s and early 1990s has reduced the importance of intranation corporatism" (p. 165). Actually, it is important to update Pampel's study by examining the role of Europeanization as another factor driving policy change in the context of population aging. Finally, while Pampel found through standard regression that there were no age effects (i.e., where high spending on the elderly translated into less spending on children), he also found that Christian democratic rule raises spending on the elderly relative to children. A case study approach could provide detail and clarify these inconsistencies.

Schmidt (2002) argues that single-actor systems (like Britain) and multi-actor systems (like Germany) differently mediate the effects of population aging on the traditional welfare state. She argues that in single-actor systems “policy-making” is carried out by a small elite—the public is basically excluded from the process. In multi-actor systems the public and various interests are able to voice their opinions during the policymaking process—the emphasis is more on coordination and consensus-building. This study extends her line of inquiry by examining the relationship between demographic structure, single-actor and multi-actor institutions, and labor issues. There is ample room to build on these political institutional theories and we can see that several questions are left unanswered. What role do political institutions play in translating the interests of the population into policy? Which organization of the state and of the party system encourages the emergence of age-based politics and which discourages this?

The second contribution of this study is challenging the assumption that the elderly do in fact have more political power. It is true that spending on healthcare and social security dominates federal budgets in advanced industrial states, making it seem as if the elderly must be more politically powerful than other age groups. But assuming political power from federal spending figures and the composition of the electorate is insufficient because it excludes the universe of important policies in which the elderly may be the political losers. Instead, we must examine the trajectory of policies related to age issues. If the aged have increased their political power as their ranks grow then we should increasingly see a spectrum of policies—not just social welfare—that are generous towards those of older ages. If we see something different then we have to challenge this thesis of gerontocracy. In reality, in the past decade or so reforms in most

advanced industrial states have raised the retirement age and become more strict with pension benefits, moving to indexing pensions to years of work, etc. Even in the US throughout the 1990s Congress instituted numerous aging policies that went against the wishes of the AARP and other old-age interest groups (Binstock and Day 1996, 376). When assessing “winners” and “losers,” older generations have more frequently been losers of recent labor reforms in Germany, Italy, and Japan.

A major reason that scholars and journalists predict a takeover of politics by the old has to do with the fact that most of the research in this area looks at the US only, which has a very strong old-age lobby and where older voters greatly outnumber younger voters.<sup>5</sup> This study deliberately focuses on a non-US context, one in which lobbying in the interests of the old is less prominent and in which young voters may have more influence, in order to examine the many institutional issues not covered by studies based on the US only.

### *Behavior of the elderly*

Most research on political behavior of the elderly finds that there is little difference among age groups but that there are significant differences within age groups. The differences that do exist between age groups may be due to period effects (historical circumstances), and not to any inherent differences between old and young. For example, older generations today may be influenced by their experiences during the Great Depression and thus may favor more generous social welfare. There are differences in some patterns of political behavior, however: “Compared to younger people, the elderly tend to engage in more low-intensity political activities, especially voting, and fewer of

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<sup>5</sup> For example, in their review of the literature on the elderly and politics, Binstock and Day (1996, 362) limit their summary to the US because “the majority of political science research on this topic has dealt with the United States.”



the more demanding and energetic forms of participation,” such as protesting. Older people may also write letters or make phone calls to a political representative more often than a younger person (Binstock and Day 1996, 367-8).

In many countries, the elderly do vote in larger force than youth but patterns are uneven throughout advanced industrial states. What may be more important, however, is the perception that the elderly are a major political force that can be mobilized to the polls when needed. Binstock (1990) calls this the “electoral bluff,” and says that old-age advocacy groups in many cases have successfully convinced many elected officials and journalists that they ignore the interests of older people at their own peril” (Binstock and Day 1996, 367). In their review of these studies Binstock and Day add: “even though older people do not vote as a monolithic bloc, they can be mobilized to contact policy makers in large numbers, and few politicians want to risk alienating such a large and dispersed segment of the electorate” (371). On the flip side, the media in many graying states has successfully built an alarmist fervor that the elderly will take up more of the state’s resources and create generational conflict. These fears could be enough to change policy against their favor, rather than benefiting elderly groups.

#### *Preferences and interests of the elderly*

Other important factors to include in assessments of age politics are the preferences or interests of the elderly. In their review of the literature, Binstock and Day (1996, 364) describe the research in this area and say that “Although older people are commonly thought to be more conservative than younger people, most of the evidence on self-described conservatism and liberalism in the United States refutes the notion that people become more conservative as they age.” Rather, political orientations tend to be

more stable with age and political liberalism actually increases over time among adults of all ages, albeit more slowly among the aged (Glenn 1974). A recently published study by Danigelis, et. al (2007) found similar results, that change in sociopolitical attitudes is as common in older adults as in younger adults; aging does not lead to conservatism, nor are opinions stable over time. Instead, people of all ages respond to events that surround them, like political events and technological change, and these affect their political attitudes (p. 823). The same can be said of people's attitudes towards parties: "Partisan affiliation tends to remain stable throughout life, so that the distribution of partisan loyalties within a cohort of young people generally persists as the cohort moves into old age" (Binstock and Day 1996, 364). Of course, some people will switch votes among parties depending on the political context but still, this research finding could explain the voting patterns described below for Germany where older people are still voting for the Christian Democrats even though that party's stances work against the interests of older cohorts. Additionally, voters may have different policy preferences on different issues. As Colomer (2001, 163) says, "they can have rightist preferences on economic policy...and leftist, liberal preferences on moral issues."

One trait does differentiate the old from young, however—older people's identification with a party may grow stronger over time. Converse (1969) found that the exception was countries that have had major political changes, in parties or regimes, where loyalty may be compromised as a matter of circumstance. This has implications for Germany, which had a major change in 1990, but should not matter for Italy and Japan because the last major change was after World War II, and this would only affect a small proportion of the population.

Interests also seem to cut across age groups, as will be described below. In Germany, for example, there is remarkable consistency among age groups with regard to naming unemployment as the primary problem facing the government. Age cohorts there show little interest in “age-related” politics as a primary concern, including education, family policy, and social security. Older persons are also willing to vote in the interest of other groups: “Even in local referenda on such issues as school bonds or property taxes, there is little evidence that older people are more likely than other voters to oppose taxes for services that do not directly benefit them (Button and Rosenbaum 1989) (Button & Rosenbaum, 1989; Chomitz, 1987)” (Binstock and Day 1996, 368). Though this has been the case to date, it is important to note that future patterns may differ and politics could increasingly revolve around age as graying in advanced industrial states intensifies.

Table 1.1 – Outline of the study		
<i>Question</i>	<i>Problem in the literature</i>	<i>New approach</i>
To what extent do older generations have a monopoly on political power?	Looks mainly at entitlements and healthcare	Examine labor policy
Why and how could older generations gain a political advantage?	No attention to political institutions	Examine party system

Though individuals may not align along age lines to the extent that the media and old-age interest groups portray, in each society certain age cohorts will benefit more than others from particular kinds of policies, and some cohorts may be seriously disadvantaged by particular policies. This study steps outside the commonly examined issues associated with aging politics—social security and healthcare—to provide an additional test of the thesis that the presence of larger elderly cohorts lead to policies in their favor. The paper focuses on labor policies—including retirement age—as a set of

issues that affect all generations (and thus should mobilize them) but that has clear outcomes that would favor one generation over another. These are outlined in the individual case studies, which describe how these policies affect different age groups.

## **Main argument**

This study argues that we know older cohorts in Germany, Italy, and Japan have not seized political power and established gerontocracy because their needs frequently go unmet in labor policy—an important area of domestic policy. In each case, party system matters for the emergence of age-based interests. The multiparty systems in Germany and Italy function to mediate and articulate competing interests in the context of population aging but create the conditions for age-based interests to emerge because such a situation rewards parties for even small numbers of votes. Japan's two-party system, on the other hand, discourages the emergence of age-based interests because it rewards parties for broad appeals. Additionally, Germany's federal organization and Italy's decentralization and regional identities also prevent the emergence of age-based interests. Population aging is important because it frames the political debate by determining which issues will rise to the forefront of national politics; institutions are important because they help structure political outcomes, mediating and articulating those competing interests. In any democracy, different institutional arrangements allow different interests to set the political debate and see that policies that favor their platforms will be instituted. Parties and other agents “act as mechanisms of representative linkage between state and society...the role played by parties and other institutions (typically single-interest groups or social movements) in publicly expressing and pursuing the political demands of particular social groups” (Webb 2002, 12). Some arrangements favor a select number of

political parties, while others are more inclusive of a wide range of interest groups. Institutions show that size doesn't necessarily matter—bigger elderly cohorts are not by definition more powerful. Rather, political institutions play a bigger role in determining policy outcomes. In other words, institutions determine whether or not there will be generational warfare as a result of population aging—and they determine who wins.

## Methods

To address the research questions, I use a case study design. While much of the literature on demography's links with conflict involves large-*n* studies (Cincotta et al. 2003, ; Urdal 2005, ; 2006), because population aging is a relatively new demographic phenomenon, appearing only in the latter part of the 20<sup>th</sup> century, there are not enough cases in which to perform this type of quantitative methodology. Even if there were, however, because this dissertation seeks to uncover the *processes* by which institutions mediate and articulate the competing interests associated with population aging, a research design that can tease out the details of the debates surrounding workforce policies in each case is necessary.

In each of the case studies, I first establish that there is a context for generational conflict, reviewing the data on population aging and social spending by age cohort in a manner similar to other scholars who begin from the assumption that gerontocracy exists. From this starting point, however, I take a two-prong strategy to determine whether gerontocracy, or milder forms of age-based politics, exists. First, I ask two questions: how do parties target different age groups in society and how do the age groups respond through their support for parties? Because population aging is a relatively recent phenomenon and because each of the countries in this study underwent major electoral

reforms in the early 1990s, I examine only the last decade of policy making. I look at how the parties target different cohorts by reviewing and analyzing their main party messages, the same ones that reach citizens—mainly through party manifestos and media messages. During these textual analyses I look for evidence of overt references to generational issues (youth, aged, workers, or a combination) and references to labor and social welfare policy. How the cohorts respond—their patterns of support—gives some indication of the connection between targeting and response. I look at vote intention patterns in particular and public opinion surveys are the main source of evidence.

The second prong of the study looks at major labor reforms in each case, especially those governing entry and exit from the workforce—the two areas most likely to affect youth and older workers. Looking at policy outcomes, I try to determine the generational winners and losers of labor policy—if the old win often or in each case this would give credence to those who say there is gerontocracy. Finally, I bring these two prongs together by looking at the role of parties in labor reforms.

The cases were chosen because they represent the most extreme cases of population aging in the world and thus give us the most historical data on aged populations. Perhaps coincidentally, these three cases also share a common post-World War II heritage of democratic development, having been the major Axis powers during that war and experiencing occupation by victorious Allied powers in the decades that followed. Given that these three countries are democracies, it is possible that age groups can influence politics by working within institutions, such as through voting or supporting interest groups, but, as the study finds, age groups are not monolithic influences that can change policy in their favor. These three cases are often compared in

the literature because we are able to hold constant many factors—such as regime type—yet, there is variation in their institutions. Because the party system is the central institution under study here, these cases are useful because two have a multiparty system and one has a two-party system. However, there are limitations with these cases and with this methodology. While Germany, Italy, and Japan have shared experiences with post-War reconstruction, their histories before World War II are quite different and have shaped their individual political cultures. Additionally, Germany underwent a further major change less than two decades ago when East and West unified during the collapse of communism. There are issues with comparing two European states with an Asian state as well. These differences are acknowledged and used whenever possible in each case. What we cannot ignore, though, is that despite their many differences, these three countries have had enough in common that they have undergone a major change in societal patterns of fertility almost in tandem—a factor that should not be underestimated.

Another, and important, limitation is that when a process of change is ongoing, it is difficult to analyze the outcomes and effects of a trend. Because population aging is new, this study can only be a modest effort to understand its effects. This study should be seen as the beginning of a conversation on the political consequences of population aging rather than a definitive answer. The aim of this study is to shed light on what has happened up to this point, which is valuable because other industrialized states will go through this phase of aging as well. What remains to be seen, however, is how politics will play out as population aging progresses. Based on what we learn in this study we can extrapolate, but there is no guarantee that the future will be modeled on the past. Is there a tipping point? Considering that we don't know how far population aging will go,

we cannot guess at a better time to review its effects and so it is useful to take stock at this time.

Methodologically, because this dissertation relies only on three cases, and because population aging has not been a long-standing phenomenon, there are limitations to the applicability of the study. As Lijphart (1971, 685) says, the problem with the case study method is “many variables, small number of cases.” The value in large-*n* studies is that they allow the researcher to say with some confidence that there is a relationship between two or more variables in a wide range of cases. This dissertation makes no such claims but does draw some generalizations based on the three cases included. More research will need to be done as states continue to age. Additionally, as many developing states begin to age over the next several decades—like China—different variables may prove to be more illuminating. Other major problems with case studies identified in the literature are selection bias, lack of systematic procedures, inattention to rival explanations (for example, King et al. 1994, ; Geddes 1990). Whenever possible, I have tried throughout my case studies to acknowledge these limitations or surmount them.

## **Labor policy**

Within the three cases, several types of labor policies will be relevant for generational concerns. For convenience, we can broadly categorize these as policies that provide barriers to workforce entry for certain age groups and policies that provide incentives for exit. Many labor policies affect particular age groups, but not at the expense of other age groups. For example, parental leave policies may benefit prime age workers, but without detriment to younger or older workers. Both policies that target or exclude particular age groups and those that are zero sum—benefiting one generation



while excluding another—are important for this analysis, as measures that go against youth would seem to substantiate claims of gerontocracy and measures that go against older workers would seem to disprove those claims.

There are two sub-categories within the broader category of barriers to workforce entry. The first issue concerns legalities and cultural norms of lifetime employment. In theory, lifetime employment practices tend to benefit anyone who is employed and prevent anyone who is unemployed from obtaining a job. In practice, prime-age workers who are employed benefit the most from these practices and young workers are often hindered by these policies. In some cases, older workers past retirement age who still desire employment—such as many in Japan—are also harmed by these policies. In cases where older workers desire to exit the workforce, lifetime employment can be beneficial to them: “Stringent [employment protection legislation] has negative effects on youth entry into the labour market, while it may benefit older workers, at least where retirement incentives are high” (Bassanini and Duval 2006, 7).

A second policy area that appears often in the cases concerns flexible labor contracts. In essence, firing regulations—how hard it is to get rid of employees—shape an employer’s hiring practices. If it is relatively hard to get rid of an employee those who are seeking employment may have a hard time securing it because companies are not willing to take a risk on hiring them. Again, youth are the group most harmed by the absence of fixed-term (flexible) contracts in Germany and Italy. And in Japan, where older workers past retirement age often hope to secure some type of part-time work, inflexible labor markets harm both younger and older workers.

Policies that provide incentives for exit have generational implications as well. In the cases that follow, two types of policies fall into this category: those regarding retirement and those regarding unemployment benefits. (Parental leave benefits would also fall into this category but are outside the scope of this study.) There are several issues regarding retirement. Early retirement schemes were put into place in Germany and Italy in the 1960s and 70s to “cushion rapidly rising unemployment and facilitate workforce restructuring” (“Ageing and Employment Policies: Germany” 2005, 73). Therefore, they were designed to be beneficial to youth hoping to obtain employment and older workers who wanted to retire with generous benefits. Mandatory retirement schemes, such as those in Japan, harm older workers who want to continue to work.

The second policy area is the unemployment benefit system. On the links between benefits and incentives for exit, one study found that “In the ‘average’ OECD country, high unemployment benefits and high tax wedges are found to be associated with lower employment prospects for all groups studied, namely prime-age males, females, older workers and youths” (Bassanini and Duval 2006, 2). Measures to decrease the benefit level and shorten the duration of unemployment benefits in Germany harmed older workers, who often used unemployment schemes to exit the workforce early.

Table 1.2 – Relevant labor policies	
<i>Policy category</i>	<i>Generational implications</i>
<i>Barriers to workforce entry</i>	
Lifetime employment	Benefits prime-age workers. Harms younger and sometimes older workers (Japan).
Inflexible labor practices	Benefits prime-age workers. Harms younger and sometimes older workers (Japan).
<i>Incentives for exit from workforce</i>	
Early retirement	Designed to benefit younger workers and prime-age unemployed.
Mandatory retirement	Harms older workers.
Generous unemployment benefits	Benefits older workers who use it as a scheme for early retirement. Repealing benefits (as in Germany) harms older workers by taking away this scheme.

## Other pressures

Advanced industrial democracies today face a variety of pressures, both external (globalization and the spread of neoliberal ideas) and internal pressures (endogenous social changes and demographic structure changes). In particular, though, this research focuses on just one of these—population aging—and the interaction between institutions and demographic structures. Population aging frames the debate but institutions determine the outcome. Yet, other factors may also serve the same function as population aging and institutions. Since this study finds that the presence of large groups of older workers is not enough to drive labor policy in their favor, what does shape labor policy? This section will briefly acknowledge these non-institutional drivers of political change; the conclusion will return to this topic in light of the evidence and analysis presented in the empirical chapters.

### ***Globalization—external pressure***

Globalization is a popular driver of economic policy change both in the literature and in the media. As Hinrichs (2005, 48) says, “globalization reinforces the pressure on political actors in the welfare state to tackle the aging problem through pension reforms...” There are two aspects of globalization that could be driving workforce policy change. The first is the macroeconomic element—the global economic pressure to be competitive. Multinational corporations (MNCs), for example, would not find a policy supporting lifetime employment to be in their interest since the global economy thrives on comparative advantage. Whereas labor for software manufacturing may be available only in Japan in any given week, the next it may be cheaper in South Korea—MNCs would want the option to follow the comparative advantage. Shorter workweeks, which Europeans typically favor, also may not make sense in a globalized world where the point is to work as much as possible around the clock to meet demand in all time zones.

The globalization explanation for workforce policy outcomes only has credence if we can be sure that business has the ability to set the debate in a country. Otherwise, other organized interests, including political parties vying for votes, will likely seek those policies that have the greatest support of the population regardless of the market. However, even if business has a lot of power in policymaking this macroeconomic explanation for policy change may still have holes. According to corporate liberal theory, business may support social policies that contribute to a wide range of goals, including encouraging economic growth, avoiding labor disputes, imposing costs on competitors, and socializing the cost of firm benefits (Swank and Martin 2001). Finally, we cannot discount that businesses may act in ways contrary to the bottom line—the role

of corporate responsibility. Sometimes, corporate responsibility is carried out as a direct act, as in Japan where businesses sometimes employ people to keep them off the streets. At other times corporate responsibility is built into a state's institutional arrangement. In Germany, "the institutional design of social insurance...is much more understood and treated as [a] corporatist institution, which brings together employers and employees in providing security to the latter" (Bonoli 2003, 1027).

The second aspect of globalization that could affect workforce policy is diffusion of norms. Globalization not only increases the flows of goods and labor, it also increases the flow of ideas and practices. Neoliberal ideas in particular may matter (Schmidt 2002). If there were policy convergence among these three cases, the reason could be that Germany, Italy, and Japan are moving towards a common understanding of how the workforce should be structured in a globalized economy—not that their common population aging trend and institutional arrangements are driving change. Similarly, regionalization—another external pressure—could be the driving force behind political change. The original purpose of the EU was standardization of common policies and practices, including economic ones, and as the EU has formed and strengthened over the last several decades there have been movements towards convergence. For the most part, shared norms about social welfare have had an effect on domestic and EU-level policies. For example, member governments, "coordinate their policies in order to deliver steady growth, more jobs and a competitive economy across the EU, one which will at the same time preserve the European social model and protect the environment" (*Activities of the European Union: Economic and Monetary Affairs* 2007). However, these states also share the trend of population aging. Robust social welfare policies are a large part of the

EU strategy to mitigate population aging and care for elderly—and a reason why European states with weaker social welfare proclivities have been hesitant to fully integrate economically. States like Britain are afraid to promise huge social entitlements in the face of dynamics like population aging. A 2003 EU document explicitly names the aging of the European workforce, increasing numbers of pensioners, and declining birthrates as the reason for the need for strong welfare policies that invest in people ("Going for Growth: The Economy of the EU" 2003). Preliminary analysis shows that EU convergence and population aging may not be easily analytically separated when determining each one's effects on workforce policy. But, the inclusion of Japan as a non-Western case and the fleshing out of the different stakeholders in each country and different outcomes in the policies should help in separating the two effects.

### ***Culture and path-dependence***

Culture is another common explanation for cross-national variation in policy. Throughout the case studies, though, we see that in all three cases workforce policies are moving in the same direction so cultural and historical influences—including practices prior to industrialization—seem to be less important in driving policy change than either demography or institutions. Culture, the way it is used here, includes shared identity and norms, and policy development at the time of industrialization. This is different from political culture, which is embodied in this dissertation by the institutional variables.<sup>6</sup>

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<sup>6</sup> Here, political culture is inclusive of, but not limited to, institutions like the party system, nature of parties, and role of interest groups in policymaking.

## Outline of remaining chapters

The following chapters will examine empirical evidence for the institutional theory offered here. In Chapter 2 I describe how Germany's older cohorts remain politically weak in the area of labor policy. Germany's federal structure prevents the rise of age-based politics because it privileges the role of the Länder—regional interests—at the national level. In the multiparty system, however, parties cater to the interests of different age groups as they try to differentiate and attract niches of voters. In Chapter 3 on Italy, I argue that there are opposing pressures for the emergence of age-based interests. On one side, Italy's cultural legacy of diverse, regional interests have prevented unified age-based interests from forming. The new electoral system, however, creates pressures for the formation of age-based interests because it rewards parties for even small numbers of votes and encourages them to differentiate their platforms, even appealing to narrow interests. Though youth have been disadvantaged in the employment arena, the government is working to bring them into the labor market. In some ways, regional differences in labor, though, are more obvious than age differences—the South is especially disadvantaged. In Chapter 4 I find that in Japan's party system parties try to appeal to the broadest segments of the electorate possible and even though age-related issues permeate their platforms, they try to avoid alienating any particular group. The labor situation in Japan is slightly different from Germany's and Italy's. Instead of older and younger workers competing, older workers, younger workers, and prime-age women all compete with prime-age men in Japan's inflexible labor market. But like Germany and Italy, Japan is moving towards making the market more flexible to improve the

situation of these disadvantaged groups. Chapter 5 offers a comparison between the three cases and returns to the research questions that have guided the study.



## Chapter 2: The Politics of Population Aging in Germany

### Introduction

*“A country without children is in every respect a country without a future—socially, economically, and culturally.” (“Power for Renewal: Social justice for the twenty-first century, Principles for a new manifesto for the SPD” 2006, 5)*

Two factors contribute to fears that population aging in Germany is leading to generational conflict and gerontocracy. First, Germany’s trend of population aging and the differential growth of its age cohorts have been leading the number of old to increase and the number of youth to decline. Between 1975 and 1980 Germany’s age structure shifted so that there were more people over the age of 60 than under the age of 15; since then the imbalance in size of the two cohorts has only grown more stark (“World Population Prospects: The 2006 Revision Population Database” 2007). Their shrinking size makes it seem impossible for younger cohorts to match the potential political power of large older cohorts. Second, gerontocracy seems to be evident because government spending on the old, especially for social security, greatly outweighs that on the young. They say that only because the old are politically powerful have they been able to allocate resources in their favor, leaving younger generations shortchanged.

In this chapter, I argue that in Germany’s case assertions of gerontocracy often ignore two important factors: the particularities of Germany’s federal state structure and multiparty system, and the politics of aging in the labor policy arena. To some extent, intergenerational conflict is a myth. As I will demonstrate, political parties in Germany have taken stances that clearly favor one generation over the others but voter response seems to fall in line more with regional—especially East-West—identity, than along age-

related lines. Two of Germany's political institutions create opposing forces for age-based politics to emerge: the party system and organization of the state. While the multiparty system creates conditions in which parties try to differentiate, potentially along generational lines, federalism makes different, non-age-related identities more salient. Federalism elevates the importance of regional politics and discourages factions that would align along age.

Those who argue that gerontocracy exists because of generous social security ignore other important policy domains in which the aged do not fare so well. Examining labor policy in Germany within a generational frame demonstrates that older workers and retirees have not consistently benefited from recent labor reforms. Instead, the trend is towards cutting pensions and raising retirement. Additionally, major unemployment reforms have disproportionately disadvantaged older workers. In Germany, labor issues are extremely important and decades of high unemployment have been one of the most pressing issues on the past few governments' agendas so these issues are particularly useful to focus on in assessing the politics of aging.

To understand the extent to which generational tension exists in Germany and how it plays out politically, this chapter examines the politics of aging in Germany in three parts. It first describes Germany's age structure and explains the breakdown of social spending by age cohort, establishing that conditions are present for generational tension. Then to determine whether and in what ways it exists the chapter describes how political parties target different age cohorts and how the cohorts respond by supporting the various parties. Finally, the chapter turns to the politics of aging in labor policy. When viewed within the context of generational issues, recent labor policies demonstrate

that the old are not always successful in encouraging policies that favor their interests. A detailed discussion of the generational politics surrounding some of Germany's most radical labor reforms, the Hartz reforms, further illustrates this point. The Hartz labor policies, which were legislated and implemented between 2002 and 2005, are widely unpopular for their strict measures but disproportionately disfavor the old. The chapter concludes with a reflection on the importance of Germany's political institutional structures of federalism, EU membership, and the multiparty system for channeling generational interests over labor policy.

## **The context for generational conflict in Germany**

Those who fear that population aging in Germany has led and will continue to lead to a hijacking of the political agenda by older generations often begin by citing the slow response of policymakers in dealing with the myriad ramifications of low fertility. Though the populations of Germany, Italy, and Japan are all aging, the unique legacy of population issues in Germany has affected the way policymakers there have approached age-related issues. Germany's history with Nazism and the divisions over communism throughout the latter half of the twentieth century have shaped many facets of the country's economy, politics, and society—including both its demographic trends and the ways the state has dealt with them. In Germany, rhetoric surrounding population was muted for most of the post-war period even while other countries, such as France and the United States, actively examined their changing population profiles and the likely implications of these changes. Because of the history of population control under the Nazi and communist regimes, many population topics were taboo in public debate; as a result Germany has been slow to address the challenges of population aging. German

writer Elisabeth Niejahr, author of *Alt Sind Neur Die Anderen (Only Other People are Old)*, said in an interview that the legacy of past atrocities continues to be important:

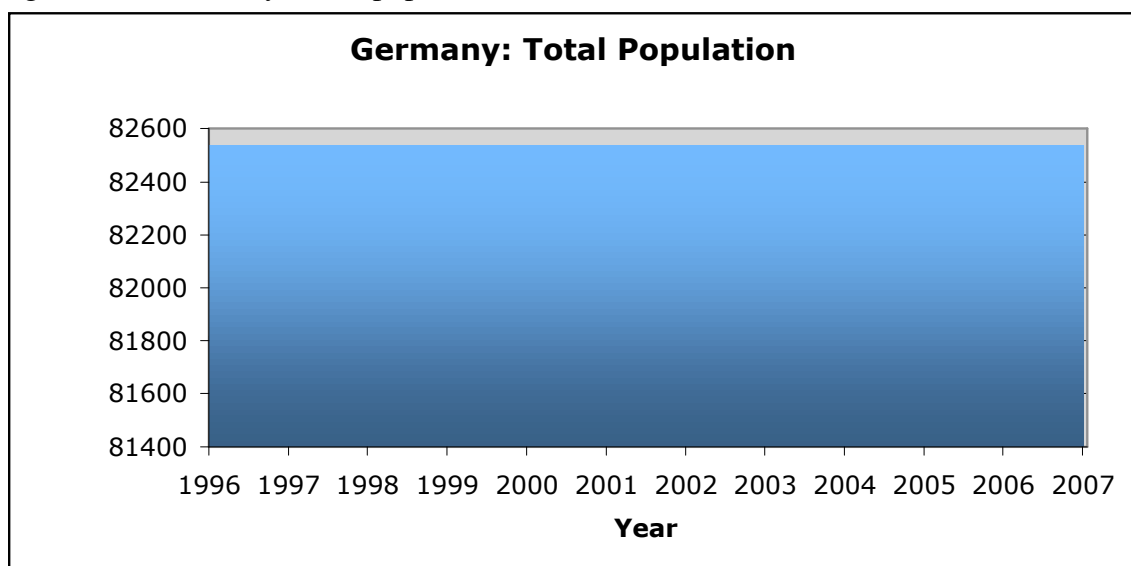
Because demography was stigmatised as a subject for so long and associated with the National Socialist past, an obsession with population control and German jingoism, the few people who have kept on raising the issue in spite of all this...have had to suffer any number of withering attacks. (Sommer-Guist 2006)

In the time I spent at the Max Planck Institute for Demographic Research in Rostock, Germany, in 2007 and 2008, demographers often lamented the impact of this legacy in their conversations on German policies towards family planning and retirement. These historical legacies and the resulting slow response matter for two at least two reasons. One is that the failure to address low fertility in a timely and effective manner has exacerbated and accelerated Germany's graying. The second, and more important reason for this study, is that the slow response has permitted outdated and unsustainable pension and retirement policies to stay in effect, leading to a situation where older generations currently receive the lion's share of social spending while little is spent on youth and families. German politicians have begun to recognize their country's population aging and institute policies, such as a higher retirement age, that reflect willingness to address the implications of growing older cohorts. However, the tardy response to population aging partly because of this stigma may be a reason that age-related politics are not at the forefront of the political debate in Germany. Indeed, East-West differences remain one of the most important divisions in German society, as we will see—the legacy of division has been a potent force in many realms of German society, including demography and politics, and has prevented the emergence of cross-regional age-based identity.

It is certainly true that Germany's age structure sets the stage for potential generational conflict. A few details about Germany's particular demographic challenges

are useful both to set the context and to identify aspects of the causes and consequences of the trends that are relevant for the politics of aging. Germany's age structure is similar to most advanced industrial countries in that there are fewer youth and increasing numbers of elderly, but is more extreme than most of these other states. Germany's population has been shrinking since 2003 because of low fertility, which has been below general replacement of 2.1 children per woman on average since about 1970.

Figure 2.1 – Germany: Total population



Source: (Eurostat 2006b) (Accessed on July 21, 2007)

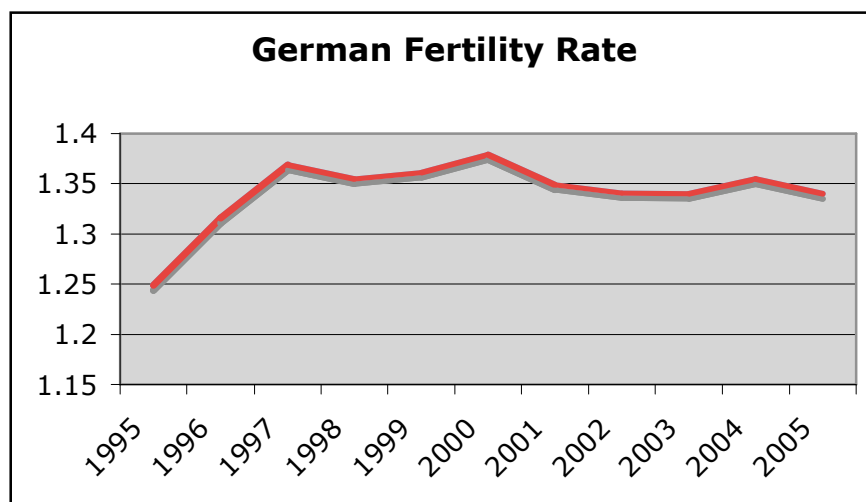
There are many reasons why Germany's birth rate is low, and like with other advanced industrial countries, there is no consensus about why or what policy measures could be taken to raise the birth rate. Some argue that Germany's social welfare model, which relies on the concept of the family wage, is partly responsible for the low birth rate; the system was set up so that men work and women take care of the home and family (see for example McDonald 2000). Current retirement regulations seem to reflect this bias; there are more generous retirement rules for women than men because of an assumed shorter work career for women. The aforementioned legacy of keeping family planning out of

the public debate is reflected in this statement by the Social Democratic Party (SPD) of Germany:

Successful child and family policy is the key to the future of our country...The reasons for the consistently low birth rate in Germany, among other factors, are outdated role models and political failures. Child and family policy must be shifted from the margins to the focus of our attention." ("Social Democracy in the 21st Century: "The Bremen Draft" of a New Manifesto for the Social Democratic Party of Germany" 2007, 48)

No matter the reason, low fertility will continue to cause Germany's population to age for the foreseeable future. The Federal Statistical Office even projects that the birth rate will continue to fall in the future (Eisenmenger et al. 2006). They predict a worsening of population aging, based on this low birth rate and the prospect that life expectancy is expected to increase by around seven years between 2006 and 2050.

Figure 2.2 – German fertility rate



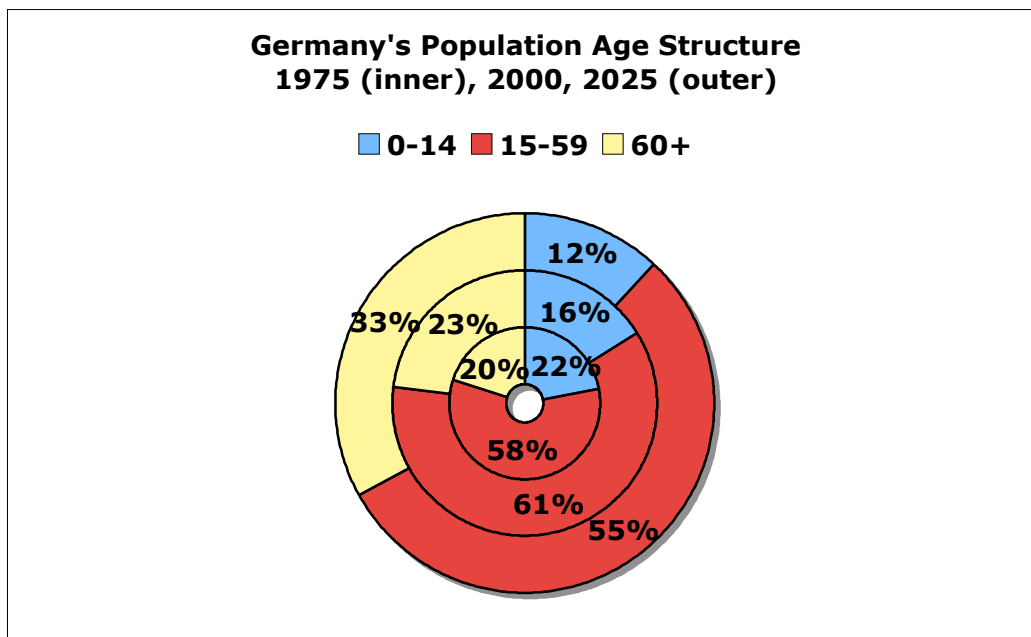
Source: ("Fertility Rates for Low Birth-Rate Countries, 1995 to Most Recent Year" 2007)

Finally, longer life expectancy drives Germany's population aging. For children born during the period of 2002-2004, life expectancy was 75.9 years for boys and 81.5 years for girls, expressed as an average over the period. Not only is life expectancy at birth high, but during this same period total life expectancy for 60-year-olds was 80.0

years for men and 84.1 years for women (Eisenmenger et al. 2006, 38). This increase in the number of persons living well beyond retirement has major implications for the demands on the working-age population to support projected increases in pension payments.

While the overall population is projected to continue shrinking, there are major generational differences in growth rates—a disparity with the potential to instigate generational conflict. Between 2006 and 2010, the number of youth under 20 years of age will shrink by 10 percent and will continue to rapidly decrease thereafter (Eisenmenger et al. 2006, 5). Specifically, the number of children between ages 6 and 10 are expected to drop by 600,000 between 2005-2010 (Eisenmenger et al. 2006, 19). Older cohorts, however, will grow rapidly. Germans aged 60 and older made up around a quarter of the population in 2005, five percentage points greater than twenty years earlier. The UN projects that in 2025 this cohort will comprise almost 33 percent of the population ("World Population Prospects: The 2006 Revision Population Database" 2007).

Figure 2.3 – Germany's population age structure, 1975-2025



Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

In what other ways does Germany's changing population profile supposedly set the stage for generational conflict? The most frequently cited implication in publications like *The Economist* is how low fertility and population aging changes the ratio of workers to dependents in Germany, and how this interacts with policies directing social spending. As the preceding graph shows, between 2000 and 2025 the proportion of the population of working age will decrease from 61 percent to 55 percent, while the proportion of elderly dependents will grow from 23 to 33 percent. These changes are well underway. Not only will there be more elderly dependents supported by fewer workers, in general, older workers—those aged 50 to 64 years—will increasingly dominate the working-age population in Germany. These ages are when labor force participation rates tend to decline in many countries ("Ageing and Employment Policies: Germany" 2005, 3). In 2005 older workers were about 30 percent of the working-age population (comprised of



those 20 to 64 years) but will be about 40 percent by 2020. This age set will grow so steadily that it could theoretically offset reductions in younger workers to keep the total working-age population steady at around 50 million until 2015 (Eisenmenger et al. 2006, 6). As later sections will demonstrate, however, labor force participation rates of older workers are low and thus the theory may not match the reality. In the longer term, even accounting for migration of 200,000 annually, the workforce is projected to decline from 50 million to 40 million by 2050 and there is little doubt that aging of the workforce will continue ("Ageing and Employment Policies: Germany" 2005, 11).

Immigration will play a role in mediating the shrinking of Germany's working age population, but because immigrants are not likely to compose a large percentage of the 50 million workers already in Germany, immigration will not likely play a decisive role in keeping the German workforce young, partially because of the many political obstacles to high immigration. The number of migrants needed to preserve the current ratio of workers to dependents in Europe would be 25 million annually. According to demographer David Coleman (2005), this high rate of migration "would treble Europe's population by 2050 from 754 million to 2.35 billion, and so on at an accelerating rate." Not only would European citizens feel hostile to the prospect of their population tripling, which would greatly strain housing and land resources, as the recent growth in right-wing political groups demonstrates they also would likely object to the changes in national identity brought by an influx of foreign-born. Germany has a sufficiently strong right-leaning ideological segment of the population that could block legislation to open Germany's borders.

## ***Demographic differences between East and West Germany***

The legacy of German reunification creates a different context for the politics of aging than in Italy and Japan—one that continues to be relevant, as the remainder of the chapter will demonstrate. Not only did the East and West have different economic and political systems during the Cold War, those systems also had implications for the development of demographic trends in the two regions. Eisenmenger, et al. (2006, 28), report on the former East:

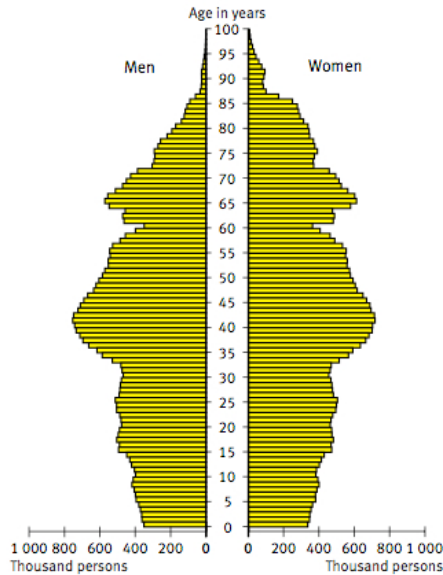
In the former GDR (German Democratic Republic) birth rates developed differently from those of the former federal territory after the mid-1970s. There the government adopted comprehensive benefits for families with children to counteract a further decline of birth numbers. In 1980, this policy even led to a clear increase in the total fertility rate to 1.94 children per woman. Afterwards the birth rate again began to decline slowly.

Though this study does not try to answer why fertility declined, uncertainty and pessimism about the future are oft-cited reasons for the general low fertility of former communist countries and these effects clearly extend to the formerly communist segment of Germany as well. In the former Eastern states between 1989 and 1995 the total fertility rate fell from 1.56 to 0.84 (Kohli 2004, 279). The latter figure is astonishingly low—fertility has rarely reached that nadir anywhere at any point in history.

Since reunification the East German birth rate has increased to match that of the West. The birth rate in the East is now just 5 percent below the former West, compared to 30 percent below in 1991. Instead of seeing rises only in births to women in their early twenties (which is normally the group with the highest fertility), as the German economy and political system stabilized and grew, women who had delayed childbirth—those between the ages of 25 and 35—now began to have children (Eisenmenger et al. 2006,

28). Though birth rates in the East and West are close, high unemployment in the East has driven youth and skilled workers to migrate to the West; because of youth emigration, which takes away the population momentum mentioned earlier, and because the birth rate was lower there for many years, the workforce of the New Länder (new states) will age and shrink before that of the West and there will be significant skill shortages there first as well. Most of those emigrating from the East have been in the 18-25-year age range and the majority have been female ("Ageing and Employment Policies: Germany" 2005, 12). Thus there are fewer potential mothers in the East and fewer younger workers to support the economy—a problem when states carry the burden for many social welfare benefits. Though most German states have similar population profiles (median age, dependency ratios), the legacy of East-West differences means that some of the New Länder have older populations than average for Germany. These internal differences allow us to determine whether age or regional identity are more important divisions in Germany because we can hold age constant for the majority of states to look at regional differences, and we can more closely examine how much age matters politically for the oldest and youngest states. Details about internal differences will be drawn out in the following section on generational response to political parties.

Figure 2.4 – Germany's population age structure as of 31 December 2005



Source: (Eisenmenger et al. 2006, 16) Federal Statistical Office, ([www.destatis.de/](http://www.destatis.de/), accessed July 21, 2007)

This population tree illustrates how few youth there were in Germany in 2005. The narrowing at the bottom of the figure shows the effect of the low birthrate over time: each cohort under the age of 15 is smaller than the preceding one. The bulge of baby boomers in the middle of the tree is beginning to move into retirement age, creating a large group of elderly dependents that, under current legislation, will soon receive generous social welfare benefits. Further, the tree shows how if older workers' (those aged 50-64) high unemployment continues, the challenge of supporting dependents will worsen. Under all scenarios by the German Federal Statistical Office—a future where the population becomes relatively young, relatively old, or somewhere in between—the average age of the German population is projected to rise between now and 2050, with the lowest projection at just over 48 years by 2050 and the highest at just over 52 years (Eisenmenger et al. 2006, 19). For half of the population to be over 50 years of age is a mark of major scientific achievements in the ability to extend life expectancy. However,

many scholars, journalists, and politicians believe this unprecedented age structure will bring many economic, social, and political challenges, different than, but no less important than, age structures where half of the population is under age 18, as in most developing states. Even Germany's Federal Statistical Office assesses that "The relations between old and young people will strongly change" (Eisenmenger et al. 2006, 5). So far, as we will see below, though population aging is present it has not led to generational tension to the degree predicted.

When a population is aging there are fewer workers to support growing numbers of elderly dependents and, as the logic goes, there are fewer youth to fight politically for their share of the pie. In addition to demographic trends themselves, imbalances in social spending among young and old seem to be evidence that younger generations are politically powerless—in Germany the system is set up so that the old receive the lion's share of social spending. Around 50 percent of all public expenditure goes towards social welfare and spending specifically on the aged is about six times greater than spending specifically on youth—this ratio has been fairly constant over time. Pension and retirement programs make up the bulk of old age spending, taking up around 23 percent of government spending and 11 percent of GDP. These numbers do not include healthcare, which also tends to be disproportionately spent on the old. The bottom line is that the age structure is changing dramatically and spending on the old greatly outpaces that on the young. The following sections try to challenge the assumption that the old have more political power in Germany by closely examining a few recent labor policies with generational implications and examine policy making within the context of aging to understand how and why older generations could turn their numbers into political power.

The following table breaks down social expenditure in Germany by those programs that arguably favor one specific age cohort or generation over another. The table lists spending three ways: per person, at current prices and current purchasing power parities (PPPH) in current US dollars; as a percentage of gross domestic product (PCT\_GDP); and as a percentage of total general government expenditure (PCT\_GOV). The category of old age spending includes pensions and retirement (OECD category OLD AGE); survivor benefits for widows and widowers; and disability measures, including incapacity-related benefits and employment measures for the disabled. The category of youth includes all family benefits, as categorized by the OECD, and youth-related Active Labor Market Programs (ALMPs): those specific to youth, measures for disadvantaged youth, and apprentice allowances. Because labor policy is central to this study, data on other ALMPs and on unemployment (minus early retirement for labor market reasons) are shown at the bottom of the chart; I could not easily categorize these based on available information but, as I will argue below, they could be considered as spending on older persons since many of these measures are designed to bring older people into the workforce.

Table 2.1 – Social expenditure in Germany (in millions)														
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
OLD AGE	PPPH	1,838	1,955	2,031	2,138	2,291	2,400	2,440	2,524	2,614	2,749	2,861	3,008	3,117
	PCT_GDP	9.4	9.7	10.0	10.0	10.4	10.6	10.5	10.6	10.7	10.8	10.9	11.1	11.3
	PCT_GOV	20.4	20.5	20.7	21.0	19.0	21.4	21.8	22.1	22.3	23.9	22.9	23.1	23.3
SURVIVORS	PPPH	96	97	102	107	111	113	114	113	111	114	116	121	119
	PCT_GDP	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4
	PCT_GOV	1.1	1.0	1.0	1.1	0.9	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9
Early retirement for labor market reasons	PPPH	64	86	102	107	93	85	85	83	82	95	85	93	93
	PCT_GDP	0.3	0.4	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3
	PCT_GOV	0.7	0.9	1.0	1.1	0.8	0.8	0.8	0.7	0.7	0.8	0.7	0.7	0.7
DISABILITY	PPPH	355	393	417	438	473	524	540	552	563	585	604	584	589
	PCT_GDP	1.8	1.9	2.1	2.0	2.1	2.4	2.4	2.3	2.3	2.3	2.3	2.1	2.2
	PCT_GOV	3.9	4.1	4.2	4.3	3.9	4.7	4.8	4.8	4.8	5.1	4.8	4.5	4.4
FAMILY	PPPH	382	411	415	414	423	417	437	446	469	495	501	531	536
	PCT_GDP	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.9	2.0	1.9
	PCT_GOV	4.2	4.3	4.2	4.1	3.5	3.7	3.9	3.9	4.0	4.3	4.0	4.1	4.0
Youth-related ALMPs	PPPH	15	19	23	23	20	25	27	28	32	36	38	~40	~40
	PCT_GDP	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
	PCT_GOV	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4
TOTAL AGED	PPPH	2,353	2,509	2,652	2,790	2,968	3,122	3,179	3,272	3,370	3,543	3,666	3,806	3,918
	PCT_GDP	12.0	12.5	13.1	13	13.4	13.9	13.8	13.7	13.8	13.9	13.9	12.8	14.2
	PCT_GOV	26.2	26.5	26.9	27.5	24.6	27.9	28.4	27.6	28.7	30.8	29.3	29.2	29.3
TOTAL YOUTH	PPPH	397	430	168	437	443	496	464	474	501	531	539	571	576
	PCT_GDP	2.0	2.1	2.1	2.0	2.0	1.9	2.0	2.0	2.0	2.0	2.0	2.2	2.1
	PCT_GOV	4.4	4.5	4.4	4.3	3.7	3.9	4.1	4.1	4.3	4.6	4.3	4.5	4.4
Other ALMPs	PPPH	267	368	292	258	271	290	257	277	297	292	288	324	311
	PCT_GDP	1.4	1.8	1.4	1.2	1.2	1.3	1.1	1.2	1.2	1.1	1.1	1.2	1.1
	PCT_GOV	3.0	3.9	3.0	2.5	2.2	2.6	2.3	2.4	2.5	2.5	2.3	2.5	2.3
UNEMPLOYMENT*	PPPH	198	204	277	285	273	315	323	307	299	297	315	361	404
	PCT_GDP	1.0	1.0	1.4	1.3	1.3	1.4	1.4	1.3	1.3	1.1	1.2	1.4	1.5
	PCT_GOV	2.2	2.1	2.9	2.7	2.2	2.8	2.8	2.7	2.5	2.6	2.5	2.8	3.0

Source: ("The Social Expenditure Database" 2007)

\* Minus early retirement for labor market reasons

If it is true that population aging has led to gerontocracy in Germany then we should already see signs. Though the system has been set up so that the old now receive a higher share of benefits from the state than younger generations, the movement is not linear.

## **Characteristics of German institutions**

Though the previous section described some seemingly powerful demographic patterns, demography is not destiny—its effects depend on the ways institutions, such as arrangements of parties and often those of interest groups, mediate and articulate competing interests stemming from population trends. Germany is different from the other two cases in this study because of its political history and institutions, which were of course shaped by that history. But as with the other cases, institutions are key for translating generational interests into policy. In Germany, two important institutions are federalism and the multiparty system. This section describes the institutional setting in Germany and the ways in which various actors, particularly political parties and voters, navigate these institutions. Germany's federal organization and its competitive multiparty system create opposing forces for the emergence of generation-based politics. Based on the literature in political science, we should expect that in Germany's multiparty system parties will try to differentiate themselves to appeal to blocks of voters, potentially along generational lines. But we should also expect that German federalism makes state-level politics and interests very important and acts as a force uniting the interests of the people within states, rather than across them. The following sections evaluate these hypotheses in light of evidence of how parties target age groups and how they respond with their support for parties. I ask two main questions: To what extent do



parties target young and old through their general party positions? And to what extent do generations respond through supporting various parties?

We begin with a short review of party politics in Germany and move to a contemporary discussion of the relevance of age-related issues. I find that, as expected, political parties do try to appeal to voters along age lines by targeting their messages to specific generations and focusing on issues related to their interests. The institution of a competitive, stable multiparty system like Germany's does facilitate the emergence of age-based party politics. Then, we move to a discussion of generational response to the parties. In examining voting patterns by age I find that though we cannot completely discount that there is some sort of an age effect in the most aged and youthful states, on the whole votes are determined more by region than by age—East-West differences in Germany remain important. The federal organization of Germany matters because it formalizes those identities and gives them longevity. Federalism means that state-level interests continue to be important. Though identities and societies can be fluid, institutions serve as an anchor.

## **German multiparty system**

The first area of investigation involves examining the hypothesis that in Germany's competitive multiparty system parties try to differentiate along age-based lines. Two aspects make the German system a multi-actor system. The first is the number of parties and the shifting coalitions among them. The second is the role of the Länder. There has never been absolute dominance of any one party in Germany, even during long periods of center-right government, because voters use the Länder to check the Bundestag. In the first elections after World War II twelve parties managed to gain

seats in the Bundestag. Now, there are five major parties in German politics. Nationally, because of electoral rules that require a party to win at least five percent of the vote or three constituencies to gain seats in the legislature, there is little opportunity for smaller parties to compete. The parties that get more votes get more government financing—this perpetuates the large and well-established parties (Scarrow 2002, 87). Germany was mainly a “two-and-a-half-party system” from around the mid-1950s until 1983, when the Green party emerged, though the Greens did not become viable partners until the mid-1990s (Scarrow 2002, 78). For that almost 30-year period the center-right Christian Democrats and the center-left Social Democrats ruled German politics.

The liberal Free Democratic Party (FDP) is a much smaller party and switched allegiances between the two major parties to stay in government. In a sense, the FDP were the most powerful of the three between the 1950s and 1983 because they were strategically important in determining which of the two major parties would be in power. Whoever they chose to form a coalition with would become the ruling government. With the advent of the Green party, the FDP lost their strategic position. As their name suggests, the Greens existed on an environmental platform and joined with Alliance 90—their East German counterpart—in the early 1990s. They have since expanded their platform and often focus on economic issues. After reunification, the post-communist Party of Democratic Socialism (PDS) played a role in East Germany, but, though independently successful, have mostly been marginalized by the other parties since the end of the Cold War because none of the major parties want to take the far left party as their sole partner. PDS recently merged with an offshoot of SPD members to form The Left (Die Linke). The party will be referred to as both PDS and The Left in this chapter,

depending on the time period to which I am referring. Before the most recent federal election in 2005, many had argued that because the most ardent supporters of the PDS are aging its important role in the East may have been waning. As we will see, however, support for The Left—both among the population and in terms of other parties—has actually grown, especially in state elections from 2005 until March of 2008, and there are reasons to believe this trend will continue.

Table 2.2 – Summary of German political parties		
<b><i>CDU</i></b> <ul style="list-style-type: none"> <li>- One of two major parties</li> <li>- Center-right</li> <li>- CSU is Bavarian-based counterpart</li> <li>- Dominated German politics along with SPD from mid-1950s to 1983</li> </ul>	<b><i>SPD</i></b> <ul style="list-style-type: none"> <li>- One of two major parties; oldest party</li> <li>- Center-left</li> <li>- Dominated German politics along with CSU from mid-1950s to 1983</li> </ul>	<b><i>FDP</i></b> <ul style="list-style-type: none"> <li>- Far right party</li> <li>- Smaller party that switched allegiances between the CDU and SPD to form part of the governing coalition until advent of Greens</li> </ul>
<b><i>Alliance 90/The Greens</i></b> <ul style="list-style-type: none"> <li>- Emerged in 1983, became viable partner mid-1990s</li> <li>- Strategically important smaller party in governing coalitions</li> <li>- Alliance 90 is East German counterpart</li> <li>- Originally existed on environmental platform, now broadly leftist</li> </ul>		<b><i>The Left</i></b> <ul style="list-style-type: none"> <li>- Formerly the post-communist party (PDS)</li> <li>- Formed Die Linke (The Left) with an offshoot of SPD members</li> <li>- Often marginalized for communist association</li> <li>- Still popular in East Germany</li> <li>- Far left party</li> </ul>

Despite the viability of the Greens and PDS in the late 20<sup>th</sup> century, the two most powerful parties remain the Christian Democratic Union/Christian Social Union (CDU/CSU) and the Social Democratic Party (SPD); support for these parties tends to be split among the populace and the two parties have alternated as the main governing coalition partner. The CDU is a center-right party and the Christian Social Union (CSU) is its Bavarian-based counterpart. The Social Democratic Party (SPD) occupies the center-left position, though it has at times during the last decade seemed more centrist. In

the 2005 federal elections, support for the parties was so even that the SPD and CDU formed a “red-green-black” coalition with Alliance 90/Greens. Even as the SPD have moved from far left to center-left, the overall orientation of the German public appears to be moving slightly left of center. Like Italy, “in 2005 the German party system displayed a strong territorial cleavage and a wider ideological range, within which the ideological centre of gravity has skewed leftwards” (Lees 2006, 369). A later section on labor policy in Germany will begin to examine what this will mean for social welfare policies in Germany, especially as social welfare policies that favor one group, such as retirees, may be at odds with those that favor different youth or families.

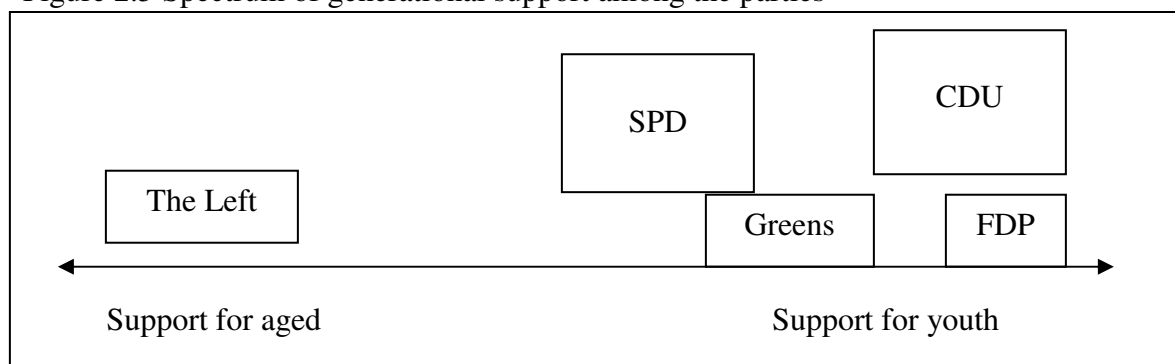
A lot has changed in German politics since 2002. Many argue that the CDU and SPD have been so damaged by their support for unpopular labor reforms that their ability to gain an electoral majority has been permanently undermined and that smaller parties are gaining in importance. Electoral data seem to support this claim. Nevertheless, coalitions remain a cornerstone of Germany’s multiparty system and competition among all the parties is robust.

### **Generational issues within the parties**

All five of the major parties have been in the process of developing new party guidelines over the past several years, many of which they are just adopting in 2007. However, these current positions are indicative of political struggles over time because they have been debated over the last several years and influenced by developments over this time period. I examined media accounts of party platforms surrounding the 1998, 2002, and 2005 federal elections and found them to be consistent with the documents below. I feel confident that the general generational orientations of the political parties

reflected in their most recent manifestos are consistent over the time period 1998-2008, allowing us to examine how parties target different generations in detail. This section examines the parties' general orientations towards generations in Germany, while the section on Germany's Hartz reforms examines the parties' specific stances on youth and old age unemployment. After examining the parties' stances I categorized them according to the degree to which they clearly supported youth or older persons. I found that all parties made explicit age-related statements and that there was great variety among their positions. There is a politics of aging among political parties in Germany. The results are illustrated below; the size of the boxes represents the relative size of the parties.

Figure 2.5 Spectrum of generational support among the parties



In order to interpret party statements we must first set forth criteria by which to evaluate the interests of different generations. Most of this seems like common sense—each age group wants to maximize its position in society. Youth would likely favor policies that aid in their education and transition to the workforce; older generations would likely favor retirement policies that are not overly burdensome in requiring a longer time to work and higher contributions. But a major shortcoming of the literature on aging is that it assumes interests of age groups without providing data to corroborate these assumptions. I try to avoid this in a couple of ways. First, there are numerous

opinion surveys that ask respondents their views about age-related issues like education and retirement. Second, when there are no surveys, to some degree we can extrapolate interests by looking at behavior—though this can be just as problematic as making an assumption based on common sense, when it enhances, rather than replaces, survey data extrapolating can be useful. For example, the age at which most older workers exit the labor force in Germany is several years younger than the official retirement age—this means that older workers try to find alternative pathways out of the workforce. We can take this behavior and assume that they would like to retire as early as possible (remuneration being equal) or at least have the option of retiring early rather than being forced to work longer. Opinion surveys back up this assumption, though there are differences between East and West Germany. According to a Eurobarometer survey about pension financing, in Western Germany 18 percent of those aged 15-44 and 20 percent of those aged 45+ thought that the solution to pension financing was to work and contribute longer; in the East only 5 percent of the younger group and 7 percent of the older group thought this was an acceptable solution ("Eurobarometer 64.2: The European Constitution, Globalization, Energy Resources, and Agricultural Policy, October-November 2005" 2005). Only between 16 and 18 percent of both age groups in the East and West thought the solution was to keep the retirement age the same but take lower benefits. These interests are taken into account in interpreting the party statements.

### *CDU*

The main documents of the CDU from the past several years paint a picture of support for families and children instead of older cohorts and present an unsympathetic view towards those who are unemployed. In the new party principles developed by the

CDU and scheduled to be approved in early December 2007, family and education are the highest priorities outlined. They say, “The CDU aims to create the preconditions that allow people to follow their wish to start a family and have children” (“New Party Principles of the Christian Democratic Union of Germany” 2007, 3). To support this goal they plan to implement new employment and tax laws: “Along with public measures it is necessary to create family friendly working conditions in the economy and business world...There has to be more tax relief for families with children than for those without children” (“New Party Principles of the Christian Democratic Union of Germany” 2007, 4). Though they name demographic change as one of the two biggest challenges facing Germany, they have no explicit proposals to provide for the elderly and in fact try to shift the burden for old age care from the government to the family, saying that children have responsibility to take care of their parents (“New Party Principles of the Christian Democratic Union of Germany” 4).

The CDU is also tough on the unemployed, and in Germany older workers have higher unemployment rates than prime age workers. In a concession to older workers, though, the CDU wants “more flexibility in the dismissals protection law” and “wants to link the period of getting unemployment benefit to the period of having paid previously into the system”—a stance tough on youth, who have had shorter careers (*The New Principles of CDU Germany: 10 Central Statements*). They want better job opportunities for the elderly, but the propensity for early retirement in Germany strongly indicates that Germany’s elderly do not want to be forced into employment—though opinion surveys show that some welcome the choice to stay in the workforce on their own terms<sup>7</sup>—especially given the CDU’s lack of support for the option of part-time work. The party’s

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<sup>7</sup> This issue will be explored when discussing generational response to parties.

strict stance can be seen in the following statement: “We follow the principle that someone who works should have more than someone who does not work” (“New Party Principles of the Christian Democratic Union of Germany” 2007, 7). They want to replace Germany’s pay-as-you-go pension system as soon as possible and argue that private pension funds will be a necessity in the future. Their support for families and children is not surprising given the party’s explicit Christian roots. The CDU’s strict views on unemployment are also in line with the party’s core principles, in this case their emphasis on the market economy and concern that Germany be competitive internationally. They see the market economy as a positive force for German society and support privatization.

#### *SPD*

According to one author, the SPD has tried to serve as a bridge between the old and new left by bringing together traditional social democratic, labor-oriented policies with the ecological and post-materialist values of the left-libertarian movements of the late 1960s, and contemporary concerns with globalization’s effects on workers (Jun 2003, 73). However, the language of the main party principles and some of the policies the SPD have supported over the past several years portray the party as less the party of labor than Jun’s characterization. Rather, they seem to try to strike a balance between a desire for economic growth and the interests of labor. In contrast to the CDU, the SPD puts a major emphasis on catering to all generations in Germany, what they term “inter-generational solidarity.” But, like the CDU’s view on major challenges, the SPD says that “Finding ways and means of ameliorating the effects of unfavorable demographic developments is the first task of a policy of generational solidarity” (“Power for Renewal:



Social justice for the twenty-first century, Principles for a new manifesto for the SPD" 2006, 5). They explicitly want to institute policies that will make it easier for Germans to start families and thus raise the birth rate.

The SPD, as can be expected, differs greatly from the CDU with respect to the economy: "in a market economy there must be areas of life and public goods which are not subject to market logic and are oriented to need" ("Power for Renewal: Social justice for the twenty-first century, Principles for a new manifesto for the SPD" 2006, 3). They bring their theme of inter-generational solidarity into their views on the welfare state, saying:

The welfare state is organized in solidarity. In a community of solidarity the young stand by the old, the healthy by the sick, the non-disabled by the disabled and the employed by the unemployed. Social security and participation guaranteed by the state, the actionable statutory right to social benefits and the legally safeguarded position of the workforce will remain in the focus of Germany's welfare state. ("Social Democracy in the 21st Century: "The Bremen Draft" of a New Manifesto for the Social Democratic Party of Germany" 2007, 38)

Like the CDU, they show a degree of toughness on unemployment, a logical strategy since Germany has been plagued by unemployment under both CDU- and SPD-led coalitions. But, the SPD add some caveats to their stance: "On the one hand, there must be sufficient jobs, and on the other hand people must be supported in the course of their working lives to adapt to changing occupational demands" ("Power for Renewal: Social justice for the twenty-first century, Principles for a new manifesto for the SPD" 2006, 5). The SPD use softer language than the CDU in their effort to strike a balance through inter-generational solidarity: "Everyone should have an adequate income in old age also in the future. At the same time, the generation which is still working and paying

contributions should not be overstrained” (p. 12). Thus, to some degree these two major parties are not taking a widely different stance, particularly with the goal to increase the employment of older persons, but the SPD are a bit softer in their language and attempt to strike a balance between support for the different generations rather than clearly supporting or shunning one or the other. The SPD are also a bit easier on the unemployed: “the preventive social welfare state supports people in coping with transitions and interruptions in their employment histories, which helps them to maintain their employability” (“Social Democracy in the 21st Century: “The Bremen Draft” of a New Manifesto for the Social Democratic Party of Germany” 2007, 33).

Continuing their theme of a balance between individual and state, or collective, responsibility, the SPD seem to issue a call to older persons to step up to responsibility: “Demographic change, however, also requires a new image of old age. The older generation will be needed more in [the] future to actively shape society” (“Social Democracy in the 21st Century: “The Bremen Draft” of a New Manifesto for the Social Democratic Party of Germany” 2007, 7). This theme of “active” aging is echoed in some other parties’ statements. I interpret this as a stance that requires older persons to work and contribute as long as possible, rather than retire and take benefits from the state—it requires older persons to put into the system more than they take out for as long as possible. Therefore, it is a stance that does not favor the interests of the aged, who have paid into the system for decades and generally favor the option of retirement with full benefits as early as possible, as opinion surveys cited in this chapter indicate.

*FDP*

As would be expected from a liberal (in the classical sense) party, the FDP emphasize the individual over the communal in all of their main tenets. They call for “private responsibility before state regulation” and equality of opportunities rather than equality of outcome ("The Chances of Freedom"). I interpret this as favoring less social welfare spending. In Germany, older persons receive a disproportionate share of social welfare spending, thus this stance is particularly against the interests of the aged. Like the CDU and SPD, they aim to support families; their strategy is lower taxes, which presumably would free money for families to spend. In another traditionally liberal stance they desire less bureaucracy and want to dissolve the Federal Employment Agency because they argue it is too large a bureaucracy. They want to reduce compulsory schooling to 12 years but do not supply a reason other than attributing this position to a desire for equal opportunities. They say little about either youth or older persons specifically, but their emphasis on individual responsibility, support for education, and equality of opportunity over equality of outcome place them more in favor of the youth than older workers. They also express dislike for unions and say that “the protection against dismissal by law must no longer be an impediment to new recruitment” ("The Chances of Freedom").

### *PDS*

To examine the stance of the PDS it is now necessary to look at the successor organization, The Left (Die Linke), which formed in mid-2007, as mentioned above. The Left issued their new party principles in 2007 to create discussion about the future direction of the party; it is from this document that the following positions are taken. Unlike all of the other parties, even Alliance 90/Greens, The Left emphasize the

collective over the individual—they say that unemployment is a collective problem, not an individual problem, and they firmly oppose all neo-liberal policies. They take a stance against recent tough unemployment reforms by saying, “We are opposed to a policy of ‘Fordern und Fördern’ (supporting and demanding), of support based on merit, that turns unemployment into a problem of the individual” (“Founding programmatic document of the political party DIE LINKE” 2007, 2). The position on ‘Fordern und Fördern’ references the language of the Hartz reforms, described in a following section, which are based on this principle. In direct opposition to the FDP’s position on firing practices, The Left want more protection from dismissal in the workplace (p. 6).

The Left tries to establish themselves as a clear alternative to the other political parties, saying, “Our party makes a change of political direction its strategic objective” (“Founding programmatic document of the political party DIE LINKE” 2007, 3). This is the only party to devote space in its main document to issues with pensions, and their stances indicate their orientation as a party clearly on the side of older generations. They say:

We oppose raising the pensionable age to more than 65 as a covert attack on the pension rate. What are needed are flexible possibilities of retiring before the age of 65. Our aim is retirement from age 60 without deductions...At the very least, partial retirement should be re-introduced and access to pensions for reduced earning capacity should be made easier. (“Founding programmatic document of the political party DIE LINKE” 2007, 8)

They want to make sure that pensions rise when wages rise and want to equalize pension benefits in East and West Germany; this puts them more firmly as a party of the East as well. In the same Eurobarometer survey on pension financing referenced above, 40 percent of both younger and older workers in the East thought that working longer,

paying in more, or accepting lower contributions were unacceptable solutions to pension financing. Western respondents showed much less antipathy (between 10 and 17 percentage points lower) for these proposals ("Eurobarometer 64.2: The European Constitution, Globalization, Energy Resources, and Agricultural Policy, October-November 2005" 2005).

The Left spend much more time talking about the concerns of older people than they do talking about youth or families. Alliance90/Greens, on the other hand, focus more on families. The Left say that "Poverty in old age must be prevented" ("Founding programmatic document of the political party DIE LINKE" 2007, 8), whereas Alliance90/The Greens say, "Families with young children are at the greatest risk of poverty" ("The future is green: Alliance 90/The Greens: Party Program and Principles" 2007, 50). Alliance 90/The Greens even want to lower the voting age because "The changing age-structure in society will have a considerable effect on the life of young people" (p. 61). Presumably, this is their attempt to balance the voting power of older people. They also emphasize the importance of education.

Like the SPD, Alliance 90/The Greens have intergenerational concerns at the heart of their mission. However, Alliance 90/The Greens are more concerned with generational justice, which they see as older generations being fair to younger generations, rather than vice versa (the latter would likely be the position of The Left, were they to comment on the idea directly). Alliance 90/The Greens even directly reference population aging as a major force for change, saying, "The on-going demographic changes are reformulating the question of equitability," and imply that it is only fair for older generations to continue to contribute ("The future is green: Alliance

90/The Greens: Party Program and Principles" 2007, 15). They discuss the need for family-friendly policy and for older people to continue to work, presumably to fund this policy. The two of their 12 party principles that have generational relevance again support this interpretation. They say, "The concept of a basic standard of living describes our perspective of a new foundation for social security. In policy from the children's perspective we want to ensure practical equality across the generations" ("The future is green: Alliance 90/The Greens: Party Program and Principles" 2007, 18); by focusing on the perspective of the children instead of the aged, they are clearly not courting the elderly.

Also like the SPD, Alliance 90/The Greens promote "Active involvement for older people," again interpreted as the need for older people to continue to contribute through working, rather than take early retirement. This interpretation is further substantiated when they say, "We want a society that welcomes children, does not banish the old into retirement or reject people with disabilities, where poverty is a thing of the past and the future is not badly planned but actively shaped" ("The future is green: Alliance 90/The Greens: Party Program and Principles" 2007, 48). The phrase, "not banish the old into retirement" is another way of saying the old need to work longer, something they may rather wish to have a choice in. Alliance 90/The Greens want "a culture of older people working" ("The future is green: Alliance 90/The Greens: Party Program and Principles" 2007, 54). This stance is basically opposite of The Left, who want to lower the retirement age. The following table summarizes the positions of the major German parties with regard to their support for one or another age cohort in Germany.

Table 2.3 – Summary of intergenerational party stances		
<i>CDU</i>	<i>FDP</i>	<i>Alliance 90/The Greens</i>

<ul style="list-style-type: none"> <li>- Create family-friendly conditions</li> <li>- Encourage elderly to work</li> <li>- Tough on unemployed</li> <li>- Favor market economy</li> </ul>	<ul style="list-style-type: none"> <li>- Individual over collective</li> <li>- Equality of outcome over opportunity</li> <li>- Pro-family</li> <li>- Emphasize education</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on family</li> <li>- Support “active” aging</li> <li>- Intergenerational justice is older generations contributing to younger ones</li> </ul>
<p><b><i>SPD</i></b></p> <ul style="list-style-type: none"> <li>- Create family-friendly conditions</li> <li>- Intergenerational solidarity</li> <li>- Limited market economy</li> <li>- Both individual &amp; collective responsibility for unemployment</li> <li>- Support “active” aging</li> </ul>	<p><b><i>The Left</i></b></p> <ul style="list-style-type: none"> <li>- Collective over individual responsibility, including for unemployment</li> <li>- Oppose neo-liberal policy</li> <li>- Support opportunities to retire early</li> <li>- Support more generous pensions</li> <li>- Focus more on older generations than younger generations</li> </ul>	

## Generational support for parties

The previous section demonstrated that parties in Germany do target specific generations in their messages. Support for the old varies, with The Left showing the greatest support and the CDU and FDP showing more support for families. To some extent voters respond accordingly, states with the oldest age profiles have greater support for The Left and states with the youngest age profiles have the greatest support for the CDU. But rather than being an age effect, I believe that patterns of support are driven more by the legacy of East-West differences in areas from the economy to values, which at times may either trump or obscure the politics of aging. Six Länder have age profiles with greater disparity between young and old and in those states votes do line up with the way parties target age groups. But do older states vote for The Left because The Left targets the old? Actually, for the nine Länder with more balanced age profiles<sup>8</sup> votes are still very different by party, demonstrating that region is a better determinant of vote than

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<sup>8</sup> I am excluding Berlin because in addition to age profile, we are also interested in region, and Berlin's history as a state split between East and West complicates the analysis.

age—those states of the East, even the ones with balanced age profiles, still vote for The Left.

As described at the beginning of this chapter the age profiles of the Länder in Germany differ. States of the former East have older age profiles than do those of the West, but the variance among them is great. Overall, about 23 percent of the East is aged 25 or below, while in the West that youth cohort makes up 30 percent of the population—the Western states are much younger. But, the Eastern states are not necessarily much older when aggregated: 27 percent of the Western states' population is aged 60 or older, compared with 28 percent of the East. Individually, however, greater differences are apparent. The below chart compares election results in the two oldest and two youngest states in Germany in 2005 (which also are in different regions).

<i>State</i>	<i>%60+</i>	<i>%&lt;25</i>	<i>SPD</i>	<i>CDU/CSU</i>	<i>FDP</i>	<i>Greens</i>	<i>Left</i>
Saxony ( <i>old</i> )	29%	23%	25%	30%	5%	10%	23%
Saxony-Anhalt ( <i>old</i> )	28%	19%	33%	25%	4%	8%	27%
Baden-Württemberg ( <i>young</i> )	24%	27%	30%	39%	11%	12%	4%
Bavaria ( <i>young</i> )	24%	27%	26%	49%	8%	10%	3%
Germany ( <i>whole</i> )	25%	26%	34%	35%	8%	10%	9%

Source: ("Statistical Yearbook 2007 for the Federal Republic of Germany" 2007)

We can see that the oldest states show much greater support for The Left, the party that specifically targets the interests of the old. Indeed, The Left in these states received around a quarter of the vote in 2005—remarkable for a small party. The oldest states in 2005—Brandenburg, Saxony, Saxony-Anhalt, and Thuringia—had the highest votes for the The Left in that election. The two youngest states, Baden-Württemberg and Bavaria, had negligible support for The Left, but 39 and 49 percent of voters, respectively, voted



for the CDU/CSU, the parties that greatly favor the young. It appears at first glance that generations do respond by favoring parties that favor their generational interests.

However, several factors cast doubt on this conclusion. First, the “youngest” states are really not that different from the age profile in Germany as a whole, though they are *younger*, they are not necessarily *young*. Second, Bavaria, categorized here as a relatively young state, showed great support for the CDU/CSU but the CSU is a party based in Bavaria, and thus support for the CSU in Bavaria may have more to do with regional interests and the legacy of the party there than with Bavaria’s age profile. Third, though The Left received nearly a quarter of the vote in the two oldest states, these are also former communist states in the East, and The Left is the communist successor party. Given their historical relevance to the East, plus their emphasis on communal values (which are likely more ingrained in the East because of its past), it is not surprising that The Left is popular in the East and more popular in the East than West—the stigma associated with its communist past likely still hurts them in the West as it did throughout the 1990s. Fourth, the majority of states in Germany have balanced age profiles—they are neither clearly young nor old, but have roughly equal proportions of each segment. And for the majority, there are major differences in party support that appear to have little to do with age and a great deal to do with geography. For example, in the 2006 state elections in Mecklenburg-Vorpommern (a former Eastern state) and Rhineland-Palatinate (a former Western state) there were vast differences in party support even though these two states have nearly identical age structures. Almost 17 percent of Mecklenburg-Vorpommern voters favored The Left while the party received no support in Rhineland-Palatinate. Voters in the latter shifted their support to the CDU/CSU. I examined all

federal and state elections by Länder and compared election results. They followed the same pattern described previously; The Left had much greater support in the East, the SPD in the West, and the CDU in the South.<sup>9</sup> Other state elections reflect the same pattern. Thus, it appears that while we cannot completely discount that there is some degree of age effect in voting, East-West differences are still strong and continue to shape voting patterns to a greater degree than does age.

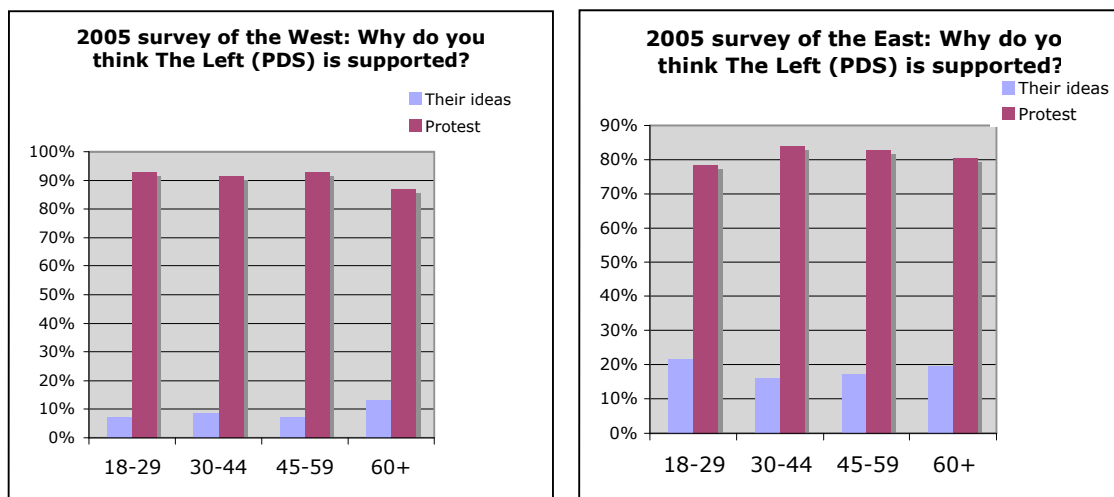
To move past this problem and disentangle region from age, we have to turn to individual-level data reflecting motivation for voting. What issues do people care most about that might influence their voting? When asked what they see as the most important issue facing Germany today, respondents in both the East and West overwhelmingly named unemployment and economic issues—this was the case over time and for all age groups (Berger et al. 2005a, ; Berger et al. 2005b). And in one survey, voters of all age groups in the East and West felt that the best party to provide new jobs in 2005 was the CDU; federal election results from 2005 put the CDU in power as the major coalition partner. Since, as Politbarometer surveys from 1998 to 2005 indicate, voters' greatest concern was unemployment, and voters felt that the CDU was the best party to create new jobs, it is not surprising that the CDU came out on top in that election. But, these data also tell us something about the politics of aging. Were voters in 2005 only concerned about new jobs then the election results would have been a better match than the reality. The CDU did not get as much support from voters in the actual elections as the surveys would indicate. Other issues must also be important and other dynamics at play.

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<sup>9</sup> A detailed chart of these results is included in the Appendix.

Voters in the East thought that the PDS would do a good job of protecting pensions. This was especially so among prime-age workers between ages 30-59, the group that would be most immediately affected by increases in the retirement age, which The Left oppose. But PDS (now The Left) got more of the vote in many Eastern and Western states in 2005 and subsequent state elections than even surveys would indicate. How can we explain this? Actually, it appears that many may have only voted for the PDS out of protest, and not because they necessarily supported their policies.

Figures 2.6 and 2.7 – 2005 surveys on support for The Left



Source: (Berger et al. 2005a, ; Berger et al. 2005b)

These data also tell us whether the parties' messages to voters—their generational and issue appeals—are being received by the voters or if voters perceive the parties differently than how parties present themselves. Indeed, the following chart demonstrates a mismatch between parties' messages and citizens' interpretation. The most obvious example concerns family policy. As the review of party manifestos indicated, The Left (PDS) was much more a party of older generations than younger ones; family issues were absent from their platform. However, when asked about the best party to support family policy, responses indicated that between 15 and 25 percent of

voters in the East thought that the PDS were the best party. The highest result, 25 percent, was among those aged 30-44, who are the age group most likely to benefit from family policies. Therefore, there is a mismatch between party messages and the way voters receive them. In the West, young respondents indicated that the SPD were the best party for family policy, while older respondents thought that the CDU were better. Only a very small percentage of voters thought that the FDP were the best party for family policy, even though their platform directly addresses these issues.

Table 2.5 – Survey on best party to protect pensions, create new jobs, and support family policy, East and West Germany, 2005 ( <i>percent</i> )								
			<b>CDU</b>	<b>SPD</b>	<b>GREENS</b>	<b>FDP</b>	<b>PDS</b>	<b>NONE</b>
Best pensions	18-29	E	42	37	0	9	7	42
		W	51	39	0	6	4	33
	30-44	E	35	40	1	5	19	46

		W	53	34	3	8	3	49
		E	57	26	1	2	14	45
	45-59	W	46	43	3	3	5	40
		E	42	47	0	<1	10	35
	60+	W	66	28	<1	5	<1	35
		E	52	31	3	8	7	37
Best new jobs	18-29	W	55	33	4	6	2	28
		E	62	20	2	7	9	40
	30-44	W	63	25	3	7	2	35
		E	64	20	2	5	9	48
	45-59	W	65	24	3	5	3	37
		E	66	24	<1	3	6	52
	60+	W	81	15	<1	3	1	37
		E	27	39	6	3	15	8
Best family policy	18-29	W	38	39	9	4	3	7
		E	22	35	5	3	25	10
	30-44	W	32	41	9	2	4	11
		E	29	29	3	4	22	13
	45-59	W	35	41	8	3	4	10
		E	27	39	2	<1	20	14
	60+	W	54	32	3	1	<1	8
		E	57	26	1	2	14	45

Source: (Berger et al. 2005a, ; Berger et al. 2005b)

### *Other measures of support*

Overall membership in both the CDU and SPD has been declining, but this pattern is mainly driven by declines in young members. The proportion of young members in the SPD (ages 16-30) dropped from 10.8 to 2.8 percent from 1974 to 1999. At the end of 2007, those under age 30 composed 5.3 percent of SPD membership and those aged 60 and over almost 46 percent of the membership ("Mitgliederbestand nach Alter; Stichtag: 31.12.2007" 2007). In the PDS at the end of 2005, the proportions were 3.3 percent for those up to age 30 and over 70 percent for those aged 60 and over—this is a remarkable difference (*Alterstruktur der PDS* 2005). Clearly, older persons dominate political party membership in Germany. As Jun (2003, 88) says of the decline in membership, especially youth:

Even though this negative development is true for all parties in Germany, it is especially noticeable in more recent SPD history because in the early 1970s the wave of new SPD members was mainly under thirty. The SPD has undergone a smooth transition from this structure of old members to the executive level: the party leadership is clearly dominated by a group of those above fifty, while younger members only provide a leadership reserve. This generation gap could in the medium term pose a leadership problem to German social democracy.

I think that interpreting these data as a harbinger of the downfall of German social democracy is an exaggeration, but the trend does point to important differences in the participation aspect of political culture between generations in Germany and, depending on how parties view these patterns of support, these differences may increasingly lead parties to target generations differently.

Youth are notably absent from political party membership and are much less likely to vote than older persons. One interpretation is that youth are indifferent; another is that youth are not united as a generation—they may see themselves more attached to particular issues not based on age. When asked why his generation was not initiating an outcry at bearing the responsibility for paying for elders, an under-40 member of the Bundestag replied, “‘you can’t make a mark in our party-based democracy as someone who speaks for particular interests, as a representative, as the champion of just one generation’” (Sommer-Guist 2006).

## **German federalism**

The previous section examined the effects of the multiparty system in detail, but there is another institution, tied to the East-West differences we observed, that is also important for channeling generational interests in Germany: the federal organization of the state. The German state experiences pressures from below—the Länder, or states—

that reinforce regional identities and work against the emergence of cross-regional age-based interests. In Germany, legislative powers are allocated to both the Bundestag, the federal parliament, and to the Bundesrat, or the body representing German ‘states’ (Länder). Decentralization elevates the importance of local politics. Thus, German federalism gives Länder direct leverage at the national level. The reason why federalism is relevant for preventing the emergence of age-based interests is because in Germany, the Bundesrat represents state interests, not popular interests. Also the Bundesrat is a council, not a senate, which means that it represents regional governments, not regional populations—thus it represents the interests of the government, not the people (Hueglin and Fenna 2006, 182).

Because the Länder have their own state-level policies on issues like social welfare and employment, differences between the Länder emerge and make local problems and solutions important. Many policies that would involve age-based interests, like education, employment, and long-term care, are made at the Länder level so age groups have little opportunity or reason to unite cross-regionally. The Länder also have the ability to affect policies on these issues at the national level; they can initiate legislation and “play a crucial role in policy formulation” (Hueglin and Fenna 2006, 200). They are important players in translating generational interests related to their local populations over issues like unemployment, education, and long-term care (Campbell and Morgan 2005, 895).

On the opposite end is the role of supra-national bodies. The degree to which the European Union has usurped national-level policies varies for each European country. In Germany, the process of European integration has required Germany to transfer some

power to the EU, but, because European states do not give up total rights, the organization of German federalism means that Länder governments are able to influence European policy:

The criterion of ‘subsidiarity’ developed in the Maastricht Treaty and later the Amsterdam Treaty means, according to the Basic Law, that the principles of federalism have to be respected and the agreement of the Bundesrat (the upper house of the federal parliament and representative of the federal states) has to be obtained. (Glaessner 2005, 70)

The German constitution has even been amended in light of EU expansion and integration. A constitutional amendment says that “within the EU framework the responsibility for decision-making in matters that affect the exclusive legislative authority of the Länder (for example, questions of education) is to be transferred from the federal level to a Länder Committee appointed by the Bundesrat” (Glaessner 2005, 70). Again, institutional arrangement underscores the importance of the Länder and downplays the influence of the EU on German policies. However, there are some examples in which the German legislature has only instituted a policy after the EU directive, demonstrating that there are also pressures on the states from above. Germany’s Agenda 2010, discussed in the below section on the Hartz reforms, was named after the EU’s Lisbon strategy to improve the European economy. Germany’s age discrimination law also followed an EU directive. Thus, we cannot discount the role of the EU in driving German policymaking. In fiscal and employment policy, the EU seems to be more important than population aging (by itself) in dictating the direction of German policy.

Another relevant aspect of German federalism is the way it affects the parties. Because of federalism, there are frequent disjunctions between the state and federal governing coalitions. For example, a party may cooperate with its ally nationally but



with a rival at the state level (Scarrow 2002, 93). These pressures from below and above discourage the emergence of age-based interests. The importance of the Länder in German federalism means that regional politics (e.g., East-West; Bavarian versus the rest) are important. Unlike federalism and the EU, Germany's multiparty system facilitates the formation of factions within German society that may not depend on regional identities. German federalism institutionalizes and crystallizes regional identities by giving them representation on the national scale. The system is set up to make it so that a 16-year-old Bavarian has interests more closely related to a 60-year-old Bavarian than to a 16-year-old from the Northeast of Germany.

## **Labor issues**

Before getting to the particular case study, it is useful to take a broad look at labor issues in Germany within the context of generational issues. The employment situation is part of the graying issue in Germany; graying causes a general aging of the workforce from fewer young workers entering the labor force as greater numbers of elderly exit and begin to draw social security from the state. I have argued that labor issues could be a tougher test of gerontocracy than social security because they involve the immediate interests of all generations. The next few sections will examine the generational "winners and losers" of labor policy in Germany to test the degree to which gerontocracy exists.

This section describes labor force participation by age and gender and general trends in labor policy over the last couple of decades. Germany has been plagued by high unemployment over much of its recent history; in 2005 over 11 percent of the civilian labor force was unemployed ("OECD in Figures: 2006-2007 Edition" 2006, 36). In general, females participate in the workforce to a much lesser degree than do males; on

average from 1995 to 2006, 58 percent of females were employed while 72 percent of males were (Eurostat 2006a). The solution to high unemployment in advanced industrial states is often to encourage early retirement; pushing older workers out of the workforce theoretically creates space for younger workers to enter. However, as graying intensifies unemployment cannot be solved by encouraging early retirement since retirement itself causes economic constraints by increasing the number of dependents relative to workers, and is especially a problem when those dependents receive generous benefits from the state.

Since our main concern is generational issues over labor policy it is important to understand the different labor force participation rates of various age cohorts in Germany. This should give a picture of the context in which generations view themselves in relation to each other and to the state. A considerable part of Germany's unemployment is structural, due to mismatches in skills and caused by work disincentives in the social protection system, or frictional, caused by a lack of occupational or regional mobility ("Ageing and Employment Policies: Germany" 2005, 51). The high unemployment and labor market disadvantage for low-skilled workers is the same for all age groups, but unemployment for medium- and high-skilled workers increases with age ("Ageing and Employment Policies: Germany" 2005, 55). The following chart demonstrates that unemployment for older workers was up to three percentage points higher than that for younger workers in the late 1990s, but has converged in recent years. As later sections will demonstrate, convergence is in great part due to the major Hartz labor reform that changed regulations for unemployment.

Table 2.6 – Employment and unemployment rates in Germany by age, 1998-2006
<i>Percentage of population (remainder is inactive)</i>

	1998		1999		2000		2001		2002	
	Emp	Un	Emp	Un	Emp	Un	Emp	Un	Emp	Un
18-30	68	6.9	68	6.4	68	5.7	68	5.5	67	6.4
31-49	79	7.5	80	6.8	81	6.0	81	6.1	81	6.9
50-59	62	10	63	9.1	65	8.4	67	8.0	68	7.8
	2003		2004		2005		2006			
	Emp	Un	Emp	Un	Emp	Un	Emp	Un		
18-30	67	6.4	62	8.7	62	10	64	9.0		
31-49	81	6.9	79	8.6	80	8.8	82	8.0		
50-59	68	7.8	68	9.5	70	10	71	9.4		

Source: ("The European Union Labour Force Survey" 2008)

Despite numerous reforms to get rid of early retirement incentives and increase labor force participation rates of older workers aged 50-64, the average age of exit from the labor force has increased only gradually since 2001, from 60.6 years of age in that year to 61.3 years in 2004 (Eurostat 2006a). From surveys, we know that older persons in Germany prefer to have the choice whether to retire or work but in the absence of choice would prefer to retire rather than work, remuneration being equal. There are both cultural and structural reasons for low labor force participation rates among older cohorts. There is an “early retirement culture that has become part of the German landscape since the late 1970s, and [is responsible for] the relatively low employment rate of older workers” (“Ageing and Employment Policies: Germany” 2005, 103). But a culture of retirement is not sufficient to pay the bills—there must be policy mechanisms in place to provide pathways for exit. Given that the effective retirement age is lower than the legal retirement age of 65, there are obviously many other ways for workers to exit the system besides traditional retirement. Some of these are through specific programs, like those for disability and unemployment. Since 1990, workers aged 58 to 60 have been taking “quasi-retirement” through the unemployment insurance system. From 1990 to 1997, the unemployment rate for workers aged 55-59 increased to 16 percent for men and 19

percent for women; these numbers are much higher than unemployment rates for other segments of the population ("Ageing and Employment Policies: Germany" 2005, 63). A significant number of older workers exit through disability schemes, though there are not enough data to tell how many of these are severe disabilities and how many are taking advantage of the system to retire—it is likely a mixture of both. For older workers aged 55-64, gender differences are still prevalent: men's participation rates were around 16 percent higher than women's in 2006. The average employment rate of older workers from 1995 to 2006 was 43.4 years but for the total working age population the employment rate was 65.1 percent.

Similar to recent increases in female labor force participation, however, participation rates for older workers have steadily increased over ten percentage points between 1995 and 2006 (Eurostat 2006a). This increase can likely be attributed to policies designed to get rid of early retirement and bring older workers into the workforce, such as subsidies for employers who hire older workers. Those out of the labor force who have not exited through one of these alternative schemes may just have a hard time finding employment. Though many firms take advantage of early and pre-retirement schemes to “restructure and rejuvenate their workforce,” the OECD found that most employers do not have disdain for older workers ("Ageing and Employment Policies: Germany" 2005, 103). Perhaps these employers mainly use early retirement schemes to downsize their workforces as the economy changes and service industries predominate. The OECD lists two additional structural reasons for low labor force participation among older cohorts: “they are over-represented in declining industries and

in manual occupations; and they have a lower level of educational attainment than younger generations” (“Ageing and Employment Policies: Germany” 2005, 11).

## **Employment regulations**

The following sections examine some recent German labor reforms with generational interests in mind. As policies change frequently, it would be impossible to capture the most up-to-date reforms; thus, the list is not exhaustive and policies are intended primarily as examples to show that there are a variety of winners and losers. One thing to keep in mind is that in Germany, according to the OECD, the employment situation for older and younger workers is not zero-sum, with both groups competing over a fixed number of jobs. Instead, it seems that trends for both move in tandem: when the employment situation is dire, it is dire for both groups, and likewise when employment prospects are improving (“Ageing and Employment Policies: Germany” 2005, 155). Thus, while it is useful to examine whether policies have clear generational benefits, it may be more likely that policies benefit groups not based on age, but rather based on either their skill set (skilled and unskilled) or employment status (employed and unemployed). If young and old workers are substitutes for each other then they will compete in the workforce, and the old may lose since employers can be sure that they will retire soon. If, however, young and old workers are complements because each generation possesses unique skills and experiences, then there will be little generational competition. In general, it is more likely that young and old unskilled workers are substitutes, and the same for young and old skilled workers. Still, there are some age effects that we can separate out. For example, the youngest members of baby boom cohort are over 30 and most are concentrated in the ‘prime-age’ work group (25-49). The

OECD says, “This has probably created some ‘generational crowding’ against older workers, whereby firms have opted to take on better-educated prime-age workers instead [of older workers]” (“Ageing and Employment Policies: Germany” 2005, 47). But, characteristics of prime-age workers themselves are a barrier to entry for young workers as well. Many politicians argue that it is important to try and keep baby boomers in the workforce as long as possible because subsequent generations are too small to support them. They entered later because of education so it is reasonable to expect them to stay longer. If baby boomers do stay in the workforce longer—and young and older workers are substitutes—they may crowd out younger generations looking for jobs. Evidence to date that the OECD cites in arguing that there is little generational competition may be premature because workers have tended to exit the labor force before age 60. As that norm changes—in part due to legislation—these tradeoffs could come to bear.

Table 2.7 – Generational implications of recent employment policies	
Major Employment Policy Areas	Generational Implications
<b><i>Full-time vs. Part-time work</i></b> <ul style="list-style-type: none"> <li>- Part-time: facilitates entry into workforce (Old-Age Part-time Employment Act)</li> <li>- Full-time: discourages entry into workforce</li> </ul>	<ul style="list-style-type: none"> <li>- Benefits women with children and older workers transitioning to retirement</li> </ul>
<b><i>Education benefits</i></b> <ul style="list-style-type: none"> <li>- Delays entry into workforce and provides students with skills</li> </ul>	<ul style="list-style-type: none"> <li>- Benefits younger persons through increasing their skills; benefits older workers by delaying entry of younger cohorts</li> </ul>
<b><i>Employment Protection Legislation (EPL)</i></b> <ul style="list-style-type: none"> <li>- Protection from dismissal (collective dismissal and termination procedures)</li> <li>- Lifetime vs. Fixed-term <ul style="list-style-type: none"> <li>o Lifetime employment leads to a tighter labor market and makes it difficult for people</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Supposed to benefit older workers but is actually a significant hiring barrier <ul style="list-style-type: none"> <li>o Benefits older workers who are employed.</li> </ul> </li> <li>- Disadvantages all</li> </ul>

to enter the workforce; employers are cautious in hiring <ul style="list-style-type: none"> <li>○ Fixed-term contracts mean more job opportunities are available at any given time</li> </ul>	unemployed, especially those entering the market for the first time <ul style="list-style-type: none"> <li>○ Benefits job-seekers in general</li> </ul>
<b><i>Parental leave and child benefits</i></b> <ul style="list-style-type: none"> <li>- Lack of childcare facilities</li> <li>- Generous parental leave</li> <li>- Male-breadwinner system</li> <li>- Tax relief, not cash benefits</li> <li>- Women return to “comparable job”</li> </ul>	<ul style="list-style-type: none"> <li>- Harms younger women</li> <li>- Only helps younger women if there is flexibility and there are options</li> <li>- Indeterminable</li> <li>- If part-time work is an option then skills will be up-to-date; if not then women may stay out of the workforce so long that they are unable to return</li> </ul>
<b><i>Retirement regulations</i></b> <ul style="list-style-type: none"> <li>- Increase in retirement age from 65 to 67</li> </ul>	<ul style="list-style-type: none"> <li>- Hurts older workers because they have paid into the system with the expectation of retiring earlier</li> </ul>
<b><i>Disability</i></b> <ul style="list-style-type: none"> <li>- Disability benefits</li> </ul>	<ul style="list-style-type: none"> <li>- Allows older workers to exit the workforce and keep benefits</li> </ul>
<b><i>Pension rules</i></b> <ul style="list-style-type: none"> <li>- Benefits reduced by 3.6% for each year of early retirement</li> </ul>	<ul style="list-style-type: none"> <li>- Goes against wishes of older workers</li> </ul>
<b><i>Unemployment</i></b> <ul style="list-style-type: none"> <li>- Pre-Hartz</li> <li>- Hartz I –IV</li> </ul>	<ul style="list-style-type: none"> <li>- Generous benefits used to help older workers exit the workforce</li> <li>- Bad for older workers</li> </ul>

### *Employment Protection Legislation (EPL)*

Strict employment protections can harm both older and younger job seekers but in Germany especially disadvantage older groups. Employment Protection Legislation (EPL) is a broad category that encompasses a lot of the issues regarding hiring and firing practices. Most EPL debates concern dismissal protection, including collective dismissal and termination procedures, and fixed-term contract legislation. Dismissal protection can include protection at the termination of employment relationships, and judicial procedures at termination—protections for workers from dismissal is supposed to benefit

older workers aged 50-64. In reality is a barrier to hiring them. EPL is a significant hiring barrier in Germany because employers may be afraid of the ramifications of future dismissal and so may not be willing to risk hiring a particular employee. Younger and older workers are probably the most risky to hire because they may lack the experience—in the case of younger workers—or skills—in the case of older workers—that prime age workers possess. In a 2003 survey undertaken by the Institute of the German Economy, 80% of the 859 employers interviewed said EPL was an employment barrier and 57% said that it has had a negative impact on their own hiring practices:

In this survey, EPL is perceived as the key labour law-related obstacle, even if high non-wage labour costs and taxes are more prominent obstacles. Almost nine in ten employers say that a dismissal process bears considerable financial risks for employers, and almost eight in ten believe that special protection for special groups will reduce hiring probabilities for those groups. ("Ageing and Employment Policies: Germany" 2005, 118)

Usually, the “groups” referenced above are older workers, aged 50-64 years. These protection policies often ostensibly discriminate against youth and favor older workers, as when determining collective dismissal decisions they require employers to consider disability, job tenure, age, and the presence of dependents in a household. However, both may be hurt by EPL. According to the preceding quote, though older workers receive special protection in theory, in practice their special status prevents employers from hiring them. Employers have a further disincentive to hire older workers given the “potential threat of reimbursement of unemployment benefits by employers in case of dismissal of those [older workers] who have a long-term employment relationship with the same employer (*Erstattungspflicht*)” (“Ageing and Employment Policies: Germany”



2005, 118). Overall, the OECD assesses that strict EPL is likely to impede the hiring of older workers into new jobs.

Another side of EPL is fixed-term contract legislation, which “allows employment relationships of short duration and sets conditions for renewal of contracts and temporary agency work” (“Ageing and Employment Policies: Germany” 2005, 116). Under a lifetime employment system employees have a high measure of job security and typically spend their entire working career with one firm or agency. Lifetime employment practices—whether legally mandated or just the norm—lead to a tighter labor market—fewer available jobs means that it is hard for those outside of the system to enter. Youth are particularly harmed by lifetime employment because they will be entering the labor force for the first time. Because employers will be more cautious in their hiring practices lifetime employment disadvantages all of those trying to enter the employment system, including older workers. However, lifetime employment and full-time employment are becoming less popular in Germany (“Ageing and Employment Policies: Germany” 2005, 64). Instead, there is growing use of fixed-term contracts. With these new changes there is more frequent job turnover and so there are more job opportunities available at any one time. This benefits those who are entering the labor market for the first time. Older workers who may have skills limited to the one company they have been with for decades will be harmed as lifetime employment is phased out because they may not be competitive on the market. Even though lifetime employment is falling out of use, an informal system of guaranteed employment may be functioning: “Job tenure is particularly high among older workers (55+), who are protected against dismissal after 10-15 years of service under most collective agreements” (Ebbinghaus

and Eichhorst 2006, 17). There is no consensus that long job tenure for older workers prevents the entry of younger workers. According to the OECD, “a stricter EPL will lower the re-employment potential for older unemployed, while it may increase the likelihood of employment retention for those in work” (“Ageing and Employment Policies: Germany” 2005, 116). Thus, the elderly who are unemployed will be helped by stricter employment protection, while those who are employed will be helped.

Older workers may often be impeded from entering the workforce because of employers’ norms against hiring older persons and difficulty matching their often lower skills and education with the demands of the modern workforce. To remedy this, the government has instituted several measures. In August 2006, the German Bundestag adopted the General Act on Equal Treatment. For the first time, legislation is now in place in Germany to prohibit discrimination on the basis of age. According to Dr. Guido Klumpp, legal adviser to the German Federation of Senior Citizens’ Organizations, “As it stands, Germany's General Act on Equal Treatment goes beyond what is required by the EU directives. The German legislation covers discrimination on the basis of age in access to goods and services as well” (Loick 2006). This legislation was partly a response to an EU mandate against age discrimination. The EU directives make it illegal to discriminate against anyone because of their age in the workplace or in job or vocational training. On the one hand these incentives to hire older workers seem to be a political victory for the aged, showcasing their power. On the other hand, if there were truly gerontocracy in Germany it would not have taken so long for Germany to pass age discrimination laws—the aged have been large and active enough for at least two decades. Instead, only after the EU became active on the subject did Germany change. Thus institutional

organization—in this case the ability for the EU to exert pressures from above—seems more important than the domestic political power of age cohorts.

Another measure tackled the exclusion of the old in a different way. In 2003, legislators introduced wage subsidies for employers hiring older workers aged 50 and over; these benefits could be up to 50 percent of the wage for up to 3 years. The same 2003 legislation said that “unemployed jobseekers aged 50 and over who accept a lower-paid job can receive a temporary wage guarantee - 50% of the difference between the owner and the previous wage, payable until the unemployment benefit entitlement expires” (“Ageing and Employment Policies: Germany” 2005, 13). Though not a direct measure to combat discrimination, per se, this legislation was designed to encourage both employers to hire older workers and older people to seek employment.

Another important area of labor policy is retirement, which helps older workers exit the workforce. One of the most interesting facets of retirement in Germany is its relative unimportance as a mechanism through which older persons exit the workforce. Despite public rhetoric arguing that an increase in retirement age is the solution to the employment issues surrounding population aging, the proportion of older persons who stay in the workforce until their legal retirement age is only a fraction of older persons. Early in the decade, only one in four German men retired at the statutory age of 65; the fraction of women who did so was higher, usually because of their delayed entry into the workforce in the first place, but was still only about 40 percent. The remaining 75 percent of men retired before age 65 through special early retirement schemes for the following reasons: up to 2005, of those retiring early, 40 percent took unemployment (usually at age 60); 40 percent took disability benefits; and 20 percent left on the grounds

of long-term insurance at age 63 ("Ageing and Employment Policies: Germany" 2005, 72). The government has been working to get rid of many of these special schemes for older persons, which will keep people in the workforce longer and delay when the German government has to start paying retirement benefits. This works against the interests of older persons and demonstrates a political loss for them.

Germany implemented early retirement policies before most other OECD countries but started trying to reverse them even as early as 1992. Similar reforms followed in 1999, 2001, and 2004. The 1999 reform gradually increased (until 2016) early retirement age limits and introduced a gradual phasing out of some eligibility for early retirement, such as after long-term unemployment. The 2001 reform introduced the multi-pillar pension system and other changes. The 2004 reform made it so that pensions can be reviewed and adjusted annually based on demographic developments and labor force participation rates ("Ageing and Employment Policies: Germany" 2005, 13). Though originally the decision to increase the statutory retirement age from 65 to 67 years was postponed to until 2008, on March 30, 2007 legislators passed the bill to go ahead and raise the age. Interestingly, and perhaps unfortunately for Germany, the new legislation raising the statutory retirement age does not really address any of these early retirement schemes, except that in a roundabout way it works to decrease unemployment by offering subsidies to employers who hire older workers. A lot of these early retirement options were put in place in 1973 to "cushion rapidly rising unemployment and facilitate workforce restructuring" so the average retirement age dropped by about four years: for men it went from 62.2 years in 1973 to 58.4 years in 1981 ("Ageing and Employment Policies: Germany" 2005, 73). We are ultimately concerned with assessing

generational “winners” and “losers” of these major labor policy reforms to address the argument that Germany’s older cohorts have a lock on political power. The retirement policy, however, complicates this mission because even though it does not actually raise the retirement age for those near retirement, and instead affects prime-age workers, it is *perceived* by Germany’s old to be a political loss. This group has been the most vocal opponent of the reform even though basically unaffected. Thus, the perception that it is a political loss for the old may be just as important as if it were actually a political loss.

Another incentive to leave the workforce is that people can receive pensions even before reaching age 65, though payments may be significantly smaller, as is the case in many other countries. In Germany, the pension rate is reduced by 3.6 percent for each year of early retirement ("Country Note: Database on Social Expenditure 1980-2003, Germany" 2007, 4). It is unclear the extent to which the old benefit from pension policies. On the one hand, they benefit because they are able to exit early and receive benefits; on the other, they are penalized for doing so.

Disability coverage also mainly benefits older workers. In 1999, 85% of all new disability benefit recipients in Germany were 45 years old or older ("Ageing and Employment Policies: Germany" 2005, 94). Disability benefits are another way of exiting the workforce at older ages without taking pensions and statutory retirement. Incidence of disability increases sharply with age: "11% of all workers aged 20-49 but more than 30% of those aged 50-64 report a health condition or disability due to which they are hampered in their daily activities" ("Ageing and Employment Policies: Germany" 2005, 107).

The use of unemployment benefits is a relatively new phenomenon in Germany and is a legacy of reunification. According to the OECD, “For men, the reunification of Germany has led to a pronounced shift of early retirement pathways; those leaving because of unemployment rose from 15% to 35% within only a few years” (“Ageing and Employment Policies: Germany” 2005, 72). This is probably because of special pre-retirement regulations for workers in the New Länder.

In addition to the retirement legislations, another incentive for exit from the workforce is the German old-age part-time employment act, for which persons aged 55 and older that have been insured against unemployment for at least three years during the last five are eligible. The purpose is supposedly to keep older persons in the workforce until the time they would normally receive a pension, thus benefiting workers who don’t want to work, and employers who don’t want them to, but in practice older persons can still exit early by working full time for half the period then not at all for the remainder of the period (their work time just has to average 50%). This is still an effective way to get older persons out of the workforce but without speeding up the time the state has to pay out pensions and other retirement entitlements (“Ageing and Employment Policies: Germany” 2005, 92-3). Thus, this is positive for both the state and older workers.

A 2003 legislation, mentioned earlier, that significantly benefits older workers through wage subsidies to employers who hire them and through temporary wage guarantees, does crack down on unemployment, though. Starting in 2006, the maximum duration for receiving benefits will be reduced from 32 to 18 months. After unemployment and social assistance merge, “the long-term unemployed will have to accept any job offer at the risk of losing their benefit” (“Ageing and Employment

Policies: Germany" 2005, 13). In conclusion, Germany's older cohorts have not clearly established a monopoly on political power in Germany because they have not been able to universally assure that labor reforms favor their interests. However, they have been moderately successful in the policy areas noted previously. The Hartz labor policies, described in the following section, paint a very different picture in which the old have seen recent significant political losses in the arena of labor policy, challenging those who argue that population aging in Germany has given the old a disproportionate share of political power.

## **Germany's Hartz reforms**

Many times, labor policies only change in response to a substantial change in a state's economic situation. For Germany, the economic turmoil in the aftermath of reunification logically should have provided impetus for substantial reform. In West Germany, unemployment was fairly low between the 1970s and early 1990s, but sharply spiked after reunification because of the huge increase in East Germans needing employment but having insufficient skills for the modern workforce—according to one estimate, reunification increased the labor force in Germany by a third (Jacobi and Kluge 2006, 3). The unemployment rate in West Germany in 1990 was 4.8 percent of the total labor force; by 1993, unified Germany's total unemployment rate rose to 7.7 percent and continued to climb and stay high throughout the decade, often reaching above 9 percent, as in 1997 ("OECD Employment Outlook: Statistical Annex" 2005, 3). Despite the poor economic situation after reunification, other than some expansions there were few substantive labor policy reforms until the Kohl government's 1998 Employment Promotion Act (Dingeldey 2007, 829). The body of reforms between late 1998 and 2001,

including the forum Alliance for Jobs, were characterized by a tripartite approach primarily by the social partners (such as unions) (Kemmerling and Bruttel 2006, 91) and did little to turn the labor market around. Jun (2003, 78) attributes the failure of Alliance for Jobs to “conflicting strategies and a polarized atmosphere between employers and trade unions.” Jacobi and Kluve (2006, 25) argue that the measures themselves, not so much the process, was faulty:

German ALMP before Hartz was dominated by training and public job creation measures. These measures were characterised by a long duration compared to other countries. Especially in East Germany the extensive use of job creation measures created a sheltered labour market of substantial magnitude. In contrast, measures directly supporting integration into regular employment (e.g. wage subsidies and start-up subsidies) were introduced relatively recently and played a minor role before.

Without effective policies high unemployment continued even after 1998, though it did fall below 8 percent in 1999, 2000, and 2001 ("OECD Employment Outlook: Statistical Annex" 2005, 3). Women and older persons, in particular, continued to have very low participation rates in the labor market, as the Kohl reforms provided little incentive for them to work (and did little to sanction them from not working).

Throughout the 1990s, Jacobi and Kluve (2006, 6) say that “In both the political and academic debates the benefit system was criticised for creating adverse work incentives and increasing long-term unemployment, deteriorating skills and thus worsening the mismatch on the labour market.” Clearly, more ambitious reforms were needed to deal with the more disadvantaged groups, particularly women and older persons.

As the 2002 elections approached, the political context grew heated as Chancellor Gerhard Schröder was increasingly called upon to account for Germany’s poor economic



situation, especially the continuing high unemployment, which many saw as evidence of Schröder's failure during his first term in office, after taking power in 1998. In addition to high unemployment, strained public budgets and tight EU regulations on expansive growth policies further increased pressure for labor market reforms. Reforms had been stalled (in Germany they referred to this as "Reformstau," or reform logjam) but Hinrichs (2007, 222) says that two events coincided in February 2002 that created institutional opportunities for reform to finally take shape. The first was the dissolution of the Alliance for Jobs, mentioned previously, and the second was the scandal involving the federal employment office, which showed how the agency had falsified the figures on its job placement performance. Certainly, factors such as the approaching war in Iraq affected the outcome of the election, helping Schröder to get elected despite high unemployment, but even the importance of this international development could not diminish the requirement for Schröder and his SPD team to deal with domestic labor issues.

The SPD's solution was Agenda 2010, a package of reforms primarily aimed at mediating Germany's poor economic situation, and named after the date that the Lisbon economic reforms mandated by the EU were due to be implemented. Agenda 2010 was supposed to revamp Germany's welfare state, including the pension and healthcare systems. Irwin Collier (2004, 1) argues that the Schröder team had a two-prong strategy to deal with public outcry over unemployment. One prong was to blame the continued labor market stagnation on a weak global economy. The second prong was to appoint a commission to be staffed by prominent German businessmen, scholars, and politicians to develop a proposal for labor market reform. This commission, begun in spring 2002,

came to be known as the Hartz Commission, led by and named after Peter Hartz, who at the time was a member of the board of Volkswagen and head of their personnel affairs. Other members of the Commission included a few scientists, representatives from the social partners, and some Länder and municipal-level politicians, totaling 15 members. Entrepreneurs and business consultants held prominent roles on the Commission (Eichhorst and Wintermann 2005, 9).

The Commission delivered its report in August 2002 and many from the media, the public, and the academy have recognized the major political shift the report signaled. Kemmerling and Bruttel (2006, 90) called it “one of the most ambitious German reform project[s] in social insurance policy since World War II;” Jacobi and Kluve (2006, 2) called the suggested reforms “the most far-reaching reform endeavor in the history of the German welfare state.” The byproducts of the Commission were four laws, Hartz I-IV. The first two became effective on January 1, 2003 and the latter two became effective one and two years later, respectively. Legislation for these four laws occurred between the end of 2002 and the end of 2003 and the laws were passed with approval of most of the parties, despite expected reservations. Schröder wanted to implement the reforms without major compromises from anyone—the social partners, especially the unions, the opposition parties or even his own party—and remained stubborn on most issues. Eventually, the Christian Democrats agreed to the measures in the second chamber of Parliament and two-thirds of the modules recommended by the Hartz Commission were implemented, with varying degrees of modification. The remaining third were dropped. The portion not implemented included a US-type bonus system in the unemployment insurance system for employers that have low dismissal rates; Parliament also decided

not to take away responsibilities from the state-level offices of employment (Kemmerling and Bruttel 2006, 91-2). On the whole, the laws have been very unpopular; negative sentiment spilled over to Schröder, who was seen as reneging on his electoral promise not to cut social welfare spending.

The laws changed many aspects of labor policy. A large portion of the reforms involved administrative changes; in particular they shifted the burden for financing benefits and finding employment for job seekers from the federal to the local level. The non-administrative parts—those affecting individual unemployed and job seekers—were the more politically heated reforms, however. Because these latter reforms activated the citizenry in protest, they will be the focus of this analysis, though the administrative reforms will be discussed in the context of East-West and Länder elections. A description of the main reforms of each law follows:

Table 2.8 – Hartz reforms in Germany	
Law (effective	Summary

date)	
Hartz I (1/1/2003)	<ul style="list-style-type: none"> <li>• Implemented occupational training programs</li> <li>• Implemented subsistence payments on behalf of the employment agency</li> <li>• Facilitated new forms of employment for the elderly or temporary employment</li> </ul>
Hartz II (1/1/2003)	<ul style="list-style-type: none"> <li>• Instituted special programs for self-employment</li> <li>• Implemented Job-Centers, agencies to improve matching between unemployed persons and firms</li> <li>• Introduced Mini- and Midi-jobs, which are low-paid or part-time employment that: <ul style="list-style-type: none"> <li>○ Are partially exempted from taxation and social security contributions</li> <li>○ Operate under different rules than regular jobs</li> </ul> </li> </ul>
Hartz III (1/1/2004)	<ul style="list-style-type: none"> <li>• Reorganized the federal employment agency and local employment offices</li> </ul>
Hartz IV (1/1/2005)	<ul style="list-style-type: none"> <li>• Changed rules for entitlement to unemployment assistance and benefits</li> <li>• Changed administrative rules for unemployment</li> <li>• Changed the definition of unemployed</li> </ul>

Source: (Fahr and Sunde 2006, 1-2)

As a package, the reforms reflected neoliberal moves towards deregulation of the labor market and reduced employment protection in some segments.

The reforms were designed around the idea of *Fördern und Fordern*, translated as promote and oblige, and in practice meaning both push and pull measures to decrease unemployment. Jacobi and Kluve (2006) claim that the reforms had three major cornerstones. The first was to improve the efficiency and effectiveness of the labor market, particularly by introducing market mechanisms in placement services. Through a system of vouchers, job seekers were allowed to seek competitive placement services and thus could avoid being stuck with a service that was not working for them. The laws also introduced a scientific evaluation mandate (this was groundbreaking as well). The second cornerstone was to activate the unemployed. On the pull side were the incentives to work; the Mini- and Midi-jobs were designed to make it easier for people to take some

sort of work rather than being one hundred percent unemployed by providing tax exemptions for some low paying jobs. Jacobi and Kluve (2006, 12) say:

The reform introduced incentives to workers aged 50 and older to take up employment even when it pays less than previous employment. In these cases, elderly workers may receive a wage subsidy, the so-called wage protection, when they accept a job offer that pays less than their previous job. The wage subsidy amounts to 50% of the difference between the previous wage and the actual wage. It is paid for the same duration as the unemployment benefit would have been paid for if the person had remained unemployed.

On the push side, the reforms made unemployment less attractive. They reorganized the benefit system and put in place sanctions for not finding jobs. Sanctions can now take a broader range: whereas before the reforms, sanctions were supposed to be a strict 12-week withdrawal of payments, and thus were infrequently imposed, now they can be imposed for 3, 6, or 12 weeks and have now been used more often to activate jobseekers (Kemmerling and Bruttel 2006, 98). Noncompliance is generally defined as a benefit recipient refusing to take a job—under Hartz IV there are very few jobs that the unemployed would not be required to take. One major change has been a switch from benefits defined by the recipient's last salary to a flat-rate, subsistence-level benefit of 345 euros in the West and 331 euros in the East—in either case the benefit is lower than pre-Hartz levels. Under the reforms, individuals are expected to be proactive and, under certain conditions, may even be required move to a different city to find work.

The third cornerstone of the reforms was to deregulate the labor market to create employment demand. This included deregulating the temporary work sector, exempting fixed-term contracts, and exempting dismissal protection. However, “the integration into paid employment may be supported by several forms of wage subsidies which are paid to employers when hiring a certain type of hard-to-place worker. The idea is to compensate

the firm for the presumably lower productivity of this type of worker” (Jacobi and Kluve 2006, 11).

The reforms made it so that Germans relied less on the state and more on the market.

The administrative reforms decentralized the system by reducing the role of the federal government in unemployment administration and increasing the roles of the local governments. They marketized the placement system, as mentioned above.

Additionally, pull factors were supposed to “make work pay” for Germans, meaning that it should be more worthwhile to work than to receive social benefits. The push factors discouraged—or made impossible—long-term reliance on state unemployment benefits and forced those of all ages to get jobs. Interestingly, the SPD was the main sponsor of these reforms; this was a shift for the party, which, though growing somewhat centrist over time, had traditionally been a leftist party emphasizing social welfare. After losing power in the 2005 elections, the SPD has again been turning to the left, even issuing a new manifesto (only one of three ever issued) that describes the party as a major proponent of social welfare.

### ***Generational “winners” and “losers”***

The Hartz reforms were harsh on all unemployed persons but were disproportionately harsh on the old for three reasons. First, not only were older cohorts a larger segment of the unemployed before Hartz, they were mostly long-term unemployed, and Hartz was particularly harsh on the long-term unemployed. Long-term unemployed now have much stricter requirements, whereas short-term unemployed have not seen many changes. Second, the flat-rate benefit had a disproportionate and negative effect on the old. After Hartz IV, older workers who may have worked for 20 years and paid into

the tax system to support unemployed are now subject to the same regulations and benefit levels as those who have only worked one year (young workers) and who have not paid into the system for such a long time. Thus, there was an element of generational injustice. The older persons who paid in all those years could expect to get a generous unemployment benefit, should the need arise, but after Hartz IV they would receive a lower benefit and for only 18 months. Finally, as mentioned above, 40 percent of males retiring early exited by taking unemployment benefits before Hartz. The Hartz reforms took away these retirement mechanisms to encourage them to work longer.

Hinrichs (2007, 227) says that about three-fifths of those previously receiving unemployment benefits who had high earnings before becoming unemployed, those whose spouse or partner has a full-time job, or those who live alone were the main losers in the reforms, mainly because of the flat-rate benefit and strict housing allowances. Those who benefited from the reforms were single parents and those who had low benefits before the reforms.

Table 2.9 – Employment rates in Germany by gender and age, 1998-2006									
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Females	55.8	57.4	58.1	58.7	58.9	58.9	59.2	59.6	61.5
Males	71.9	72.8	72.9	72.8	71.8	70.9	70.8	71.3	72.8
Older workers*	37.7	37.8	37.6	37.9	38.9	39.9	41.8	45.4	48.4
Older females	27.8	28.8	29.0	29.4	30.6	31.6	33.0	37.5	40.6
Older males	47.2	46.8	46.4	46.5	47.3	48.2	50.7	53.5	56.4

Legend:                   \* Older workers are those ages 50-64  
                               Light gray: Hartz I & II effective  
                               Medium gray: Hartz III effective  
                               Dark gray: Hartz IV effective  
 Source: ("The European Union Labour Force Survey " 2007)

### ***Political parties and the Hartz reforms***

According to Poguntke (2005, 1022), public resistance to Hartz IV led to protests, mainly in East Germany, even though the majority of the population recognized the need

for some sort of unemployment reforms. The consequences of SPD sponsorship of Agenda 2010 were large. They lost badly in 2004 EU Parliamentary elections; lost in the 2005 regional elections; and lost the 2005 federal elections, which Schröder called one year early. I argue that after the 2002 elections, in which unemployment threatened to unseat the party, the SPD stepped away from its core values and instituted Hartz because of EU and domestic pressures from all age groups. They lost power in 2005 anyway (to some extent because they stepped away from their values) but were politically tied between 2002 and 2005 because they would have lost if they hadn't tried to remedy unemployment, and lost because they did try. The SPD have been trying to reclaim their base since then but have thus far been unsuccessful.

Since the 2005 electoral loss, Kurt Beck, party chief of the SPD, has been pushing the party more towards its leftist, working-class roots, most recently calling for moves to extend the period of time workers over age 45 can receive unemployment benefits, which are normally capped after several months, forcing older unemployed persons to go on subsistence-level welfare ("German party push to reverse reform" 2007). The SPD's structure and membership were also hurt by their stance. According to Hinrichs (2007, 228-9) "the labour market reforms alienated the traditional allies, the labour unions and the Social Democrats. Some unions, or at least, strong internal factions openly sympathise with the party *Die Linke*." Schröder threatened to resign but because there was no obvious successor he received the support he needed from both the SPD and their coalition partner, The Greens, and the reforms were passed. About 100,000 SPD party members left, however, and formed a new party, the WASG (Wahlalternative Arbeit und Soziale Gerechtigkeit). These former members felt the party was moving away from its



core social welfare principles. The party ran in 2005 in North Rhine-Westphalia and got 2.2 percent of the vote. They have since merged with PDS to form The Left, and as mentioned, were very successful in the most recent federal election.

Because the reforms, especially Hartz IV, were widely unpopular, parties that supported them have been hurt in elections but parties that took a stance against them have greatly benefited. PDS was the only Agenda 2010 opponent at the national level, though some local PDS politicians still implemented the reforms. In the 2005 elections, the The Left probably performed so well because of their campaign to get rid of Hartz IV. The Left's webpage has the slogan: "Hartz I-IV muss weg!" or "Hartz I-IV must go!" The Left now has a very specific agenda to get rid of the Hartz reforms, saying that the Hartz reforms are "poverty by law" (*Hartz IV Positionen und Forderungen*). They want to take the money earmarked for Hartz IV, housing, and 1-euro jobs, and disperse it as better wages for better jobs. They also call for an immediate rise in Hartz benefits to 420 euros per month and think they can create more jobs by having everyone one work shorter hours. So, instead of having a few employees work long hours or overtime, there could be more employees working shorter hours (*Hartz IV Positionen und Forderungen*). In 2008 The Left party entered three important West German regional parliaments for the first time and in early March, Beck announced that the SPD should align with The Left to curb and at the same time take advantage of their rise. This is monumental since The Left, as the former communist party, had been ostracized as a coalition partner for their whole history. Their growing support is also uncharacteristic.

Table 2.10 – Percent change in electoral support by age between 2002 and 2005 federal elections					
AGE	SPD	CDU/CSU	GREENS	FDP	LEFT
18-25	-1.2	-5.6	-0.3	+0.9	+4.1

25-35	-4.4	-3.7	-1.0	+3.3	+4.1
35-45	-5.2	-2.4	-1.1	+2.7	+4.8
45-60	-4.4	-4.4	-0.1	+2.3	+6.4
60+	-4.4	-2.7	-0.1	+3.0	+3.6
<i>Total</i>	-4.3	-4.3	-0.5	+1.4	+4.7

Source: ("Statistical Yearbook 2006 for the Federal Republic of Germany" 2006, 103)

Comparing across elections in the preceding table shows that the two major parties—the Christian Democrats and the Social Democrats—fell out of favor with voters of all ages between 2002 and 2005. The Greens also lost a little support (about a percentage point) among all ages, while the FDP gained a few percentage points among all ages. The Left, however, were clearly the big electoral winners between 2002 and 2005, gaining significantly among all age groups. The Left nearly doubled their percentage of votes for all age groups, and had the biggest gains among those aged 45 to 60 years, 6.4 percentage points. Likely, The Left benefited not only from their own stances but also from the electorate's disappointment with the biggest parties. The party's stances on old age and on unemployment (the Hartz IV labor reform in particular) likely in large part drove this electoral gain. As explained previously, it is important to put patterns of voter support in context and figure out what issues are important to Germans. We know that Germans of all ages view unemployment as the number one issue facing Germany and it is possible that the majority of Germans based their votes in 2002 and 2005 on a party's stance on labor and unemployment, and in the 2005 elections this was a highly contentious issue, as we will see. The outcome of the 2002 election seems to have been decided by Schröder's successful populist campaign and his ability to detract from Germany's poor unemployment situation by focusing on Iraq. Unemployment was certainly the central issue in 2002, as in 2005, but voters in 2002

were willing to give Schröder another shot. Graying issues did not figure prominently in either election.

Interest groups have not yet shown the kind of policymaking power in Germany as they have in the United States. With regard to the Hartz reforms one scholar says, “In the tight schedule of the run-up to the elections, the government committed itself credibly to a comprehensive implementation of the Hartz proposals, thus attempting to bind hands through “government by commission”, leaving little room for interest group intervention, in particular trade union opposition (Dyson 2005)” (Eichhorst and Wintermann 2005, 13). Since the trade unions were basically excluded from the Hartz policy negotiations, they are excluded here as well. As the sections on labor policy and the Hartz reforms have shown, the old have often been the political “losers” of labor policy, despite their relatively large size and their political involvement. Studies that warn of gerontocracy by only examining social security and pensions leave out employment and the range of labor policies, including retirement. Population aging is likely a driver of higher retirement ages and efforts to increase the labor force participation of older people in Germany because their ranks and growing and current social welfare promises are generous. The EU, which recognizes population aging, also puts pressure on its member states—including Germany—to institute such reforms. Some political parties, especially the SPD, have suffered as a result of their efforts to decrease unemployment but others, namely The Left, have gained from opposing the reforms.

## **Conclusion**

This chapter has shown that in Germany, unemployment is such an important issue to the population that it has covered the effects of aging so far. While

unemployment is related to aging because workers support the social welfare system, which favors the aged, and population aging is shifting the number and age of workers, there is little evidence that the public has responded to the issue of unemployment along generational lines. Rather, East-West differences in the economy and citizens' values are still salient. The Left are more popular in the East probably because of their stance on social welfare and their emphasis on communal responsibility, rather than individual responsibility. This stance likely resonates with those reared under the Communist system. But, surveys also showed that a significant number of Germans in the East and West voted for The Left out of protest against the ruling parties, who happen to be the ones that shepherded the Hartz reforms.

In Germany, the political party system is important for creating conditions for aging politics to instigate generational rivalry. The multiparty system allows parties to polarize, as opposed to a less competitive system in which parties appeal broadly. Parties in Germany are targeting different generations, but the generations are not necessarily voting in response to party platforms. The latter sections on labor policy showed that the old seem to be falling out of favor politically in this arena, actually due to the major changes demographic age structure is bringing. The retirement age is rising, pensions are becoming more austere, and unemployment schemes are disadvantaging older workers.

I have argued that labor policy is an important test of the argument that population aging will lead to gerontocracy because studies that examine only pensions do not capture the range of interests of the young. As Claudius Seidl relates of Germany:

Here in my department, I have a few really young journalists and colleagues and they tell me, 'Please stop going on about generational equity! I'm going to have to yawn in a moment, it is so unbelievably boring.' When I then say, 'Listen here, young man, you are 30! Just think how many people's pensions you will have to

finance...' then their answer is, 'Let's not talk about pensions, I'm 30.'" (Sommer-Guist 2006)

Labor policies, though, involve all generations and labor is an important issue in Germany. This review shows that different generations benefit from different aspects of labor policy but that the old frequently lose. Thus, there is little evidence of gerontocracy in Germany.

In the future, it is possible that generational conflicts could arise, but not likely. As Elisabeth Niejahr, the author mentioned in the introduction, says: "There is a great deal of talk about the generational conflicts of the future. I believe that the great social conflicts of the future are more likely to occur within generations than between generations because both old people and young people will be ever less uniform groups" (Sommer-Guist 2006). One division is regional. Germany's federal organization crystallizes and formalizes regional identities, giving them prominence in policymaking. Thus, even when the generations who grew up under divided Germany pass on, these formal institutions will remain. A wildcard, however, would be if Germany's political institutions change. While federalism and the multiparty system create opposing forces for age-based interests to arise, interest groups could facilitate age-related identities. Interest groups have not yet become influential in these issues to the extent of groups in other states such as the US. As Scarrow (2002, 97) says, "While single-issue associations continue to be effective in bringing national, and particularly local, issues to public attention, as a whole the citizens' initiatives remain too loosely organized to supersede parties in their roles as interest aggregators or policy-makers." In theory, interest groups could be important in representing citizens' interests since German party membership is

small—3-5 percent of the electorate—and is unrepresentative of the general population. However, Elisabeth Niejahr makes a funny assertion: “I do not think we will see a large organisation of this kind concerned with the issue of ageing because it is not attractive to admit you belong to the target group. It is attractive to say I am environmentally conscious, I demonstrate against nuclear power stations or I recycle rubbish, but it is not attractive to say I am old” (Sommer-Guist 2006). If other Germans share her sentiment then Germany will not likely see the rise of powerful US-like age-based interest groups. As the SPD say, “though parties are increasingly in competition for influence with other social actors, they will remain important because they are the sole vehicle through which legislation is enacted” (“Social Democracy in the 21st Century: “The Bremen Draft” of a New Manifesto for the Social Democratic Party of Germany” 2007, 8).

## Chapter 3: The Politics of Population Aging in Italy

### Introduction

Much as in Germany, all signs in Italy point to a context ripe for generational conflict. More than forty percent of tax revenue is spent on supporting retired Italians and it is clear when looking at the age distribution in Italy that spending on the older generations will only grow larger as older cohorts are rapidly entering retirement. Additionally, Italian youth have high rates of unemployment and have had difficulties getting established in the labor market. But though the context is set for conflict, how have age issues played out politically? For a study asking if population aging leads to the politics of aging, Italy can present a puzzle. Doomsayers argue that population aging leads to increasingly generous benefits to the elderly and a neglect of youth. What is puzzling is that in Italy during the late 1960s and early 1970s, when fertility was above replacement and population aging was not on the radar, Italy instituted one of the world's most generous pension reforms while making almost no social provisions for families or youth. As the population has grown older, however, Italian governments have begun to institute reforms to raise the retirement age, limit benefits to the old, and reduce pension payouts, all while trying to offer greater support to the family and employ youth.

Institutions matter for whether conflict erupts because they channel interests of the population into policy. Italy's party system has been rapidly and frequently changing, especially since electoral reforms of the early 1990s. Italy has a fragmented multiparty system, with increasingly bipolar coalitions. Though we would expect to see that the multiparty system facilitates age-based politics, only some parties choose to target

generational interests. Those that do tend to focus on families, rather than the aged.

Coalitions greatly complicate the issue. Rather than functioning like a two-party system, where parties try to appeal to the broadest segments of the population in order to garner the largest numbers of votes, coalitions tend to act like the major coalition partner—their platforms mimic those of the biggest party and its major personality. While a unitary state structure could function to foster the emergence of age-based interests because it makes non-geographic identities, such as race, ethnicity, and age, salient, Italy's political culture of strong regional identities and moves toward decentralization mimic the effects of a federal structure.

Finally, even though Italian youth have faced much higher unemployment than older workers, regional differences are even greater than those between young and older workers, with Southern youth the most disadvantaged and Northern older workers having the lowest unemployment rates. Alone, these numbers would lead us to think that Italy fits the profile of a gerontocracy. However, most of the most major labor reforms over the last decade have focused on improving the situation of Italian youth, so even if their effects have not yet been felt by all, the intention to help is there. Even as Italy's population has aged, youth have been the main targets of recent labor reforms.

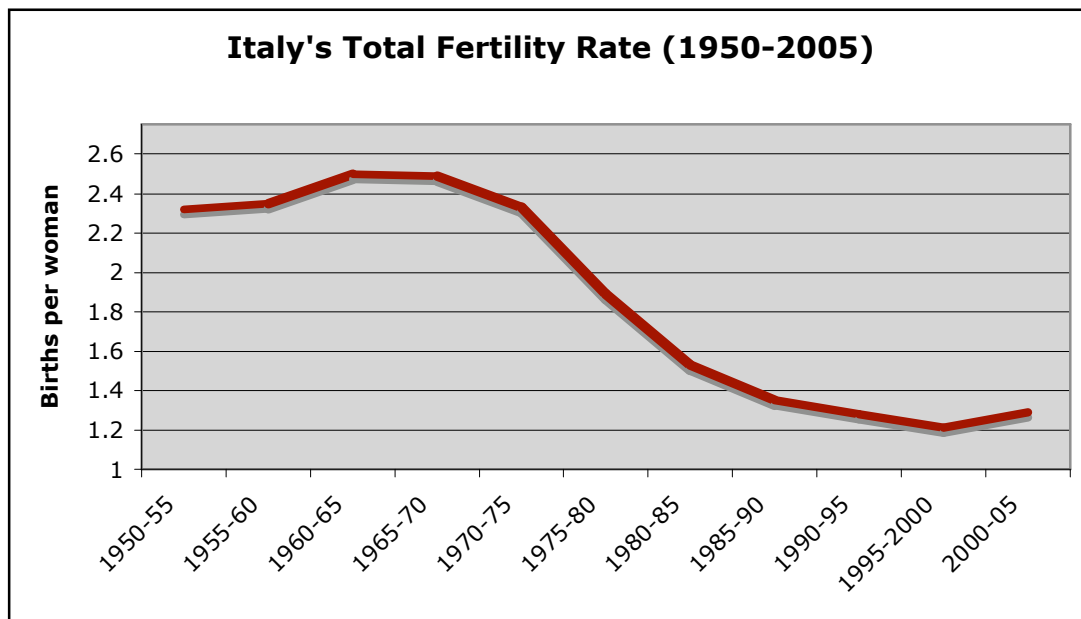
## **The context for generational conflict in Italy**

When you take demographic structure and government spending as starting points for an analysis of population aging, the situation in Italy looks bleak. The combination of Italy's rapid population aging and its historically generous old-age benefits have created conditions conducive to generational conflict. We begin our exploration of Italy by describing how these two traits came about to better understand the context within which



policymaking over age-related issues is taking place. Though Italy joins Germany and Japan as one of the world's oldest countries, three aspects of Italy's demographic situation are unique and particularly relevant to understanding how political power might be unevenly distributed between young and old: the rapidity with which its fertility rate fell, its dynamics of late marriage, and its regional variations. Between the periods 1970-75 and 1985-90 Italy's total fertility rate (TFR) fell by almost a "whole child," from 2.33 children per woman to 1.35, and in 2005 the TFR was 1.29 ("World Population Prospects: The 2006 Revision Population Database" 2007).

Figure 3.1 – Italy's total fertility rate, 1950-2005

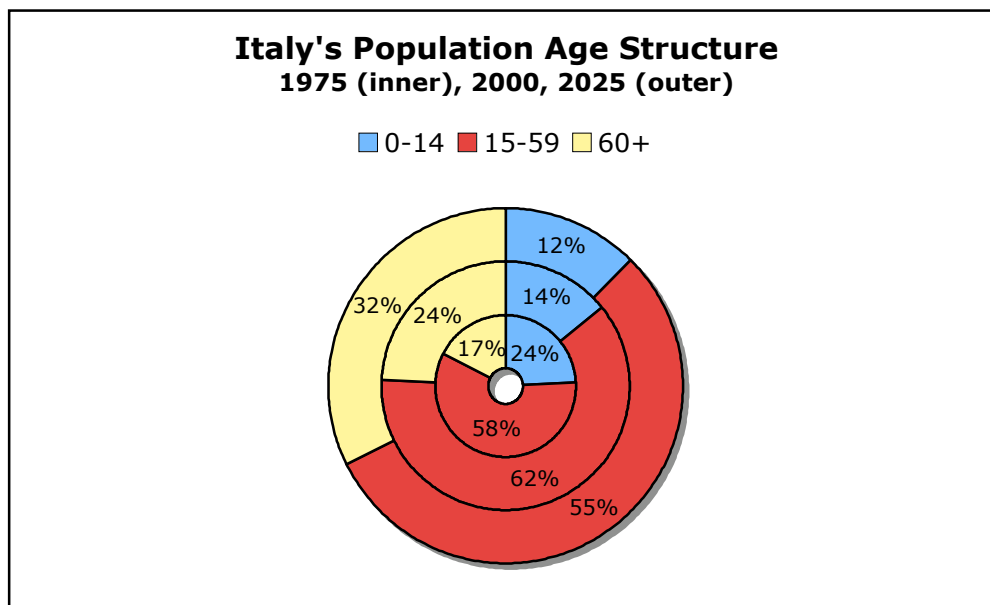


Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

As can be expected, because of the speed with which Italy's fertility rate fell the population is aging rapidly. Italy's median age went from 35 years in 1985 to 42 years just twenty years later. By 2025 the UN projects that Italy's median age will be 49 years, if fertility stays at current levels. The below chart demonstrates the major shifts in age structure of Italy's population. The innermost ring represents the population in 1975; the

middle ring 2000; and the outer ring is the projection for 2025. We see that the working-age population grew between 1975-2000 because cohorts of those ages were born when fertility was higher—they are therefore larger. However, between 2000-2025 there are fewer young people aging into this category and large numbers of older people moving into retirement, so that by 2025 the workforce will have contracted to just 55 percent of the population. The proportion of youth is halved over this period, while the proportion aged 60 and over doubles. More important for our purposes, though, is the difference in the proportions of young and old already present: even in 2000 youth aged 0-14 were only 14 percent of the population while those aged 60 and over were 24 percent. It is in large part due to this imbalance that many worry about the political power of the old at the expense of the young.

Figure 3.2 – Italy's population age structure



Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

One of the questions of this study is: Who has the agenda-setting power in aged societies? To answer this, we have to think broadly about institutions and the population structure, but we also have to think about societal trends that may empower or

disenfranchise one generation or another. One of the key aspects of Italy's population is something demographers often refer to as "postponement in the passage to adult life," meaning an increase in the age at which young adults move out of their parents' households, marry, and have children. As of the late-1990s, 81 percent of 20-30-year old unemployed Italian youth lived with their parents (Esping-Andersen 1999, 69). In 2005 the mean age at first wedding was 32.6 years for men and 29.8 years for women, and this was about 2 years higher than in 1999 (Kertzer et al. 2008, 8). It is counterintuitive that a country with such a strong Catholic heritage, a tradition that eschews birth control, would have such a low fertility rate, yet this is the case for many religiously conservative states throughout Europe. The countries with the lowest fertility, such as Poland, Spain, Greece, and Italy, show a strong commitment to "the traditional forms of family formation, with relatively low divorce, non-marital cohabitation, and illegitimacy rates, and in the propensity of adult children to remain in their parental household until marriage and to live very close to them thereafter (McDonald 2001)" (Kertzer et al. 2008, 3). Countries in Europe with less of a stigma attached to out-of-wedlock births actually have much higher overall fertility rates. Because out-of-wedlock births are relatively rare in Italy (compared with Scandinavia, for example), under 19 percent in 2006, the age at which women are having children is higher, and this has implications for fecundity (the ability to bear children), which declines with age. The mean age at childbearing was almost 31 years in 2005. Thus, the pattern of adult children staying at home has negatively affected Italy's birth rate, but it also has generational implications relevant for this study. As anyone who has moved through the stages of getting their first home, getting married, and having children knows, there is little ability to set the agenda when

you are young and dependent on your parents. The Italian state has been very concerned with the connection between these societal trends and the lack of opportunities for young people, which are mutually reinforcing. As this chapter moves to a discussion of contemporary labor politics the context of passage from youth to adulthood will be an important consideration.

Finally, there are clear regional differences in Italy, as well. In parts of Northern Italy, replacement fertility began as early as the 1910 birth cohort, while fertility remained above 2.1 in some southern regions as late as the early 1980s (Kertzer et al. 2008, 4). Most of Italy's major falls in fertility in the last two decades of the 20th century, then, were from the Southern regions finally experiencing declines. And though they have mostly converged, regional differences still persist, partly due to gender norms. For example, as will be discussed in more detail below, female labor force participation is twice as high in Northern Italy than in the South. As Kertzer, et al (2008, 5) say, "There is consistent empirical evidence that egalitarian gender norms and spousal (female) autonomy are stronger in the North (Sabbadini 1999, tab. 6.3), where also premarital cohabitation rates and divorce rates are notably higher (Sabbadini 1999, tab. 4.7; Barbagli 1990)." There is still significant internal migration from the Southern regions to the rest of Italy, mostly for economic reasons. There are also some regional differences with regard to age structure. Northern and Central Italy have much lower proportions of children and young adults than do Southern regions. In the North, those aged 0-29 comprise around 28 percent of those regions' populations, whereas in the South and the Islands children and youth make up 35 percent of the population. Those aged 50 and up

are around 40 percent of the North's population, but only 35 percent of the South's (ISTAT 2008a).

In a population with high proportions of elderly dependents and few workers the state will have difficulty funding generous social benefits to the elderly, and without policy changes systems that are skewed towards providing for the old face bankruptcy—this is one instance where alarmism over aging is probably justified. In Italy, as in Germany, a significant portion of the public budget is spent on social welfare. Spending on both the youth and aged has increased since 1991, though in 2002 and 2003 spending on youth as both a percentage of all government spending and a percentage of GDP declined, while that on the elderly has continued to increase. The Italian state spends a significantly greater proportion of its budget on the aged than on youth and families, to an even greater degree (1-2 percentage points of GDP more in the case of the aged and less in the case of youth) than in Germany. Part of this generational discrepancy is because the Italian state spends little on family-related programs, relying on the actual family for childcare and support, and part of the imbalance comes from the fact that the Italian pension system is particularly expensive. The level of public spending on pensions in Italy is one of the highest in the OECD ("Ageing and Employment Policies: Italy" 2005). Finally, unemployment programs take up less of Italy's government spending than they do in Germany, possibly because the family is again used as a social support net, rather than the state.

As in the previous chapter, the following table lists spending three ways: per person, at current prices and current purchasing power parities (PPPH) in current US dollars; as a percentage of gross domestic product (PCT\_GDP); and as a percentage of

total general government expenditure (PCT\_GOV). The category of old age spending includes pensions and retirement (OECD category OLD AGE); survivor benefits for widows and widowers; and disability measures, including incapacity-related benefits and employment measures for the disabled. The category of youth includes all family benefits, as categorized by the OECD, and youth-related Active Labor Market Programs (ALMPs): those specific to youth, measures for disadvantaged youth, and apprentice allowances. Because labor policy is central to this study, data on unemployment (minus early retirement for labor market reasons) are shown at the bottom of the chart for reference.

As in the case of Germany, social expenditure patterns in Italy set the context for generational tension to arise. Older persons receive a disproportionate share of government spending and their ranks are rising, meaning that if policies do not dramatically change they will be using even more of the government's resources. Spending on the aged (which is mostly their benefits) is about 33 percent of all government spending, whereas spending on youth, including family benefits and youth-related active labor market programs, is less than three percent of government spending.

Table 3.1 – Social expenditure in Italy (in millions)														
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
OLD AGE	PPPH	1601	1758	1834	1937	2013	2399	2568	2691	2784	2896	2964	3092	3129
	PCT_GDP	8.5	9.1	9.3	9.5	9.4	10.8	11.2	11.3	11.4	11.2	11.1	11.3	11.4
	PCT_GOV	-	-	-	-	17.8	20.6	22.4	22.9	23.6	24.2	23.1	23.8	23.6
SURVIVORS	PPPH	372	404	424	464	443	569	604	593	633	637	661	679	679
	PCT_GDP	2.0	2.1	2.2	2.3	2.1	2.6	2.6	2.5	2.6	2.5	2.5	2.5	2.5
	PCT_GOV	-	-	-	-	3.9	4.9	5.3	5.0	5.4	5.3	5.1	5.2	5.1
Early retirement for labor market reasons	PPPH	50	53	50	47	48	46	43	36	27	20	18	25	28
	PCT_GDP	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
	PCT_GOV	-	-	-	-	0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.2	0.2
DISABILITY	PPPH	353	375	391	400	388	408	400	394	407	418	415	464	486
	PCT_GDP	1.9	1.9	2.0	2.0	1.8	1.8	1.8	1.6	1.7	1.6	1.6	1.7	1.8
	PCT_GOV	-	-	-	-	3.4	3.5	3.5	3.3	3.5	3.5	3.2	3.6	3.7
FAMILY	PPPH	118	118	112	111	119	133	144	254	269	299	329	312	340
	PCT_GDP	0.6	0.6	0.6	0.5	0.6	0.6	0.6	1.1	1.1	1.2	1.2	1.1	1.2
	PCT_GOV	-	-	-	-	1.1	1.1	1.3	2.2	2.3	2.5	2.6	2.4	2.6
Youth-related ALMPs	PPPH	40	30	23	23	21	39	42	58	64	63	63	-	-
	PCT_GDP	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	-	-
	PCT_GOV	-	-	-	-	0.1	0.4	0.4	0.6	0.8	0.8	0.7	-	-
TOTAL AGED	PPPH	2376	2590	2699	2848	2892	3422	3615	3714	3851	3971	4058	4260	4322
	PCT_GDP	12.7	13.4	13.8	15.8	15.3	15.4	15.8	15.5	15.8	15.4	15.5	15.6	15.8
	PCT_GOV	-	-	-	-	25.6	29.4	31.6	31.5	32.7	33.2	31.5	32.8	32.6
TOTAL YOUTH	PPPH	158	148	135	134	130	172	186	312	333	362	392	*312	*340
	PCT_GDP	0.8	0.7	0.7	0.6	0.6	0.8	0.8	1.3	1.3	1.4	1.4	1.1	1.2
	PCT_GOV	-	-	-	-	1.3	1.5	1.5	2.8	3.1	3.3	3.3	2.4	2.6
UNEMPLOYMENT*	PPPH	71	85	106	109	101	95	94	96	97	84	83	91	94
	PCT_GDP	0.3	0.4	0.5	0.6	0.5	0.4	0.5	0.5	0.4	0.3	0.3	0.3	0.3
	PCT_GOV	-	-	-	-	0.9	0.8	0.8	0.8	0.9	0.7	0.8	0.7	0.7

Source: ("The Social Expenditure Database" 2007)

\* Minus early retirement for labor market reasons.

## **Characteristics of Italian institutions**

Though the context for generational tension is set in Italy, this study argues that the particularity of Italy's institutions matter for whether the politics of aging erupts. This section describes the institutional setting in Italy and the ways in which various actors, particularly political parties and voters, navigate these institutions. Two important institutions in Italy are its fragmented multiparty system, with increasingly bipolar coalitions, and its decentralizing state structure. Political science research tells us that we should expect that Italy's multiparty system, which rewards parties for even small numbers of votes, will encourage parties to make appeals to specific interests, such as those based on age. However, scholars of Italian politics have noted that the movement towards two broad center-left and center-right coalitions functions in a way like a two-party system, and so we should expect to see these coalitions make broad appeals to attract the greatest number of voters possible—there are two dynamics within the party system. If Italy's state organization were completely centralized we should expect it to foster the emergence of age-based factions that focus on policymaking in Rome; but, since Italy is moving away from this model we should see a greater focus on regional policies that discourage the banding together of cross-border age-based factions.

To explore the validity of these hypotheses, this chapter begins by describing the process of state formation in Italy and the ways the history of regionalism has affected the decentralization of the state and the politics of aging. It then moves to a discussion of the chaotic nature of Italian party politics. I find that in Italy, the ability for small parties to gain seats by appealing to niche interests encourages age-based politics, while the reliance on two large coalitions encourages broad appeals that transcend age. The strong



regional identities in Italy and moves to legitimize them through decentralization work against the creation of cross-border age-based identities.

Scholars of the historical-cultural approach often argue that the diversity of the Italian state from its inception facilitated the fragmentary nature of today's party politics—there were no unifying ideologies or cultures and, as only about two percent of the population could vote, representation and the people's sense of connectedness to the government were limited (Newell 2000, 46). Italy's government was centralized in 1861 for the first time since the fall of the Roman Empire, uniting a diverse peninsula with regional languages and regional interests that still prevail. Italy is politically divided into twenty regions, and these are often informally grouped into three larger regions: Northern, Central, and Southern Italy. These regions continue to have distinct identities, dialects, and interests that carry over into their political identities.

Table 3.2 – Regions of Italy	
<b>North</b>	Piedmont, Valle d'Aosta, Liguria, Lombardia, Trentino-Alto Adige, Friuli-Venezia Giulia, Veneto, Emilia-Romagna
<b>Central</b>	Toscana, Lazio, Umbria, Marche
<b>South</b>	Abruzzo, Molise, Campania, Basilicata, Puglia, Calabria, Sicilia, Sardegna

Many scholars argue that because Italian unification was top-down, it was tenuous. Even after unification North-South differences—which remain salient—were expressed through a two-party system in which the right was prominent in the North and the left in the South (Amoretti 2002, 130). Fascism suppressed regionalism, but this was only temporary. After the end of fascism and the German occupation, an ideological struggle between Western and Soviet forces replaced the regional North-South pressures, though the latter remained latent and, as we will see, cropped up after the fall of communism in

1989. During the post-War years, though, the forces of the Catholic Church and communism provided ideological umbrellas under which Italy's diverse interests united, stabilizing the political system until the 1990s (with some cracks in the structure in the 1970s). But, both scholars and Italian citizens argued, the government was weak (Donovan 2003). Perhaps this weakness was the impetus for the series of political changes and crises that have since unseated the ideological model of the Church and communism and in some ways have left a vacuum filled by diverse and fleeting parties. Change in Italy's government has been rapid and frequent over the last few decades. These changes have led most to characterize the Italian state as fractured, chaotic, and corrupt. These characteristics, along with other more formal institutional traits, influence the politics of aging in Italy, in ways that we will develop throughout the chapter.

As in Germany there are opposing pressures for the emergence of age-based interests in Italy. On the one hand, Italy's cultural legacy of diverse, regional interests should prevent unified age-based interests from forming.<sup>10</sup> On the other hand, Italy's unique party politics itself creates opposing pressures for aging politics. The new electoral system facilitates the formation of age-based interests because it rewards parties for even small numbers of votes and encourages them to differentiate their platforms, appealing to narrow interests. These interests can then get represented in the ruling government because of the importance of coalitions—another key institutional factor. As Floridia (2007, 4) says, “the minor political forces are structurally advantaged in so far as they may deliberately choose to turn to an electoral market niche and they may be rewarded exactly because those ‘scattered’ votes are not at all ‘wasted.’” He states:

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<sup>10</sup> At the same time I acknowledge that political identities can always be created.

Such an electoral system, certainly, renders the electoral competition highly *contestable* and *decidable*, producing an extreme polarization of the electoral race and strongly divisive issue campaigning, but at the same time it facilitates, without any limits, the entry of any small force in the electoral arena and offering them great opportunities to build and reinforce comfortable and advantageous niches. (4)

We might, then, expect that Italy's center-Left and center-Right coalitions has created a defacto bipolar party system that leads coalitions to try and appeal to the broadest electorate possible for support. However, these two coalitions tend to take on the characteristics of their dominant party, rather than behaving as independent coalitions. Thus, some parties and coalitions make broad appeals while others cater more to niche age interests.

### ***Italian regionalism***

In Germany, East-West differences remain salient and have leverage through the federal organization of the state. In the previous chapter I argued that German federalism was an impediment to the emergence of age-based identities because it privileged local politics. Italy has a mostly unitary organization but its strong regional identities function to suppress the emergence of age based politics in much the same way as a federal organization. And, in fact, it is these strong regional movements that are driving Italy toward decentralization and a potential federal organization. Italy's regional identities, like a federal structure, are an impediment to age-based politics, since in order to align along age lines the latter requires unifying age groups across regions and subsuming regional politics in favor of national-level, age-specific issues. To qualify, though, formal decentralization is limited, and the varying success of the regional Northern League over time demonstrates that federalization has not been a linear process in Italy.

Several aspects of Italy's regionalism and decentralization are relevant for this review of the politics of aging. First, historical cultural divisions have set the stage for contemporary regional differences and distinct identities. Second, the growth and success of regional parties have begun to crystallize those identities and formalize them by pushing for decentralization—in these parties regional issues, not age issues, are key. Finally, the major differences in support for parties by region—much greater than those by age—demonstrate that regional identities are stronger than cross-regional age-based identities. This section explores these aspects of Italy's regionalism.

The historical regional divisions in Italy still linger in contemporary politics. As with the original unification of Italy in 1861, the government that was established in the late 1940s tried to subsume sub-national identities—the new constitution spread power widely, but horizontally, rather than vertically. It set up a unitary rather than federal system. The main parties in those post-War years were the Christian Democrats (DC), affiliated with the Catholic ideology, and the communists (PCI). Though these two parties were key during this era, it was the DC that held governmental power; the PCI was the opposition party. During this time both the unitary structure of the state and the nature of party politics in Italy, with two, ideologically-based parties, subsumed regional interests. The stability these two ideological umbrellas provided started to slip in the 1960s, when they reversed their views on centralization. The DC had always favored decentralization, but the communists, because they had the goals of social and economic equality, needed a strong central state to carry out their mandate. But starting in the 1960s, “the PCI was so frustrated by its continued exclusion from every new government formed in Rome that it looked to regionalism as its best hope of being able to take control

of some administration, somewhere. The DC, fearing precisely that prospect, had turned centralist in response” (Amoretti 2002, 133). Formally, though, despite murmurings of decentralization and even cracks in the DC-PCI stronghold, as late as 1976 the DC and PCI still won 73 percent of the vote, demonstrating that power was still strong at the center (Amoretti 2002, 134).

Parliament passed modest decentralization legislation in the 1970s, but the reforms established more of a patronage system than anything and kept regionalism at bay. In the early 1970s weak regional governments were created but, because ideology did not resonate at the local level, locally these governments actually began to undermine the leading parties, the DC and PCI. Little changed at the national level (Amoretti 2002, 133-4). After 1976 the first of many changes occurred that began to crystallize regional identities and make regional issues important (rather than issues that unite age groups). New parties began to win and regional movements gained support, especially in the more prosperous North, whose citizens began to resent that their high taxes went to support the economically lagging South, with whom they felt little affinity; these grievances still echo in today’s party politics. Economic issues became more salient in the North than ideological issues and regionalism began to break through the post-War party system. The Venetian League (LV) was the first northern movement to show promise in the 1983 elections and the Lombard League (LL) soon followed suit. In 1989 several of these movements joined with the LL to form the Northern League (LN) (Amoretti 2002, 134). As new interests were taking shape in the North but were still in infancy, the region was especially fractured during 1992-4 so national governments during this time period were Southern-based (Amoretti 2002, 135). Though the LN used economic, rather than

cultural or ideological, appeals to voters in its early days, they also had populist attraction, due in large part to charismatic leader Umberto Bossi, who helped unite the LN and propel them to success in the 1996 general elections. In the early 1990s support for the Northern League grew because voters bought into the idea that there was too much crime and wasteful public expenditures in the South and that Northern tax money went to the South (Newell 2000, 23). Depending on the political tenor—and what they stand to gain or lose—the Northern League has at times insisted upon secession for Northern Italy, a region they refer to as Padania (named after the Latin term for the Po River). At different points in its history, the full name of the League has been various forms of “The Northern League for the Independence of Padania.” Their official platform reflects a desire for Scotland-like devolution. I have argued that federalism elevates the importance of local politics and hinders the emergence of national age-based interests. The platform of the Northern League supports this argument, as they say, “The movement founded by Umberto Bossi does not interpret the political struggle as a clash between social classes or categories, but as a conflict between centralist States and the people who claim their right to self-determination and freedom” (*Lega Nord Seveso* 2008). The LN is popular in small villages and towns and among the self-employed (Hellman 2002). Their leader, Umberto Bossi, remains a powerful part of the Center-Right and the LN shows no signs of disappearing.

It is in large part due to the success of Northern-based parties that Italy has been decentralizing. Whenever they have been part of the ruling center-right coalition they push for federalism. Yet until an October 2001 referendum Italy was still highly centralized. What went before the people was originally a center-left package that did

not have enough parliamentary support to pass without referendum because the North and other center-right parties did not think the package went far enough to devolve power from the central authorities. When change finally did come, it was from the people by popular referendum, rather than top-down. Though voter turnout was low, to some extent the outcome demonstrates that regional identities are fairly strong at the individual level among the majority of voters. In a 2001 survey, the majority of people of all ages thought more autonomy should be given to the regions; though it was more so in the North, this sentiment held true for all regions of Italy (Caciagli and Corbetta 2001). The reforms granted some residual powers to Italy's 20 regions. The package:

devolves powers and responsibilities to the lowest feasible level of government, encourages officials to involve citizens in public affairs, gives regions a nominal and still somewhat hazily defined 'fiscal autonomy,' and ends the central government's power to suspend new regional legislation pending a Constitutional Court ruling on its constitutionality. (Amoretti 2002, 127)

Coalitions and parties were divided in their support for the package as it was written; the center-right did not think the package went far enough, the center-left supported the package, and the Communists were the only party who opposed decentralization in general. Their opposition was presumably because they rely on ideological resonance, and as we saw in the brief history of decentralization above, ideological messages have more resonance in Italy at the national level—regionalism was partly responsible for unseating the Communists nationally.

There have been moves toward decentralization, but the Italian state still does not have a federal organization and the process is ongoing, though not linear. The regions still do not have representation at the national level the way the *Länder* do in Germany. Berlusconi's House of Freedoms coalition ran in the 2001 elections on a promise to see

that Italy becomes a federal republic (Amoretti 2002, 137) but was unsuccessful in seeing that through. Indeed, support for the LN reached a peak of 10 percent in the 1996 general elections, fell to around 4 percent in the 2001 and 2006 elections, and rose to another peak of 8 percent in the 2008 elections.

But the final aspect of Italian regionalism that reinforces the argument that regional identities are more salient than cross-regional age based identities is the major differences in party support by region, which are much greater than those by age. In the 1992 elections for the Chamber of Deputies, 40 percent in the Northeast and South voted for the Christian Democrats (DC), but only 11 percent in the Central region did (Corbetta and Parisi 1992). A 1996 survey asking about the most serious social problem had consistent results across ages, but differed greatly by region. As we would expect, in the North a smaller percentage saw unemployment as the number one problem: 50 percent versus 61 in the Center and around 70 percent in the South and Islands. The Northwest, where the LN is very popular, had almost 7 percent of respondents name immigration as the number one problem. (The LN often runs on an anti-immigration platform.) The North and Center were more concerned about taxes and corruption than the South (Corbetta and Parisi 1996).

### ***Parties***

It is hard to study a moving object, and Italy's party system definitely qualifies as a moving object. But even though parties and coalitions among them are fleeting, it is still valuable to attempt to trace the role of aging in party politics, as some parties do appear to appeal to different age groups. This section first briefly describes the history of party politics in Italy, which is necessary to understand contemporary issues, and then



moves on to describe in greater detail how the parties target different generations in Italy. Italy's post-War democracy has often been described as a *partitocrazia*, literally partyocracy, a term that emphasizes the important role of political parties in the Italian Republic, especially in the decades after the end of World War II. According to one scholar, "Partitocrazia was a power system with an extremely solid and permanent structure, established by an almost total overlap or connivance between party, state (including the judiciary) and social elites, through which parties exercised their control" (Bardi 2004, 133). Most scholars agree that this system has facilitated two other enduring features of Italian politics: clientelism and corruption. As Newell (2000, 48) says:

Partitocrazia, then, constituted a complete system of power relations. Based on a weak state allowing for considerable overlap between the personnel of the parties on the one hand, and interest groups and administrative positions on the other, it made it difficult to draw clear boundaries between these entities and to know, in any given case, in what capacity individuals were acting.

Parties, despite their number and shifting identities, are the principle vehicles through which policy is made in Italy, and thus their central focus in this study is justified. I have argued that a competitive multiparty system facilitates the emergence of age-based party politics because it encourages parties to appeal to niche interests. But because the Italian party system has changed so much since the early 1990s, it is difficult to classify—it is both a multiparty system, and a system with bipolar coalitions. Most scholars agree that during the Cold War the party system was bipolar, with the biggest divisions between the Catholic, center-right Christian Democrats (DC) and the Soviet-leaning, center-left Communists (PCI). Though the PCI had a lot of support among Italians, the stigma attached to the party because of its communist roots was similar to that of the PDS in

Germany; in Italy the concern was that the PCI would take power during the Cold War, in Germany there was more concern that the communists would gain seats after reunification. In addition, parties on the extreme right—namely the Italian Social Movement (MSI)—were so discredited as to be unavailable for coalition formation (Newell 2000, 18). Thus, DC were the only credible party in Italian politics during most of the Cold War and they stayed in power through coalitions with smaller centrist parties and, starting in 1963, with the Socialist Party (PSI).

Though one might think that the dominance of the Christian Democrats stabilized Italian politics, because of the need for coalition governments the opposite was true. Italy's multiparty system is fractured and chaotic and there were over 50 governments between 1948 and 1992. Pushing real reform in such an unstable environment is nearly impossible and Newell (2000, 18) says that important areas such as health, welfare, and education were stagnant during this time.

The early 1990s provide an excellent starting point for analyzing generational politics in the Italian party system. Not only had population aging become rooted by this time, the party system in Italy faced a series of major changes as a result of political scandals, crises, and electoral reforms that have set the tone of the last 16 years of party politics there. So fundamental was the break with the old system that Italian politics is often described in terms of pre-1992-94 and post-1992-94. What happened and why? First, the 1992 elections were significant because they were the first without the communist party, which had been disbanded and discredited after the fall of the Berlin Wall in 1989—this removed one of the two major poles of the Italian party system. Now, though, the left has reinvented itself and is no longer seen as illegitimate—they even

supplied Italy's Prime Minister, Romano Prodi, from 2006 until a vote of no confidence in January 2008. Second, a series of political scandals discredited the other ruling pole, the Christian Democrats, who had been in power for most of the post-War period. In February 1992 an anti-corruption drive started with the arrest of an elder home head, which exposed the "extensive illegal payments to the political parties in exchange for public works contracts" (Newell 2000, 25). The scandal was termed Tangentopoli, meaning "bribe-city," and referred to Milan, the locus of the scandal. Fallout from Tangentopoli took away the ruling parties' sources of funding and discredited them to the public. It also effectively ended the corrupt clientelistic practices that characterized Italian politics. Without clientelist networks, however, many could no longer see a reason to be a member of a party—the parties' ideological base was not strong. The five ruling parties were basically wiped off the political map and only survived in weakened forms or as barely recognizable offshoots (or offshoots of offshoots). In the wake of Tangentopoli, there was a dramatic decline in party membership, in some cases to one-third of what it had been before, according to some estimates (Newell 2000, 63). In the 1992 general election held on April 5<sup>th</sup> the seats in both the Chamber and Senate were widely spread among groups, demonstrating the viability of even the smaller parties. The root of Italy's label as a fragmented and chaotic political party system is perhaps these elections, in which a total of 17 parties got seats in the Senate and 16 in the Chamber.

In an attempt to remedy this fragmentation, the 1994 elections took place under a mixed proportional representation-single member district (SMD) system, instead of a purely proportional system, as it was before. For both the Chamber and Senate, 75 percent of the seats were allocated by SMD with plurality rule and the other 25 were

proportional. This system was intended to stabilize politics because the majority of seats would be “first past the post,” meaning that parties who could garner large shares of votes were rewarded—this would effectively limit the number of viable parties. The new system worked in that regard, bringing the number of seated parties to 11 in the Senate and 7 in the Chamber (“Archivio Storico delle Elezione” 2008).

Many scholars have argued that these electoral rules, in effect from the 1994 elections until the 2006 elections, shaped Italy into a bipolar party system, with the center-left and center-right making up the two poles around which electoral alliances converged (Bartolini et al. 2004, ; Agnew 2007). Indeed, in 1994 the center-right and -left poles together got 80 percent of the votes in the Chamber; in 1996 they got 85 percent; in 2001 they got almost 90 percent; and in 2006 they got nearly 100 percent (“Archivio Storico delle Elezione” 2008). At various times the electoral system has been set up to encourage coalitions so the movement towards them is not surprising. In the 2006 federal election parties needed a threshold of four percent of the votes to acquire seats in the Chamber of Deputies if they stayed out of the two coalitions, but only a two percent threshold if they remained inside (Agnew 2007, 27). The outcome was that far fewer parties strayed outside of the coalitions than in the past. Thus, unlike Germany, Italy does not cleanly fit the definition of a competitive multiparty system. What does this mean for our hypotheses about age-based politics? If under a multiparty system we expect to see parties attempt to differentiate their messages and under a two-party or one-party dominant system we expect to see parties attempt to appeal to the widest electorate possible, then in Italy we should see a little of both. On the one hand, Italy’s system is similar to a two-party system and we should expect that the two major coalitions, the

center-left and center-right, will try to broadly appeal to voters—their platforms may be very similar. Bardi (2004, 119) agrees that we should expect similarities because “individual parties are now more concerned with within-bloc dealignment than in the past, in that their relative strengths are important for their position within the coalition as well as for their influence on coalition leadership selection” (119). In 2004, he said that “the border between the two coalitions is still blurred, as individual parties and electoral alliances try to occupy what is still a relatively available political space.”

On the other hand, because 25 percent of seats were allocated proportionally between 1994-2005, it was still possible for small parties to gain seats at the national level by appealing to niche interests. Smaller parties have a chance of winning at the regional level as well. Now that Italy has returned to a proportional system for the 2006 and 2008 elections, small parties are viable even though the two poles are strong. For smaller parties:

the fundamental issue is to demonstrate that they can maintain exclusive control over select, albeit small, portions of the electorate. This can be done through the encapsulation of specific ideological constituencies, as is the case with the Greens, and, to a certain extent, with the UDC; or through the acquisition of special positional advantages, mostly by attracting portions of the moderate centre (RI, CDU and then UDR), but also of the extremes (RC). (Bardi 2004, 121).

Further demonstrating the dual dynamics of Italian party politics, some scholars (for example, Bardi 2002) say that citizens may be attracted to coalitions, but not individual parties, while others (for example, Floridia 2007) seem to say that parties may be even more important under new electoral rules because even small parties are viable. Thus, I anticipate that the two large coalitions will function like a two-party system in their platforms, appealing to large numbers of voters including all generations. The parties

individually, however, will likely try to appeal to niche interests, potentially generational, as in Germany.

It is important to get a sense of how parties operate in Italy before examining the text of their messages. The media is very important in Italy and its place in party politics has been crystallized by the involvement of Silvio Berlusconi, media magnate, owner of several television channels, and head of the Forza Italia (FI) party and center-right coalition. The emphasis on populist messages means that we must be careful of reading too much into the text of party platforms—parties seem to be more about image than substance. Zolo (1999) says that over the last 20 years, Italy has evolved from a neoclassical democratic model (competitive multiparty system) to a post-classical democratic model, dependent on television and public opinion. Instead of politicians joining parties, they are elite entrepreneurs who speak directly to the citizen consumers. The growing role of the media has also increased the importance of image, creating a new model of politics. After 1992, the new importance of the media and new electoral laws both “influenced party approaches to candidatures and target groups (Bardi 2004, 135). The PDS remained closest to a traditional party organization, whereas other parties like FI tried something very different. As Agnew (2007, 19) points out, under this model parties don’t call themselves parties. Instead, they are slogans, leagues, alliances, poles, houses, networks, olive tree. Parties’ messages are very visual and seem to deemphasize substance. So, while there are substantive differences between the parties’ platforms and the ways they appeal to different generations, these differences do not mean that citizens are aware of or concentrate on these messages. For example, a 2001 election survey asked respondents to evaluate the statement, “Politics is so complicated that you cannot

understand what is happening,” as true, somewhat true, somewhat false, or false. Around 55 percent of those aged 18-64 and 67 percent of those aged 65+ said the statement was true, while only between 7 and 16 percent said the statement was somewhat false or false (Caciagli and Corbetta 2001). Though I would surmise that the chaotic nature of politics may be a driver of the visual populist messages (which could serve to simplify), that is not the subject of this study. What we can note, though, is that these messages complicate analysis of party platforms.

Figures 3.3 and 3.4 – 2008 election posters for the LN and RC



Source: (*Manifesti Elettorali 2008 2008*, ; *Propaganda 2008*)

Another important factor to consider in analyzing party politics is the place of parties and expression of voting among citizens. Party membership, expressed as the membership-electorate ratio (M/E), has declined from a high of about 13 percent in 1963 to a low of 3 percent in 1994. Between 1994-98 the ratio increased to 3.75 (Newell 2000, 54-5), but this is near the bottom of the scale for European democracies. However, voter

turnout in Italy has always been one of the highest in Europe—citizens see voting as more of a civic duty than a right (non-voters have even been recorded in the elector's civil and criminal records). Though turnout began to decline from 1979 onwards, and there was an increase in the number of invalid votes, turnout is still relatively high and was over eighty percent in the 2006 election ("Archivio Storico delle Elezione" 2008). Perhaps most interestingly, in a system with so much fluctuation and so many frequently changing parties, "The disappearance or transformation of political parties continues to make sizeable portions of the electorate potentially available irrespective of their propensity to switch parties" (Bardi 2004, 119). Bardi (2002, 50-2) warns that we cannot extrapolate voters' attitudes from electoral outcomes only since the supply (i.e., electoral rules) continues to be in flux. Voters would have had to be very strategic with their voting over the past 16 years in order to see that their favored candidate and party were elected. The following section attempts to rely on survey data (taken in a context without electoral rules) to determine people's attitudes towards parties; thus, it may be a more accurate measure of voters' attitudes towards the parties than actual outcomes (which the Italian government does not collect by age anyway).

### **Generational issues within the parties**

This section attempts to trace the parties' and coalitions' stances towards youth, families, and older generations in Italy surrounding the most recent general elections, which took place in an increasingly aged population. The review relies on two sources: media coverage of party platforms and textual analysis of the platforms themselves during the most recent (2008) general elections. Some scholars have pointed out how challenging analyzing party positions in Italy can be: "Italian party policy positions are



rather difficult to trace. This is due to the vagueness of official party documents, often conditioned by internal conflicts or coalition compromises, and to discrepancies in party behaviour in different parliamentary sessions (e.g. committee as opposed to plenary session voting)” (Bardi 2004, 128). Not only are party documents often vague, as mentioned earlier sometimes party platforms appear to lack substance and make populist appeals instead. Rather than a variety of contentious issues, the 2001 election was more about concern over what a Berlusconi win would mean for political communication, since not only would he then own all private television in Italy, he would also be in charge of state media. The sheer number of parties can be overwhelming as well. Over 100 parties ran in the 2001 elections, leading the Ministry of the Interior to publish a small book as a guide to the 180 symbols of the election. One humorous article from around that time reports of the symbols:

They include donkeys, smiling bears, dolphins, seagulls, butterflies, griffins, cows, mean-looking boars, owls, doves and eagles. There are stalks of wheat, grapes, carnations, suns, sunflowers, oak trees, olives, daisies, mountains and rivers... There is an artist’s pallet of Green parties. There are Greens with a smiling sun, a sunflower and a carnation. There are “Ecologist Greens” and “Federalist Greens”. And, just to make sure no one is confused about just how green a Green party can be, one party calls itself the “Green Greens”. Its symbol is a smiling, waving bear (Pullella 2001).

As this news snippet tries to show, party politics are not always taking place in a serious atmosphere. In addition, differences between the two major poles are often few. For example, during the 2001 general elections both the center-right and center-left wanted to cut taxes, create jobs, boost economic growth, and curb illegal immigration (Pagani 2001)—subsequent elections have been a repeat. In 2006 both Prodi’s center-left coalition, The Union, and Berlusconi’s House of Freedoms coalition promised to institute

a baby bonus, and increase daycare and housing support for low-income families ("The economy, Iraq, family policies among key issues of Italian elections" 2006). While Prodi promised education vouchers, Berlusconi promised cash for families with young children ("Policy promises in Italy general election" 2006). There were some labor issue differences between the two, however. Prodi wanted to encourage permanent, not short-term, employment contracts and cut companies' social security contributions by 5 percent a year to make it cheaper for them to hire. Berlusconi appeared to have less concrete job creation plans, just saying that he would like to create one million new jobs ("The economy, Iraq, family policies among key issues of Italian elections" 2006). The similarities of the 2006 election platforms substantiate the hypothesis that the two coalitions will try to appeal broadly rather than focus on interests particular to older or younger generations. The parties and coalitions covered in the following section are obviously only a snapshot of Italian politics since names and alliances often change yearly (or even more frequently). The parties and coalitions reviewed were chosen either because they were representative of an ideology or niche, or because they had some historical importance, such as winning seats over the course of several elections. Though not inclusive, the range of parties seems to cover the range of issues and though names often change, most of the time the personalities behind the parties stay the same, providing some continuity in positions for us to analyze.

Though there appears to be little politics of aging in Italy since the 1992-94 reforms, as the following paragraphs demonstrate, at times, especially during the recent election, which took place under new voting rules, the parties do take stands that are specific and discernable enough to warrant their inclusion in this review of aging politics.

To briefly return to the hypotheses about aging politics that frame this study, because of the presence of both wide coalitions and niche parties I expect dual dynamics in party politics. Coalitions should try to target the more moderate voters with broad appeals, and smaller parties should target niche generational interests. As Bardi (2004, 137-8) says,

Electoral success depends not only on the ability to attract moderate electors, but also on the capacity to preserve a sizeable hard core. As a consequence, most parties try to maintain specific, and in some cases relatively radical, policy concerns while at the same time subscribing, especially in fiscal and economic matters, to the 'responsible' party postures generally exhibited by coalitions.

Each of the major parties' platforms and stances towards age groups are reviewed below.

#### *Center-right coalition and Forza Italia*

Forza Italia (FI), and the coalition led by FI's leader Silvio Berlusconi, occupies the center-right of the political spectrum. Berlusconi's coalition has had a variety of names, but two of the most recent are the House of Freedom and the People of Freedom (the latter was for the 2008 general elections). FI's platform is identical to the People of Freedom's platform because Berlusconi insists upon synchronization as another way to cement his leadership and see that his preferences are represented. The coalition very explicitly devotes a large part of its platform to the issue of family in Italy, saying that "Famiglia più forte Italia più forte," or "If the family is stronger, Italy will be stronger" ("7 Missioni per Il Futuro Dell'Italia" 2008). They say that families are the backbone of Italy. Specifically, they call for a change in the tax structure so that taxes for families will decrease as the size of the family (read: number of children) increases. When the elderly are addressed it is in terms of needing to ease the burden of their care on the family—the focus is on the younger generations who provide the care rather than on the elderly themselves. In addition to families they also target youth and claim that the left—

Prodi's administration in particular—does not care about youth and youth unemployment. They hope for full implementation of the Biagi Law (which will be discussed in detail) to promote the creation of new jobs—yet another measure targeting the needs of youth. They want construction of new houses for young people, vouchers to help young renting families, and access to a state-guaranteed mortgage for those who have temporary jobs, which in Italy is usually young people. They also express great interest in education. They do not mention the needs of older people in their main program and in fact have a history of trying to cut pensions, as they did in 1994 ("EP Criticises Italian Pensions Plan and Job Losses at BT and Eurofonderie" 1994), and raise retirement, as Berlusconi did during his second term in office in July of 2004. That FI and the center-right have identical platforms makes it challenging to confirm or reject the hypotheses about different patterns in party versus coalition positions by relying on election platforms alone. Thus, we must also examine what kinds of actions the coalitions took during times they were in power or in opposition. Not only did Berlusconi cut pensions, his pension reform included raising the retirement age from 57 to 60 and would supposedly have saved the government about one percent of GDP per year by cutting the amount of pensions it paid out ("Italy Pension Reform Consent Seen on Jan 10, 04-Trade Unions" 2004). Berlusconi's party and coalition are classified here as favoring families and youth over older generations. The additional issue, then, is that because FI and the center-right coalition are identical we cannot definitively confirm or reject the hypothesis claiming that coalitions will make broad appeals. FI as a party confirms the hypothesis that parties will cater to specific age-based interests. Berlusconi's center-right coalition, however, also appeals to specific age-based interests,

favoring the family over older Italians. Because the connection between the party, FI, and the Center-right coalition is so tight, the coalition behaves more like its most dominant partner than like a group of parties and makes our hypotheses about coalition behavior irrelevant.

#### *Alleanza Nazionale (AN)*

Alleanza Nazionale (AN), though originally the successor organization to the neo-fascist parties, has renounced its connections to fascism and is now a very competitive party in Italy. They usually join the center-right list and are the other major party of this pole, FI as the other one. AN's main goal is to promote Italian values and strengthen and promote Italy's national identity, which they believe is under threat from globalization. Like FI and others of the People of Freedom coalition they show great favor towards the family. In their most recent platform they say that instead of supporting many family models (for them, homosexual partnerships especially), "It is necessary instead to favor the family and promote demographic policies to revert the trend by which Italy is peopled mostly by the elderly and one-child families" ("Alleanza per l'Italia, la sfida del futuro" 2008). They claim that previous generations had it much easier than current generations because they were able to climb the social ladder and improve themselves and the social condition of their families. Not surprisingly, they have views similar to Berlusconi's in that they want to support couples who want to work and have children. They believe that their campaign can only be realized by creating a "'national plan for the old age,' with the aim of keeping the elderly involved in social life and aiding the non-self sufficient ones, potentiating the volunteer organizations" ("Alleanza per l'Italia, la sfida del futuro" 2008, 6). This is couched as another way to support the family, as in context they

emphasize difficulties reconciling family and work and promote child and elder care as a way to ease the burden on adults caught in between. As with FI's platform, the old are only acknowledged in the extent to which their care is a burden to the family. They say, "the state has to create structures to care for children, the elderly, the disabled." Because any benefits that accrue to the elderly would seemingly only be byproducts rather than the focus of reform, AN is categorized here as a party that caters to youth and families.

*LN*

Lega Nord's (LN) five major platform points for the 2008 elections have little to say towards youth, family, or the old. As usual, their main platform is federalism and anti-immigration. However, in the expanded version of their electoral platform they do frame their great concern with the high taxes in terms of its effect on families and child poverty. They frequently express that too much money is taken away from families. However, they also use the slogan, "Meno tassi a Roma, più soldi ai pensionati," which can be translated as, "Less taxes for Rome, more money for pensioners." They say that they want to create job opportunities for young people and a serene old age for the elderly ("Siamo a rischio di povertà" 2008, 3-5). Thus, as a regional party, they really try to appeal to all generations living in the North of Italy to get as much support as possible. In 1996 LN didn't join the center-right coalition and thus won many single member seats on its own, though its independence hurt the center-right coalition and allowed the center-left to gain power. The 2001 center-right coalition had more substance than 1994's because it was based on "greater ideological convergence" (Parker and Natale 2002). "Among the smaller coalition parties, the LN is the only one that tries...to force the whole coalition to adopt relatively radical positions" (138). LN expressed worries about cuts for

pensioners in 1994 ("EP Criticises Italian Pensions Plan and Job Losses at BT and Eurofonderie" 1994). Because of its regional platform and appeal to all generations LN is classified here as a party that favors neither the old, young, nor families.

#### *UDC*

The Union of Christian and Center Democrats (Unione dei Democratici Cristiana) is heir to the post-War Christian Democrats and in some senses keeps a Catholic identity, though ideologically centrist. Though less focused on age, the UDC is very concerned with the roles of women. They seem to express how the role of women in society is an impediment to having children and contributes to Italy's low birth rate. While they acknowledge that the number of elderly women is increasing, they focus on concerns with reconciling work and family, and thus seem to pinpoint the needs of younger women (Barbeto and Faga 2008). The party tries to occupy the center of the political spectrum in Italy, and though allied with Berlusconi's House of Freedoms in the past, leader Casini disapproves of Berlusconi's shift to the right (Dinmore 2008). The UDC is included here because it is a major party in Italy, but focus more on the politics of gender than on the politics of aging. Because this study seeks to understand to what degree aging is politicized in Italy it is useful to note that this major party does not cater to generational interests.

#### *Center-left coalition and the Democratic Party (PD)*

The center-left coalition, as is usual with Italian politics, continues to change names and composition and the parties within it merge, divide, and change names frequently as well. The center-left has been united under the banner of Olive Tree, Union, and most recently ran under the leadership of the Democratic Party and its head,

former mayor of Rome Walter Veltroni. As mentioned above, for most of the post-1992-94 elections the center-right and -left have not demonstrated widely varying platforms but instead have similar goals with regard to cutting taxes and boosting the economy. As we begin to explore the individual parties within the coalition and the individuals who have headed them, however, some generational stances emerge. The most recent Prime Minister under the center-left, Romano Prodi, attempted to water down a center-right pension reform (instituted before Berlusconi left office in 2006) to raise the retirement age from 57 to 60 starting in January 2008. Prodi preferred to raise the age gradually to 58 in 2008, 59 in 2009, 60 in 2011, and 61 in 2013 (Stewart 2007). Given Italy's rapid rate of aging and extremely generous pensions, this stance could only have been taken to cater to older workers, rather than being a stance for the "national interest." In general, though, the PD seems to have a very broad platform that addresses needs particular to individual age groups, but inclusive of the range of age groups. Their broad appeal confirms what we expected of the coalitions in our hypotheses. In 2008 they asked for more childcare centers, caretakers for the elderly and better elderly healthcare, and school reforms from the elementary to university levels. In a major attempt to strengthen the position of youth, though, the recent PD platform addresses needs of the youth in terms of employment protections for temporary labor, which is a type of employment youth often have (and that will be reviewed in more detail). As expected, the PD, as the largest party of the center-left, holds stances with broad appeal rather than catering to niche interests ("Adesso una Italia nuova: Sì può fare" 2008). The Left, then, behaves quite differently than the right, the latter whom appeal more narrowly. In contrast, in the 2008 elections what was unusual about Veltroni's stance was his refusal to form a coalition



with the smaller parties of the extreme left; he often expresses disappointment at Italy's coalition-style governments. Thus, while his stances reflected the strategy of a broad coalition, in practice he rejects this style of politics.<sup>11</sup>

### *Italia dei Valori*

Italy of Values (Italia dei Valori) is a center-left party that focuses on youth. The party made significant gains in the 2008 general election, winning 4.4 percent of the vote and many seats. Their platform for that election made no mention of the old, older workers, or retirement, but it did put forth several proposals to improve the situation of youth and young families. They wanted to help working mothers, provide subsidies for couples to buy their first house, tax exemptions for temporary workers (who are most often the young), and "For the youth, a minimum starting salary of 1000/1100 Euro" ("11 Points to Change Italy" 2008).

### *The far left – La Sinistra L'Arcobaleno and Rifondazione Comunista*

The far left in Italy includes Green parties, communist, and socialist parties. Combined, the four parties that made up the far left coalition (though they did not run together) received 10 percent of the vote in 2006 but only 3 percent in 2008—not enough for a seat. Not surprisingly, the far left continues to shift identities frequently, and disbanded what had been a new coalition in the aftermath of the April 2008 elections. Two organizations have remained stable enough to study, however. La Sinistra L'Arcobaleno, The Left – The Rainbow (a.k.a., Rainbow Left), is described here because it was an umbrella organization of far left parties that ran together in the April 2008 elections. Rifondazione Comunista (RC), or the Party of Refounded Communism, is

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<sup>11</sup> It is tangential but interesting to note that though some (The Economist especially) have remarked on Italy's penchant for older politicians, 30 percent of the PD's candidates for the lower house Chamber of Deputies were under age 40 in the 2008 elections (Jones 2008).

described here because of its longevity in Italian party politics, though since the April 2008 elections it has removed itself from Rainbow Left. Rainbow Left wants to redistribute wealth to retirees and people who have been left behind economically. They try to have a fairly broad generational appeal, often mentioning the troubles of temporary employment for youth, the need for families to have more disposable income, and the burden of high taxes on retirees. They want to: “foster a new alliance/covenant between the generations, to promote entrepreneurial spirit and skills in the youth and to make the elderly feel useful for their experience who makes them active participants in social life” (“Il programma de la Sinistra l’Arcobaleno in 100 punti” 2008). Though they focus more on youth and families than on older generations, because of their attempt to appeal to issues that concern each generation they are classified here as not favoring one generation over another.

RC “remains faithful to its working-class/pensioners constituency.” But all other parties “try to avoid being typecast as the privileged agents of any particular group” (Bardi 2004, 138). Similar to the post-communist party in Germany, RC in Italy wants to raise the minimum social security check to 600 euros a month, and argues that “people should have complete freedom in choosing their retirement age, between 57 and 62, without penalties and perhaps introducing incentives for those who stay on the job longer.” They also want to reduce the retirement age for those with physically-demanding jobs. As one would expect from a communist party, they emphasize communalism, wanting to introduce a ceiling for pensions and redistribute that wealth to less-fortunate elderly (*Riforma delle Pensioni: La nostra proposta* 2008). Because of their stances towards retirement, RC is classified here as favoring older generations.

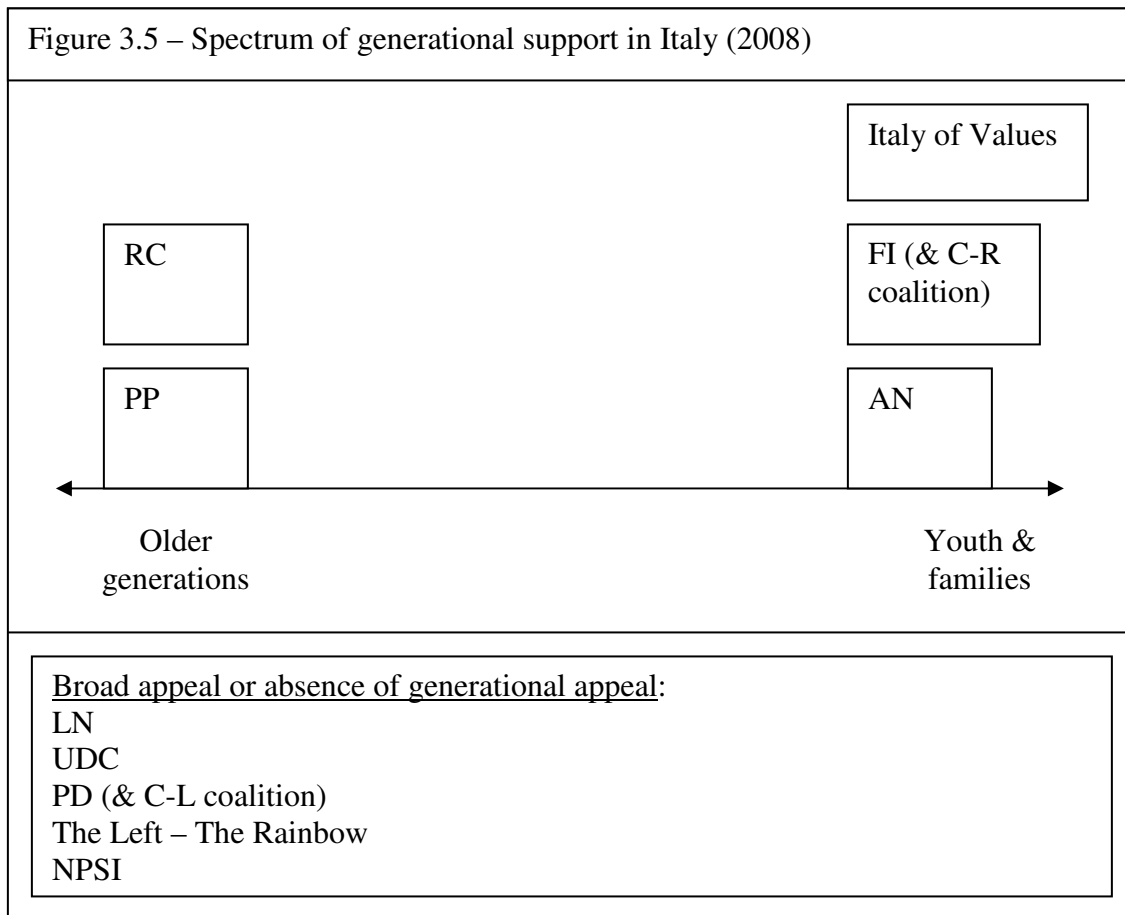
### *Partito socialista*

The Nuovo Partito Socialista Italiano (NPSI) identifies as the heir to Italy's socialist parties, starting with the post-War PSI. They have at times joined the center-right, at times joined the center-left, and at times stood alone. They have a very broad platform, which is not what one would expect given their small size, but can perhaps be explained if they view themselves as the heir to the "third pole" of Italian politics—the socialists ("Il programma per un'Italia laica, civile e moderna" 2008).

### *Pensioners' Party (PP)*

The Pensioners' Party (PP) is described here because it is a single, age-based issue party that has consistently gotten around one percent of the vote in federal elections, or around 300,000 votes. One might expect that the party would do better since elderly Italians (pensioners) make up over a quarter of the population. But, as this larger project argues, demography is not destiny for domestic politics. The mismatch in support for the PP and Italian demographics alone are not sufficient evidence of a lack of age-based politics, but calls into question the salience of generational identities. On the other hand, the very fact that a party devoted exclusively to the older electorate exists (and has for a while) demonstrates that Italy's party system can facilitate the emergence of age-based interests. Usually, the PP joins the center-right in elections but in 2006 they joined with the center-left and their nearly one percent of votes helped bring The Union coalition and Prodi to power; thus, even though they are a small party, they can be key to elections in Italy. The PP wants greater widows' benefits through social security, better hospice and nursing home facilities, and to repeal the law increasing retirement age, which they believe disadvantages "those born towards the end of the year who had to continue to

work for three years just for missing the deadline by a few months” (“Programma del Partito Pensionati” 2008). Clearly, the PP is classified here as a party seeking to advance the interests of older generations.



Though we expected that there would be dual dynamics in Italian party politics with coalitions making broad appeals and parties catering more narrowly to age based interests, in actuality the divisions were not so neat. The Center-right and Center-left coalitions are dominated by their biggest parties and therefore tend to behave like those parties. Some individual parties do make narrow, age-based appeals but some ignore generational politics altogether, focusing instead on regional issues, gender issues, or a broader set of problems.

## Generational response to parties

The Italian government does not collect voting data by age, so to assess how the different generations in Italy respond to the parties we have to rely on survey data. In some ways this is useful, since because of Italy's complicated and dynamic electoral rules we cannot be certain that voting outcomes reflect the true intentions or preferences of Italian voters. An additional issue, though, is that there is little time-series data on Italian party preferences; as Newell (2000, 53) says, these data are "practically non-existent."

<i>Age</i>	<i>AN</i>	<i>FI</i>	<i>CCD</i>	<i>LN</i>	<i>PP</i>	<i>PSI</i>	<i>PDS</i>	<i>VER</i>	<i>RC</i>	<i>NONE</i>
18-29	13.9	27.7	1.8	6.6	3.0	1.2	19.3	7.8	3.6	5.4
30-49	13.0	28.4	1.1	7.3	10.7	1.9	19.5	3.0	5.7	3.0
50-64	11.4	30.9	6.3	2.9	16.0	4.0	15.4	2.3	4.0	3.4
65+	8.2	30.6	8.2	2.0	18.4	0	20.4	2.0	0	8.2
NW	7.3	35.8	3.4	12.8	6.7	0.6	15.1	4.5	4.5	4.0
NE	8.8	28.3	2.7	11.5	15.0	1.8	14.2	5.3	3.5	4.4
CEN	26.5	9.8	2.9	0	5.9	2.0	29.4	4.9	4.9	7.8
S/ISL	12.1	32.3	3.5	0	13.6	3.5	18.3	2.7	4.3	2.7

Source: ("International Social Survey Programme 1994: Family and Changing Gender Roles II" 1994)

The parties in the preceding table are Alleanza Nazionale (still MSI), Forza Italia, Centro Cristiano Democratico, Lega Nord, Partito Popolare, PSI, PDS (ex PCI), Verdi, and Rifondazione Comunista. Looking first at differences by age we see that there is a difference by age in votes for AN in 1994, but the sample size of those aged 65+ was very small, only 5 people, so we should be cautious of reading too much into these differences. The sample sizes for FI were much better and yet we see little difference in support for Berlusconi's party by age. The sample sizes for CCD were also small for the two youngest age groups so even though there is a difference in support by age a sample size of three for each group is not enough to trust accurate results. The same is true for the two oldest age groups who responded with support for LN. The pattern we are seeing

here is that when the sample size is large enough the ages all respond similarly—the results only show differences by age when the number of respondents is very small, between 1-5 respondents. (It isn't that the sample size is small so much as the number of respondents.) But by region, which had a sample size of over 100 respondents for each region, the differences in voter support are much more stark than those by age. The most intuitive is support for the Northern League, which of course received no support in the Center or South. But other parties had just as big or bigger differences in support by region. AN received a quarter of respondents' support in the Central region, but only between 7-9 percent in the North and 12 percent in the South. The opposite pattern was true for FI, where the difference between support in the Center and Northwest was 26 percentage points—when measuring by age no differences in support were anywhere near that stark.

Table 3.4 – Vote intention survey, Italy, 1996							
<i>Age</i>	<i>Olive Tree</i>	<i>House of Freedom</i>	<i>FI</i>	<i>PDS</i>	<i>RC</i>	<i>Verdi</i>	<i>AN</i>
18-24	36.0	42.7	18.0	22.7	12.7	8.7	22.7
25-34	35.3	40.3	16.1	25.5	10.7	7.3	21.5
35-44	41.1	42.1	13.7	33.3	7.8	2.9	23.5
45-54	34.1	34.1	8.5	26.6	8.5	6.4	21.3
55-64	28.8	37.3	23.7	20.3	15.3	3.4	8.5
65+	44.6	37.0	19.6	35.8	6.5	1.1	9.8

Source: (Reif and Marlier 1996)

On April 21, 1996, Silvio Berlusconi's reign came to an end as Olive Tree coalition leader Romano Prodi won the election with over 45 percent of the vote and 285 seats. The Northern League ran alone in this election (not as part of Berlusconi's coalition) and gained almost 11 percent of the vote and 59 seats on their own.

Table 3.5 – Party affinity by age, Italy, 2001						
	AN	DS	FI	LN	RC	VERDI
18-24	20.4	23.6	26.8	3.2	14	3.2
25-34	22.6	19.8	28.9	1.9	12.6	1.6
35-44	20.5	24.5	25.9	0.7	7.9	2.9
45-54	15.4	32.2	24.2	3.7	7	1.5
55-64	14.3	26.1	27.8	4.1	8.2	0.4
65+	13.3	20.7	36.8	2.2	4.0	0
<i>Total</i>	<i>17.3</i>	<i>24.2</i>	<i>28.7</i>	<i>2.5</i>	<i>8.5</i>	<i>1.4</i>

Source: (Caciagli and Corbetta 2001)

A 2001 survey asking, “To which party do you feel closest?” had mixed results by age and by region. For the most part, party support for particular parties did not linearly decrease or increase by age, except in the case of Alleanza Nazionale, which had decreasing support by age, from 20.4 percent of those aged 18-24 favoring them, to only 13.3 percent of those aged 65+. There were other measurable age differences, however. The Democrats of the Left (DS, who later merged with the PD) were most popular among older workers aged 45-54 years and least popular among retirees above age 65 and those aged 25-34. FI had fairly similar support among all ages except for retirees above age 65, among whom support for the party was about eight percentage points higher than the total share of FI’s support. Interestingly, RC—a party who seemed to clearly court older voters—had declining support by age, with youth most likely to favor the party. This is similar to results for The Left in Germany, who also favored older citizens but did not have their favor returned.

When looking at the same survey results by region we again cannot establish a clear pattern. AN was most popular in the Central region of Italy and least popular in the NW. Among the other parties of the Center-right, it seems that FI fared poorly in the NW as well, even though five percent of respondents there expressed favor for the LN.

Table 3.6 – Party affinity by region, Italy, 2001						
	AN	DS	FI	LN	RC	VERDI
NW	14.6	18.9	17.0	5.0	9.4	1.7
NE	15.8	23.5	25.3	6.8	6.3	1.4
C	21.4	32.2	23.6	0	7.8	0.8
S+I	17.5	24.2	28.6	2.5	8.5	1.4
<i>Total</i>	<i>17.3</i>	<i>24.2</i>	<i>28.6</i>	<i>2.5</i>	<i>8.5</i>	<i>1.4</i>

Source: (Caciagli and Corbetta 2001)

Table 3.7 – Vote intention survey, Italy, October-November 2005			
<i>Age</i>	<i>Left</i>	<i>Center</i>	<i>Right</i>
15-24	43.8	28.1	28.1
25-34	46.1	28.7	25.2
35-44	44.3	35.1	20.5
45-54	48.4	29.8	21.8
55-64	40.0	41.3	18.8
65+	44.8	28.4	26.9

Source: ("Eurobarometer 64.2: The European Constitution, Globalization, Energy Resources, and Agricultural Policy, October-November 2005" 2005)

Before moving on to labor issues it is important to acknowledge other types of institutions besides the party system. In the United States, politicians depend more on interest groups for support than they do parties. In many states in Europe, parties put forth candidates and individuals may not be as beholden to interest groups to the same extent as they are in the US. In Italy, individuals “politic” within their own party for power, as the party will most likely determine which candidates get put forward for election. Thus, Italy has a very strong party model that to some extent keeps organized outside groups, such as single-issue interest groups, from having a great deal of influence. Political parties have dominated party-group relations and “interest groups have been incapable of autonomously articulating interests or placing their preferences directly on the decisionmaking agenda” (Constantelos 2001, 122). Colonization by the parties of Italian society was partly encouraged by “the power vacuum created by the fall of



fascism [which] allowed the parties to capture interest groups and, once they had consolidated their position, to become the principal channels of access to the bureaucracy and the principal transmission belts in the allocation of resources from centre to periphery” (Newell 2000, 47). Bardi (2002, 69) says that during the scandals of the early 1990s parties were so severely discredited that there was political space for single-issue groups to emerge and become influential. However, this did not happen. Why not? Constantelos (2001, 136) says that interest fragmentation is the problem: “The breakdown of ideological ties between parties and groups has produced heightened competition for members among groups in the same economic sectors.” For these reasons, single-issue interest groups are excluded from this study. In the future, however, trade unions would be interesting to explore, as they still hold a lot of political sway in Italy. For example, trade unions were partially responsible for blocking Berlusconi’s 1994 attempt at pension reform (Ferrera and Gualmini 2004, 69). When Berlusconi was back in power, the 2001 White Book for the Labour Market prepared under his administration argued that the government to consult social partners but not hand power to them. Unions did not like his approach or the reforms to liberalize and make labor market more flexible (Ferrera and Gualmini 2004, 157).

## **Labor issues**

The previous sections have addressed how and why the politics of aging could have a role in Italy by focusing on the multiparty system and moves toward decentralization. I argued that regional identities remain strong in Italy and may even be crystallizing through decentralization. I also argued that those parties that attempt to appeal to specific age groups mostly focus on youth and families, instead of older

generations. The review of party positions challenges the assertion that Italy is a gerontocracy where only the needs of the old are addressed in policy. This section examines in greater detail the idea that policies made within the context of population aging benefit older generations to the exclusion of youth by examining several important recent labor reforms. First, this section describes the labor market situation in Italy to set the context within which policymaking takes place and to understand why certain policies have been implemented. Then, we review the history and effects of some of the most recent important legislation. I find that youth have faced much higher unemployment than older workers but regional differences are even greater—Southern youth are the most disadvantaged and Northern older workers have the lowest unemployment rates. However, the Italian government, with the cooperation of unions and industry, has been working to combat youth unemployment and low labor force participation through a series of reforms. So, even as Italy's population has aged, youth have been the main beneficiaries of reforms.

There are four relevant labor market characteristics in Italy, many of which are interrelated: high youth unemployment, early exit from the labor force for older persons, regional differences, and low female labor force participation. One major difference between Germany and Italy is that whereas in Germany unemployment was a problem that plagued older workers, in Italy it is youth who are most disadvantaged in the labor market. The age gaps in employment rates are one way to illustrate this pattern: 76 percent of those aged 35-44 are employed, while only 26 percent of those aged 15-25 and 33 percent of those aged 55-64 are employed (Lodovici and Semenza 2008, 160). While it may not be surprising that youth employment is low since many young people may be

completing their education, unemployment rates are more surprising. The subsequent table describes national-level data by age group for unemployment in Italy (inactivity rates are the sum of the two columns subtracted from 100). Unemployment rates for older workers are very low, only around two percent, though a large percentage of the group is inactive. Unemployment rates for youth, however, are very high, from a peak of 15 percent in 1998 to a low of 8.7 in 2006. Unemployment declined annually for youth during this period, from 1998-2006, thanks to many of the policies reviewed below.

Table 3.8 – Employment and unemployment rates in Italy by age, 1998-2006										
<i>Percentage of population (remainder is inactive)</i>										
	1998		1999		2000		2001		2002	
	Emp	Un	Emp	Un	Emp	Un	Emp	Un	Emp	Un
18-30	45	15	46	14.4	47	13.5	48	11.7	49	11.5
31-49	72	6.0	72	5.9	72	5.5	73	5.2	74	5.1
50-59	50	2.5	47	2.4	48	2.4	49	2.2	51	2.2
	2003		2004		2005		2006			
	Emp	Un	Emp	Un	Emp	Un	Emp	Un		
18-30	49	11.1	53	10.0	51	9.3	51	8.7		
31-49	74	4.9	76	4.5	76	4.5	76	4.1		
50-59	54	2.2	53	2.2	55	1.9	56	1.7		

Source: ("The European Union Labour Force Survey" 2008)

Older workers above age 50 and youth both have very high inactivity rates, typically above 40 percent of the age group; youth are typically inactive to complete schooling or other training, whereas older workers are inactive because they have exited the labor force through retirement or disability schemes. In Italy, like in Germany, the average age of exit from the labor force is lower than the official retirement age, demonstrating that there is to some extent a “culture of early retirement,” and, more importantly for these purposes, that there are institutional means for exiting the labor force other than retirement. In 2001 and 2002 the average age of exit from the labor force was just under 60 years, but this number had increased to 61 years in 2003 (Eurostat 2006a).

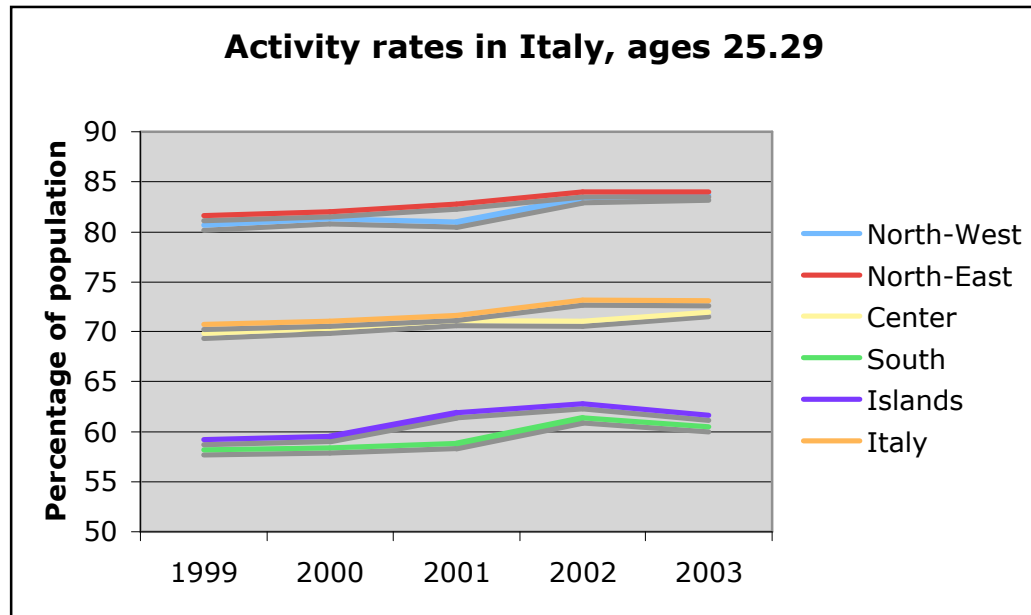
The following table adds another element by breaking down the statistics by region. What becomes clear in this chart is that regional differences are very powerful, just as they were when we were looking at vote intention and election results.

Table 3.9 – Unemployment rates in Italy by age, gender, and region, 2002, as percentage of the labor force						
	Men			Women		
	<i>15-24</i>	<i>25-49</i>	<i>50-64</i>	<i>15-24</i>	<i>25-49</i>	<i>50-64</i>
Italy	24.6	6.0	3.5	31.4	11.3	4.5
North and Centre	11.8	2.8	1.8	16.5	6.3	3.3
South	42.6	12.5	6.4	59.5	25.2	7.4

Source: Italian Labor Force Survey, in ("Ageing and Employment Policies: Italy" 2005, 52)

This table demonstrates how unemployment statistics for Italy are driven by the South, and unemployment there is particularly high for youth. With regard to long-term unemployment as a percentage of unemployment, Italy has 60 percent of both its cohorts aged 25-49 and those aged 50-64 unemployed long-term ("Ageing and Employment Policies: Italy" 2005, 53). Since these charts tell us that youth have proportionally greater unemployment in the South, we can see that the 60 percent statistic for those aged 50-64 must be driven by long-term unemployment in other regions. Age and region are thus both important in assessing labor force participation in Italy.

Figure 3.6 – Activity rates in Italy for ages 25-29, by region, 1999 to 2003

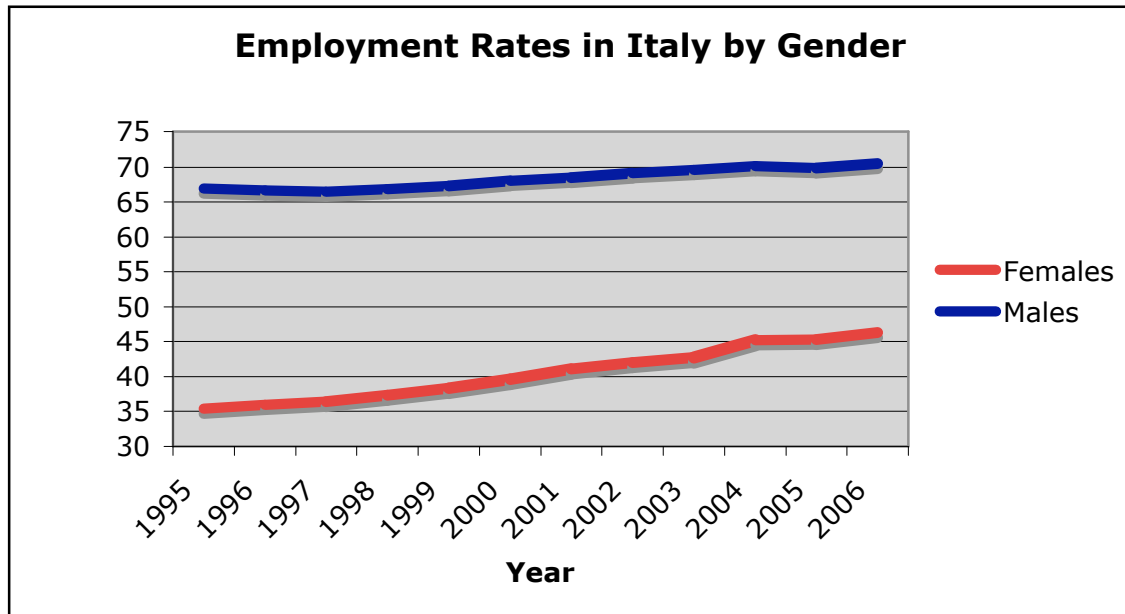


Source: (ISTAT 2008b)

Another characteristic of the labor market in Italy is that women participate in the labor market to a much lesser degree than do men. Gender differences reflect cultural biases and a male breadwinner model, which can make working and raising a family incompatible for women. Why include a discussion of gender? Certainly, gender differences are an important part of the labor market picture in Italy. But more importantly, they are relevant to this study because it is often women with young children (i.e., so those of the younger cohorts) who are disadvantaged. Gender differences, then, are related to age differences. Many economists have suggested that losses in the overall working age population could potentially be offset by increasing women's labor market participation, as well as that of older workers, who also have low participation rates. Within the OECD, only Greece and Spain have higher unemployment rates for women; in 2000 they were 16.9 and 20.6 percent, respectively, while in Italy the rate was 14.9 percent (Antonelli and De Liso 2004, 111). Age and region certainly aren't the only major divisions in Italy's labor force—differences in labor force participation by gender

are even more stark. But of course, these three factors are related: age and region matter when assessing employment patterns. Women of childbearing and rearing ages have the hardest time reconciling work and family, while those of younger and older ages do not face this problem. Women in the northern regions are the most likely to have paid employment: “In the mid-1990s, 64% of women aged 20-49 in the Northwest, but only 36% in the South did paid work. Even more strikingly, 41% of the southern women had never been in the labor force, compared to only 7% of those in the Northwest (Bernardi 1999, 753) (in Kertzer et al. 2008, 5).

Figure 3.7 – Employment rates in Italy by gender



Source: (Eurostat 2006b)

What does this review of labor force participation really tell us? Mainly, age, gender, and region are all important and often related. Policies that attempt to increase labor force participation will likely try to address all three hindrances to employment—young, female, and Southern residents are all disadvantaged.

## *Policies*

Employment and unemployment rates alone seem to demonstrate that older generations have all of the political power in Italy—older people seem to have it easy compared to youth. The actual policies, however, and the trends over time, show that the Italian government, with the cooperation of unions and industry, has been working hard to increase the labor force participation of youth by instituting reforms that focus specifically on their needs and problems. But this has not always been the case. Early policy reforms and schemes that established the system of state benefits were skewed in favor of the old: there were generous pensions but almost a complete lack of family benefits and services, employment/income and poverty relief (Ferrera and Gualmini 2004, 42). What is interesting is that population aging has had little to do with these imbalances since the generous pensions and lack of family benefits are a legacy of 1969 reforms that took place before population aging.<sup>12</sup> Population aging and growing political power of the old did not drive increasingly generous pensions, as some thought it would. In fact the opposite is true. As Italy's population has aged, policymakers have tightened rules for pensions and retirement and allocated more money and attention to youth issues. The year 1978 saw some of the first cooperation between unions and the government as they worked to combat youth (15-24 years) unemployment. This cooperation was driven by the near doubling in youth unemployment from 10.2 percent in 1970 to 25.6 percent in 1979, while the national averages were 4.9 and 10.3 percent, respectively (Ferrera and Gualmini 2004, 52-4). Yet reforms in the late 70s and 1980s

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<sup>12</sup> But population aging does matter when generous pension reforms continue and the number of old people who take advantage of these schemes grows, so that there is less in the federal budget to be allocated elsewhere, like to families and youth.

did little to improve the situation of youth. Since the 1990s the government has worked to remove some of the rigidities that plagued the Italian labor market and excluded youth from obtaining employment. To address the final piece of this study's puzzle, this section reviews some major labor policies since the early 1990s to argue that youth have actually been the main beneficiaries of these reforms. This argument goes against what many alarmists would expect to see in an increasingly aged society such as Italy's. As with the previous chapter, this review of policies is merely meant to be illustrative, not comprehensive.

The 1990s were a turning point in Italian labor policy. Poor economic performance in the first half of the decade necessitated reform and external pressures, especially when Italy signed the Maastricht Treaty in 1992 to enter the European Monetary Union, required that the state make a lot of domestic policy changes (Ferrera and Gualmini 2004, 97). Several Italian governments in the early 1990s began to tighten the reins on benefits to older generations. Technocrat<sup>13</sup> and former socialist Giuliano Amato, prime minister in 1992, was tough on old age pensions and retirement. Italy's second technocratic prime minister, Ciampi in 1993, cracked down on fraud for disability benefits, which are a common way for older workers to exit the labor market in Italy. Berlusconi, who took over in 1994, increased the retirement age but faced backlash from opposition parties and unions. The third technocrat, Dini, struck a deal with the unions and rolled back Berlusconi's reforms; he introduced a flexible retirement age that would allow people to retire between ages 57 and 65, usually depending on occupation. Ferrera and Gualmini (2004, 141-2) argue that during the technical governments of Amato,

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<sup>13</sup> Italy's three technocratic prime ministers, Amato, Ciampi, and Dini, were appointed as prime minister, rather than coming out of a party leadership position. Technocratic prime ministers are often not as beholden to intra-party politics as other prime ministers.



Ciampi, and Dini from 1992-95, unions as interest groups had more say because of how parties were delegitimated and in flux due to the political scandals of Tangentopoli. Political parties reasserted themselves from 1996-8 and pro-labor prime ministers led the reforms, they say. But an alternative characterization of the time period has been put forth by Luciano Bardi. Bardi (2002) points out that the desire to meet EMU requirements brought together both unions and industrialists, and politicians from most parts of the political spectrum from 1996-8. This explanation is appealing because it explains the unions' and industrialists' willingness to go along with reforms in terms of external pressures, and since we see similar cooperation in other European countries around that time this explanation carries some weight.

The Onofri Commission under Prodi in 1997 was another driving force behind reforms. Onofri was a Bologna economist appointed by Prodi as part of a commission to suggest reforms of the *stato sociale*. This was the first time since the 1960s that such a broad effort had been undertaken. The Onofri Commission said that the Dini reforms to pensions were too limited; they wanted to get rid of seniority pensions, rationalize public pensions, and reform unemployment benefits to make them more rational. But, the social partners (unions) and the Rifondazione Comunista party (RC), who supported Prodi's government, made Prodi back off of the commission's recommendation for a much faster phasing in of the new pension formula introduced in 1995. RC fiercely opposed Prodi's proposals and because their votes were necessary the government had to water down some reforms. One victory for the RC was that they were able to exempt blue-collar workers from the cut in seniority pensions. Prodi was still able to get some cuts of seniority pensions passed and those helped Italy reach its 1998 budgetary targets (Ferrera

and Gualmini 2004, 114-7). Even today, as we learned above, RC champions older generations, favoring a flexible retirement age, and argues that those with physically demanding jobs (blue collar workers) should be able to retire early.

Table 3.10 – Summary of major employment reforms	
1997 Treu Laws	Revised apprenticeships to ease school-to-work transition; facilitated part-time work and temporary contracts
1999 (April)	Introduced tax benefits who hired part-time workers (designed for youth <25 and women with families)
Amato 1992	Tough on old age pensions and retirement age
Ciampi 1993	Cracked down on fraud for disability benefits
Berlusconi 1994	Increased retirement age (faced backlash)
Dini 1995	Instituted flexible retirement age 57-65 (struck deal with unions)
Onofri Commission 1997	Wanted to get rid of seniority pensions, rationalize public pensions, and reform unemployment benefits to make them more rational
Pact for Italy 2002	Tripartite agreement, signed by 36 employers' and trade union organizations (except CGIL) that made it possible to reorganize the labor market. Extended the period of unemployment benefits
Biagi laws 2003	Reformed job placement and liberalized employment services. Introduced more flexibility into the labor market through measures like promoting part-time work.

Sources: (Ferrera and Gualmini 2004, ; Lodovici and Semenza 2008, ; Tiraboschi 2005)

The Pact for Italy was a tripartite agreement, signed by Berlusconi and 36 employers' and trade union organizations (except CGIL), which made it possible to reorganize the labor market. The Pact for Italy “reform assigns a central role to the social partners, as shown by the 43 references to collective bargaining in the decree law. Collective bargaining is therefore intended as the means for dealing with the various matters covered by the reform” (Tiraboschi 2005, 151). The reform improved the

replacement rate and duration of the unemployment benefit, from 40 to 60 percent and from 6 to 12 months. It also implemented most of the October 2001 White Book proposals, which “advocated a new method of interaction with the social partners, dubbed as ‘social dialogue’ (a term explicitly borrowed from the EU jargon), and basically consisting of milder forms of consultation and preventive negotiations on economic and social policy” (156). It also launched initiatives for development of the Mezzogiorno (South) and supported lower income workers and pensioners. We are ultimately interested in “winners” and “losers” of these labor policies and we have to conclude that both old and young benefited greatly from this policy. Older generations benefited from greater assistance to poorer segments and, given the much higher rate of youth unemployment, this reform was also in the interest of youth.

One of the toughest aspects of the Italian labor market has been its strict adherence to traditional full-time employment contracts (Antonelli and De Liso 2004). Flexible labor contracts are key for labor market entry and generally benefit youth seeking employment. The last two reforms this section will cover are those that have worked explicitly to change the system and make it more flexible. The Treu Laws and Biagi Laws have been major changes in Italian labor law. Their importance alone could justify their inclusion in this review, but because they were explicitly designed to reduce unemployment and help youth, they are particularly relevant. On the one hand, youth clearly “won” because they were the group designed to benefit from these reforms; but on the other hand older persons seem to have taken advantage of them in practice to a greater degree than younger cohorts. This study has to take into account the intent of these reforms and their effects, but scholars are undecided as to what those effects have

actually been. The shift to part-time, non-traditional work contracts in Italy has been controversial. Some argue that youth benefit because their unemployment rates have measurably declined; others point out that use of part-time and temporary work may actually make it harder for youth to obtain full-time or permanent jobs.

The 1997 Treu package “revised the regulation of apprenticeships and work-training contracts, aiming at easing the school-to-work transition (one of the main shortcomings of the Italian labour market)...” (Lodovici and Semenza 2008, 169). Though one review claims that after implementation of the Treu Laws part-time employment nearly doubled from 1998-2000 (Ferrera and Gualmini 2004, 101), according to OECD statistics, the percentage of 15-24-year-olds engaged in part-time work only went from 5.3 percent in 1996 to 7.3 percent of the labor force in 2001 (“OECD.Stat” 2008). Two percentage points is a decent increase, but among older workers aged 55-59 the percentages went from 9.5 to 13.1.<sup>14</sup> Though the effects of the reforms on part-time work may have benefited older generations more, in other ways the reforms clearly did benefit youth over older generations. Fixed-term (temporary) contracts are especially taken advantage of by youth: “one out of two young workers entering the labour market for the first time are hired in this way, usually in the form of training and work trial contracts (56 per cent of young workers with fixed-term contracts)” (Lodovici and Semenza 2008, 163). Women who take advantage of these new flexible contracts are likely those of childbearing and rearing age (prime age workers).

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<sup>14</sup> Young workers under age 25 also benefited from an April 1999 law giving tax benefits to employers who hired new part-time employees—the law was designed for them and women with families (Ferrera and Gualmini 2004, 102).

Table 3.11 – Incidence of flexible contracts in Italy (as percent of total)			
	<i>Male</i>	<i>Female</i>	<i>Total</i>
Part-timers	4.0%	26.3%	13.5%
Fixed term contracts	11.2%	15.8%	13.1%
Non-standard employment	13.8%	37.4%	23.8%

Source: (Lodovici and Semenza 2008)

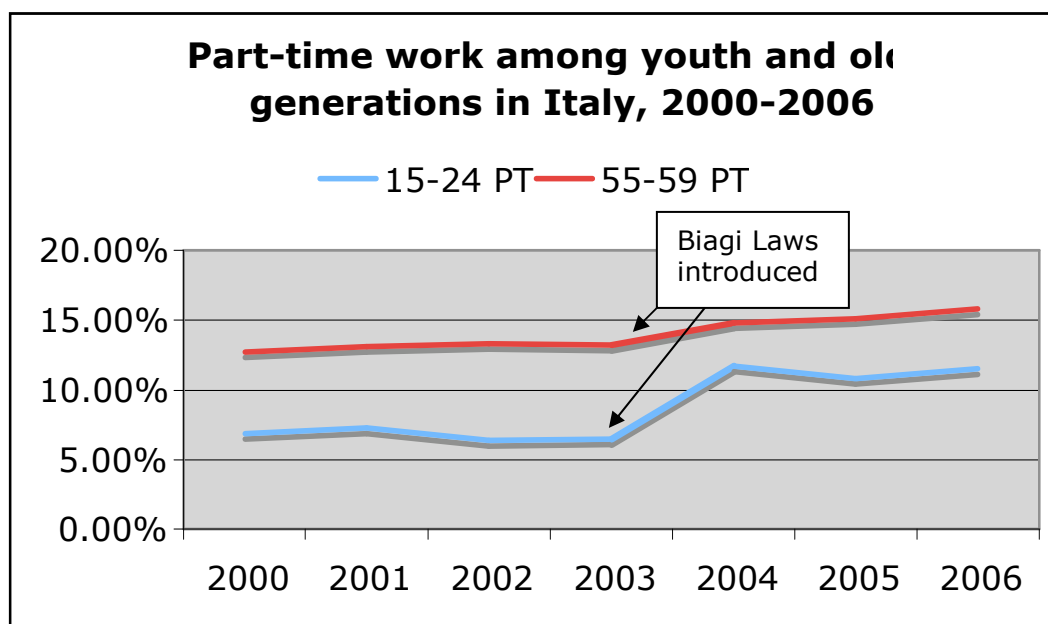
As the above table shows, even though the very youngest segments of the workforce might not have benefited as much as hoped, prime-age women have.

The 2003 Biagi Laws introduced new, non-traditional forms of employment contracts and made part-time work more elastic, both horizontally and vertically. They also reformed work and training contracts and apprenticeships, making a closer link between training and the fruition of unemployment benefits (Ferrera and Gualmini 2004, 160, box 2). They also reformed job placement and fully liberalized and modernized employment services. These services are very important as vehicles through which people actually get jobs in Italy. Though these are fixed-term contracts they are aimed at job stability.

The reforms particularly aim at youth in several regards. First, the new contracts introduced by the Biagi Laws “are intended to combine (genuine) training and (quality) employment, such as the new apprenticeship contracts”—these are supposed to “allocate economic incentives for employment primarily in favour of weaker groups in the labour market,” which as we know are mainly young workers (Tiraboschi 2005, 158). Second, the laws created two additional categories of apprenticeship contract: “one aimed at highly educated young workers up to 29 years of age and one as a way to comply with the new educational and training reform” (Tiraboschi 2005, 170). Third, the apprenticeship contracts provide credits to facilitate a return to full-time education for those who have dropped out of school. And fourth, the reforms try to reach all segments

of young workers: “Educational training apprenticeships are designed mainly for 15-18 year olds, whereas vocational training apprenticeships and higher-level apprenticeships are for 18-29 year olds, or for 17 year olds with a vocational qualification (pursuant to the reforms proposed by the Education Minister)” (Tiraboschi 2005, 183). But older workers and other segments of the labor market benefit from other aspects of the reforms, particularly the access-to-work contracts. Those that can utilize access-to-work contracts are 18-29 year olds; long-term unemployed 29-32 year olds; workers over 50 years who are out of employment, workers who want to return to work after a break of two or more years; women of any age who live in areas where the employment rate is greater than 20 percent less than for men, or unemployment rate is 10 percent higher than men’s; or individuals with a physical or mental disability (Tiraboschi 2005, 183-4).

Figure 3.8 – Part-time work in Italy, by age group, 2000-2006



Source: ("OECD.Stat" 2008)

As far as the effects of the reforms, there was no growth in full-time work among ages 15-24 but there was a sharp drop in full-time work among ages 55-59, from 81.6 percent

in 2003 to 73.7 percent in 2004, 74.2 percent in 2005, and 77.1 in 2006. The political party Alleanza Nazionale (AN) says that “The leftist government has confused flexibility of the labor market with precarious working contracts and exploitation. The temporary jobs have been the source of frustration and uncertainties to an unbearable degree among the young.” They want to “support legislation to give incentives to young people in every sphere, job, housing, access to credit, welfare” and want “comprehensive legislation in favor of youth” (“Alleanza per l'Italia, la sfida del futuro” 2008, 6).

There has been little in the way of review of the reform and because it is a complicated law its implementation has been uneven. Firms show little use of apprenticeship and insertion contracts (Lodovici and Semenza 2008, 170). However, the reforms were successful in supporting firms’ flexibility and strengthened the vocational training system. In Germany, older workers were the clear losers in the aftermath of the Hartz Reforms. Italy’s Treu and Biagi laws had indefinable effects. Though the reforms were geared primarily towards the young, both young and old benefited, and older people might have benefited more. Perhaps it is too early to tell.

## **Conclusion**

In Italy, like Germany, even though the context for population aging is set, aging issues are not as divisive as one might think. We expected to see that parties would cater to niche age-based interests because Italy’s electoral system rewards parties for even small numbers of votes. However, not all parties focused on age-related issues, like education, family, or pensions, at all. Those that did mention these issues tended to focus on families, not issues that might be relevant to the growing elderly cohorts in Italy. This goes completely against what we would expect to see in a country where older people are

an increasing share of the population, important members of the family, and more politically active than younger generations, who tend to be disenfranchised politically, economically, and within the family.

The last two chapters show that Germany and Italy have one major thing in common: a territorial split. While Germany is split East-West, Italy shows a similar divide along North-South lines. The situation for youth is particularly distinct when looking North-South, as unemployment for youth there is particularly high. Cultural, political, and economic regional differences are still very strong in Italy and are highlighted by election results, which differ greatly by region, and even political parties, like the Northern League. Italy's moves towards decentralization will likely only increase the salience of these regional differences in the future and provide a further impediment to the emergence of age-based interests. Lastly, labor policies show that youth have been the primary beneficiaries of the most recent important labor reforms, again going against what we would expect to see in the context of population aging.

How is the situation likely to change as the population grows older? As in Germany, interest groups in Italy have not yet shown the same type of policymaking influence as in the United States. But, trade unions remain important in Italy and membership still grows. The CGIL, the largest union, had a membership of 5,697,774 in 2007 and the proportion of women increased by 14 percent. While the number of pensioners decreased by 1,936, the number of active workers in 2006 increased by 50,936. The number of retired women is 50 percent (Baldini 2007). In 1999 about half of the members of the two biggest unions, CGIL and CSIL, were retired (Hellman 2002, 455). An important next step in this research would be to include a review of unions as



interest groups and understand their role in navigating the party system and policy process. While single-issue interest groups are not as important in Italy as they are in places like the US, trade unions likely function as interest groups, and because they are aging, may effectively become advocacy groups for the interests of older workers and retirees.

## Chapter 4: The Politics of Population Aging in Japan

### Introduction

If Germany and Italy seemed to have a setting ripe for conflict, with a very aged population and generous social spending on the elderly, Japan takes the cake. Japan has been the vanguard of aging for the world's industrialized countries and merits study for its extreme demographics alone. But because Japan's institutions are quite different from those of Germany and Italy the country is even more useful to study when trying to understand the political effects of demographic change. As the country with the most aged population in the world and the longest history of aging, Japan is the best case we have to study the political effects of population aging.

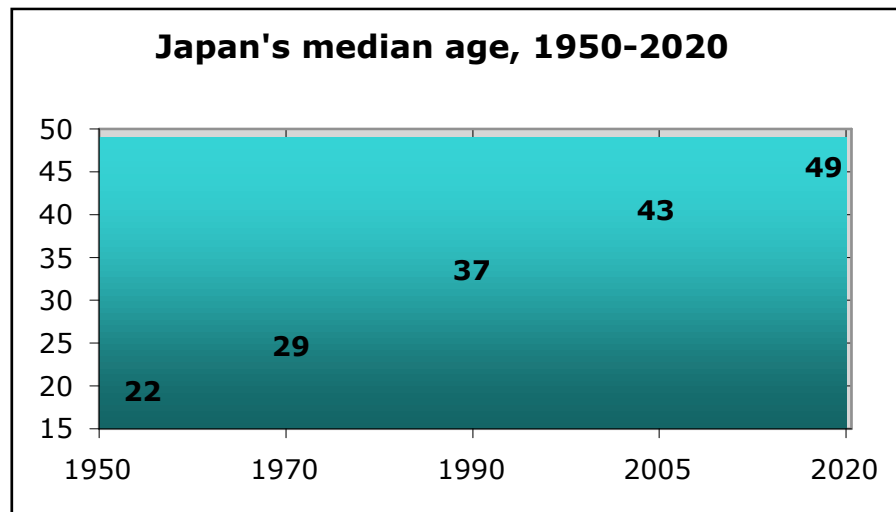
Though dominated for decades by the Liberal Democratic Party (LDP), Japan now has a two-party system and so we expect to see something opposite the situations in Germany and Italy. Indeed, parties in Japan do attempt to appeal to the broadest segments of the electorate possible, rather than narrow, age-based interests. Though aging issues, like education, healthcare, and the challenge of reconciling work and family life, are high on the radar of all political parties, no party has thus far chosen to target one particular age group to the exclusion of others. This is what we expect from a two-party system, but is still remarkable when one considers the extreme apathy of Japanese youth: their interest in and identification with political parties is much lower than that of older age groups, yet parties seem more keen on drawing them into the political process than focusing on older cohorts who are more likely to vote.

A review of labor issues in Japan demonstrates that, as with Germany and Italy, though older workers are an increasing share of the electorate, labor policies have not focused on their needs only or on coddling retirees. Rather, labor policies of recent years have tried to bring in all disadvantaged segments of the labor market, which in Japan are younger workers, older workers, and prime-age women, the latter whom often have difficulties reconciling work and family obligations. Prime-age male workers remain the most highly protected segments of the Japanese labor market, and the segments with which disadvantaged workers of all age groups compete, but moves to make the labor market more flexible are breaking down the old system and creating space for these disadvantaged groups.

## **The context for generational conflict in Japan**

Japan's demographic structure provides ample fodder for a "doom and gloom" scenario about political, social, and economic ramifications of population aging. The median age in Japan is over 43 years and life expectancy is one of the longest in the world, meaning that their elderly live long past retirement—and long past their working days ("World Population Prospects: The 2006 Revision Population Database" 2007).

Figure 4.1 – Japan's median age



Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

The saving grace for Japan, however, is its sustained attention to the issue of population aging, which is very unlike the situation in Germany. Though politicians may not have always instituted the most effective policies, they have recognized aging since around the 1980s and continue to place the issue high on their agenda, even creating several ministries for low fertility and population aging. According to Japan's Cabinet Office, "In June 2003, the Headquarters for Youth Development was set up within the Cabinet, chaired by the Prime Minister, with all Cabinet ministers, as a framework to further promote policies for youth development. The Cabinet has also designated a minister extraordinaire who is responsible for planning measures for youth development and mitigation of declining birthrate" ("White Paper on Youth 2005 in Japan" 2005).

Since the most unique thing about Japan as a case study for aging is its advanced status, we begin by briefly examining Japan's history with low fertility. In no case do demographers have a consensus on why low fertility occurs, but in Japan a few particular reasons are frequently cited. Though Japan is a more affluent society now than ever in its past, economic reasons seem to drive low fertility, particularly the high costs of

education. The fiercely competitive and rigid educational system, combined with the chauvinistic society, has also been cited as a social disincentive to have children.

Women, as the primary caretakers, prefer to avoid the exhausting job of mothering a Japanese school child (Coulmas 2007). If a child performs poorly in school it is seen as the mother's failure, and increases the pressure she feels. Further, the wife of the eldest son is expected to take care of her husband's aging parents ("Consensus and Contraction" 2002). The rigid social structure that excuses males from family responsibility and favors them with regards to employment is also cited as a cause of the decline in marriage and fertility and, ultimately, the graying of Japan. Recently, some have argued that Japan's emphasis on lifetime employment, or at least long-term relationships with employers, penalizes women who want to have children, making the idea of work and family even more incompatible than in other countries (Rosenbluth 2007).

No matter the underlying reasons, a combination of four demographic factors is driving Japan's population trend: later marriage, low fertility, high life expectancy, and nearly non-existent immigration. In 1950, the average age at first marriage for men was 26 and for women was 22. By 2005, those averages had jumped to 29 years for men and nearly 28 years for women—the difference for males and females has been narrowing ("White Paper on Youth 2005 in Japan" 2005). One could argue that the reasons are related. Men are perhaps marrying later because they have a hard time finding a mate, since marriageable women (meaning, of age) are finding the prospects of a life-long union increasingly undesirable.

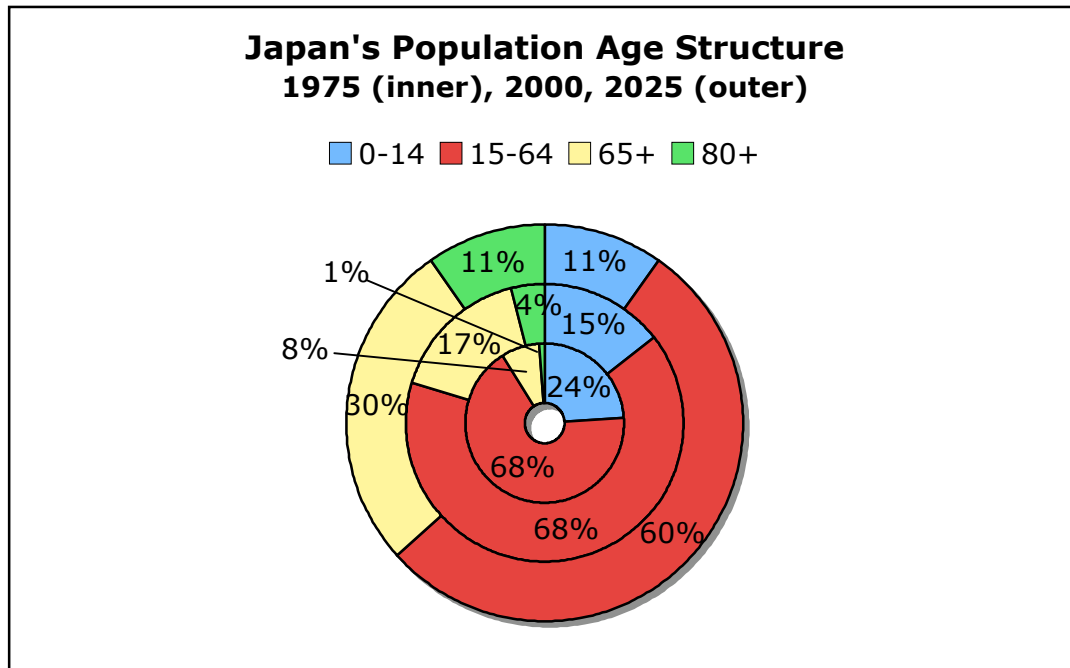
There is one clear similarity between Japan and Italy: the propensity for youth to rely on their parents for support instead of branching out on their own, getting married,

and having children. Observers of Japanese youth often portray them as freewheeling and freeloading, spending their family's money on shopping and travel instead of moving on to get their first home and establishing a traditional family life. Even Japan's Cabinet Office says, "The delay in social independence of youths, such as work instability and long-term dependency on their parents, present new problems" ("White Paper on Youth 2005 in Japan" 2005). Observers have even coined several terms to describe the idea that young people shun responsibility. For example, "freeters" are those who are either unemployed or irregularly employed. A freeter is "one who drifts from job to job rather than settling down to conventional employment." About ten percent of the fifteen million unmarried Japanese women between the ages of 20-34 are freeters ("Consensus and Contraction" 2002). Japanese demographer Masahiro Yamada has coined a term to describe the increasing numbers of unmarried Japanese women who live with their parents: "parasitic singles." These women pay very little in rent to their parents and use their disposable income to travel and purchase designer goods. The term "gives a name to the 60 per cent of unmarried men and 80 per cent of unmarried women between the ages of 24 and 30 who continue to live with their parents" (Coulmas 11). When compared with their other options of joining the rigid employment system or entering into a demanding marriage, being a "parasitic single" looks quite attractive to these women (Butler and Whitelaw 1998).

These statistics might not have such a dramatic effect on the birthrate were it not for the social stigma in Japan that looks unfavorably on childbirth outside of marriage—only one percent of Japan's babies are born out of wedlock ("Consensus and Contraction" 2002). The fertility rate has been below 2.1 since around 1955 and was 1.29 children per

woman between the period 2000-2005. Because life expectancy for the population as a whole is one of the highest in the world—82.6 years—and the birthrate is low, only 14.6 percent of the population was between the ages of 0-14 years in the year 2000, while over 17 percent of the population was aged 65 and over—an obvious sign that Japan is graying ("World Population Prospects: The 2006 Revision Population Database" 2007). Because of these trends Japan's overall population is shrinking—quickly. The first time the overall population experienced negative growth was between 2005-2010 when it shrank by -0.01 percent; between 2010 and 2015, however, it is expected to shrink by -0.18, and so on at an accelerating rate. The shrinking is driven by declines in the youngest segments of the population. Between fiscal years 2004 and 2005 the number of kindergarteners went down 7,000, the number of elementary school children 26,000, the number of junior high schoolers 85,000 and senior high schoolers 91,000. The figure for elementary school children in 2005 was the lowest number recorded since the start of the Japanese government's Basic Survey on Schools ("White Paper on Youth 2005 in Japan" 2005).

Figure 4.2 – Japan's population age structure, 1975-2025



Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

The above chart shows something a little different from the similar charts on Germany and Japan—the proportion of the population above age 80. One of the benefits of a comparative study with only a few cases is that it provides an appropriate forum to take into account the unique qualities of each case. One focus of this study is older generations, and typically by older generations we are concerned with both older workers—those in the decade or so before retirement—and retirees. The categories of “working-age” and “older workers” are different in Japan than in Germany or Italy. While for the latter two we considered the working-age population to only extend to age 60, in Japan the average retirement age is just under 70 years for men and 66 for women ("Ageing and Employment Policies: Japan" 2005). The above chart, then, considers working-age until age 65, because those data are readily available, but could go as far as around 67 or 68 years. This is why the proportions of working-age are much higher than



those shown in the donut chart for Germany or Italy. So in the sense that the ratio of workers to dependents is not as low as that in Germany or Italy, the context for generational conflict is actually not as bad. Japanese live much longer than those in other countries, especially Japanese women: life expectancy at birth for women born between 2005-2010 is 86 years ("World Population Prospects: The 2006 Revision Population Database" 2007). But because people work so long in Japan, long life expectancy isn't the kind of drain on the state that we might expect—people are not exiting the workforce early and then living off of the state for twenty or more years, but are actively working as long as possible. What might make a difference is healthcare costs, however. According to the U.S. Centers for Disease Control and Prevention (CDC), Japan will fare worse in the future aging crisis than many of its western counterparts. Between 2000 and 2020 public financing of long-term care is projected to increase 20%-21% in the United Kingdom and the United States, but 102% in Japan" (CDC 2003). Generous benefits, a high number of aged, and a longer life expectancy are a few of the reasons for this discrepancy.

Countries worry about population aging because healthcare expenditures are so much higher for the elderly than for any other group. In developed countries the healthcare cost per capita for those over 65 years is three to five times greater than for those who are younger (CDC 2003). Japan is often referred to as a victim of its own progress because by having improved its population's overall health and extending life-expectancy, they will be paying more for elderly healthcare, and for longer. Technological innovation often compounds the problem, as it often creates upward pressure on healthcare spending (CDC 2003).

So, in Japan, as with Germany and Italy, the context for generational conflict is set because of both demographic structure and government spending—both of which favor older cohorts. As in the previous chapters, the following table lists spending three ways: per person, at current prices and current purchasing power parities (PPPH) in current US dollars; as a percentage of gross domestic product (PCT\_GDP); and as a percentage of total general government expenditure (PCT\_GOV). The category of old age spending includes pensions and retirement (OECD category OLD AGE); survivor benefits for widows and widowers; and disability measures, including incapacity-related benefits and employment measures for the disabled. The category of youth includes all family benefits, as categorized by the OECD, and youth-related Active Labor Market Programs (ALMPs): those specific to youth, measures for disadvantaged youth, and apprentice allowances. Because labor policy is central to this study, data on unemployment (minus early retirement for labor market reasons) are shown at the bottom of the chart for reference.

Table 4.1 – Social expenditure in Japan (in millions):														
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
OLD AGE	PPPH	835	903	975	1067	1192	1276	1356	1444	1523	1768	1933	2109	2266
	PCT_GDP	4.1	4.4	4.6	4.9	5.2	5.4	5.6	5.9	6.2	6.8	7.3	7.8	8.0
	PCT_GOV	-	-	-	-	-	14.8	15.7	14.2	16.3	17.7	19.1	20.2	21.3
SURVIVORS	PPPH	191	201	213	228	243	256	258	269	285	304	322	338	354
	PCT_GDP	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3
	PCT_GOV	-	-	-	-	-	3.0	3.0	2.6	3.0	3.0	3.2	3.2	3.3
FAMILY	PPPH	74	83	85	93	101	113	111	137	145	166	186	200	208
	PCT_GDP	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7
	PCT_GOV	-	-	-	-	-	1.3	1.3	1.3	1.5	1.7	1.8	1.9	2.0
ALMPs	PPPH	60	57	62	70	71	75	74	63	72	75	76	79	84
	PCT_GDP	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	PCT_GOV	-	-	-	-	-	-	-	-	-	-	-	-	-
UNEMPLOYMENT	PPPH	60	65	74	81	88	97	100	115	127	144	122	158	125
	PCT_GDP	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.5	0.6	0.4
	PCT_GOV	-	-	-	-	-	1.1	1.2	1.1	1.4	1.4	1.2	1.5	1.2
TOTAL AGED	PPPH	1026	1104	1188	1295	1435	1532	1604	1733	1808	2072	2255	2447	2620
	PCT_GDP	5.0	5.4	5.6	5.9	6.3	6.5	6.7	7.0	7.3	8.0	8.5	9.0	9.3
	PCT_GOV	-	-	-	-	-	19.5	20.5	18.4	20.9	22.4	24	25.2	26.4
TOTAL YOUTH	PPPH	194	205	221	244	260	285	285	315	344	385	384	437	417
	PCT_GDP	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.4	1.4	1.5	1.5	1.6	1.4
	PCT_GOV	-	-	-	-	-	1.3	1.3	1.3	1.5	1.7	1.8	1.9	2.0

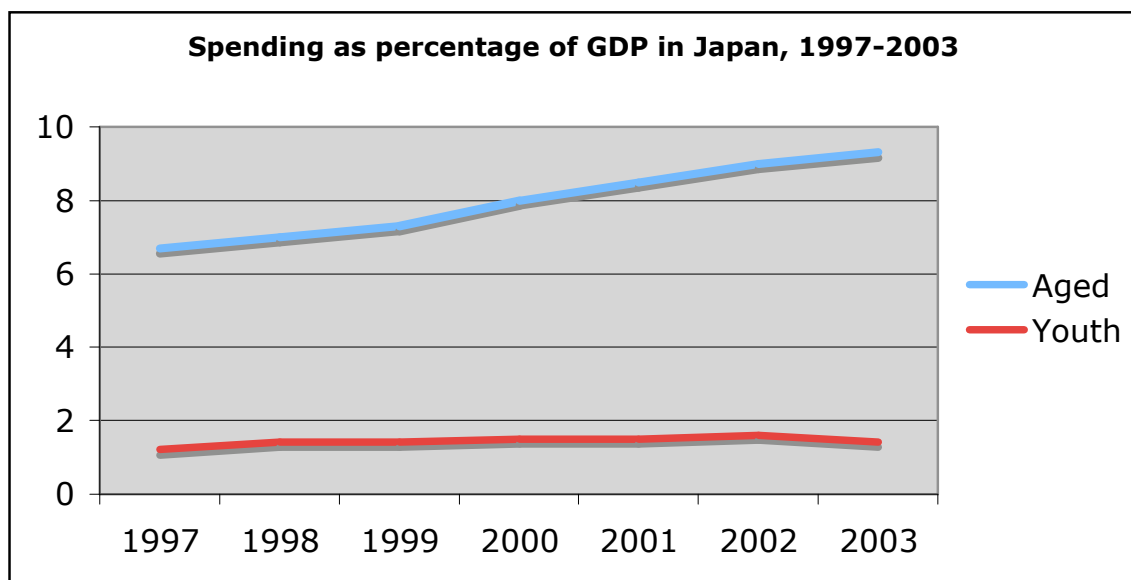
Source: ("The Social Expenditure Database" 2007)

\* Minus early retirement for labor market reasons

Blank spots indicate that data were unavailable

Social spending on the aged is many times that on youth, as in Germany and Italy, though in Italy old age spending takes up more of the government's budget. In 2003, spending on the aged—excluding healthcare—was 26.4 percent of government spending, while that on youth-specific programs was only 2.0 percent. Spending needs for these two groups is different, as the types of programs for youth, such as education, are not as expensive as pensions. But one of the more remarkable trends is the growing disparity in spending. Over time, spending on older generations has grown as a percentage of GDP while that on youth has stayed flat. These patterns make sense since older cohorts are growing and youth cohorts are shrinking, but they still illustrate a general trend that many cite as part of the context for generational inequality.

Figure 4.3 – Spending as percentage of GDP in Japan



Source: ("The Social Expenditure Database" 2007)

## Japanese institutions

Though Japan's population is the most aged on the planet, with over half of the population at least 43 years old, and social spending on the aged greatly outweighs that

on youth, it is important to explore how societal interests are channeled through Japan's political institutions, and to measure the success of the aged in the arena of labor policy in order to have a comprehensive picture of the politics of aging in Japan. This section describes the institutional setting in Japan and the ways in which various actors, particularly political parties and voters, navigate these institutions. One of the most unique aspects of Japan's institutional setting is its party system. Very different from Germany and Italy, Japan's party system was dominated for decades by one party, the Liberal Democratic Party (LDP), and has only recently begun to move to a more competitive party system, though still nowhere near the multiparty system of Germany. If with the multiparty systems we saw parties differentiate their platforms—often on the basis of age—to appeal to niches of voters, in Japan we expect the opposite. Under Japan's more limited system, parties should try to appeal to the broadest segments of the population as possible, rather than narrow generational interests. Such an assertion is a bit counterintuitive: in the world's most aged society, one might expect that parties would try to appeal to the large blocks of aged voters more than anywhere else in the world. But, that is why institutions matter: demography is not destiny. Indeed, I find that parties do make broad appeals, confirming the hypothesis. The organization of the state in Japan is less relevant to this study than its party system, but some allusions to its unitary nature and moves toward decentralization will be covered in order to provide an additional point of comparison with Italy and Germany. This section first briefly describes the political party system in Japan and then examines contemporary party politics, paying particular attention to aging issues.

Japan's political party system is unique in that one particular party dominated politics for most of its post-War history. The Liberal Democratic Party (LDP) ruled Japan and provided the country's prime minister from 1955 until its split in 1993 without the need for coalition formation. Hrebendar (2001) notes that this is one of the longest ruling periods in any democracy in the world. One of the five internal factions of the LDP left in 1993 and joined with other non-LDP parties to form a government. The LDP then had to ally with the Socialists and an LDP splinter group to form governments between 1994-6 (Hrebendar 2001, 158). Its main opposition party during the times of its dominance was the Japan Socialist Party (JSP)—the JSP lost their second place position after the 1996 elections and earned just a handful of seats in the 2000 elections. Now, the two main parties are the LDP—which is still dominant, though cracking—and the Democratic Party (DPJ)—as the opposition party. Though the system has at times over the last several years been growing more competitive, movement has not been linear or uniform. Just as commentators write the LDP's obituary they will resurge in the polls and capture that dominant position yet again.

Japan underwent electoral reforms around the same time as those in Italy. After 1994, Japan adopted a hybrid electoral system of 300 single-member district (SMD) and 200 (later amended to 180) proportional representation (PR) seats. Krauss and Pekkanen (2004, 8) say, "the LDP is able to continue being the largest party...because it can be successful in the 300 SMD-seat portion of the system; it has difficulty remaining the sole governing party because the 180-seat PR portion gives incentives for smaller parties to continue to exist and deprive the LDP of a majority of seats, thus producing a limited multiparty system with coalition governments..." Since Krauss and Pekkanen wrote,

however, politics in Japan have changed even more. There have been more electoral reforms and the last couple of elections show that the 1994 change in electoral rules may have begun to do what it was intended for in the beginning—unseat the LDP. Their downfall began with the 2005 Upper House elections; though the LDP had a landslide victory with 219 single-member seats and 77 proportional representation seats, the DPJ had a respectable showing of 52 and 61 seats, respectively, showing that they perform well under PR rules but not as well under winner-take-all (SMD) rules. In July 2007 even more unprecedented changes occurred and in the House of Councillors election the DPJ won 20 PR seats to the LDP's 14 and New Komeito (NK) won a respectable 7. In prefectural seats the DPJ won nearly twice as many seats as the LDP—40 to their 23—and independents won 7 ("Japan Statistical Yearbook 2008" 2008). Though not all seats were up for election the DPJ was still able to unseat the LDP ending 2007 with 109 to 83 seats. In the House of Representatives, however, the LDP is still very strong with 304 seats and only 113 for the DPJ and NK at 31 (*Strength of Political Groups in the Houses* 2008). Thus, it is premature to say that the LDP has lost its dominant position, though the political atmosphere is certainly different now that the DPJ has shown itself to be a viable opposition party.

Though before 1994 the LDP needed no coalition power to rule, now "The party [LDP] does not rule Japan by itself, for it is seriously checked by major interest groups, its own factional rivalries, bureaucrats representing key government ministries, major corporations, and even foreign governments and interests" (Hrebennar 2001, 168). The DPJ was created in 1998 when several opposition parties came together to try and oppose LDP. In Sept 2003, the DPJ merged with the Liberal Party (LP) to mount a challenge

against the LDP. When the new DPJ was formed on 24 September 1998 they had 137 seats in the House of Representatives and 67 in the House of Councillors (Kato 2004, 1047). The LDP merged with the Komei Party and New Conservative Party and this helped them keep charge of the government.

As in previous chapters, one of the primary sources this study relies on to understand how the parties target different generations is the party manifesto. In Japan this is particularly useful, as the party manifesto holds a central place. Since 2003 political parties have been required to formally list their party policy platform as a campaign promise (Estevez-Abe 2006), a measure that the DPJ pushed for. In my review of the most recently available party manifestos, I find that the parties try to appeal very broadly to all age groups; though they do put forth proposals with age-related themes they usually address the needs of children, youth, families and prime-age workers, and older generations—there is something for everyone.

#### *Democratic Party of Japan (DPJ)*

The Democratic Party of Japan (DPJ) consistently exemplifies the broad generational appeal. In their 2001 manifesto for the House of Councillors elections they appeal to all ages by saying that they want to make it easier to balance work and family, get young people into work, and end age discrimination, which is “a major obstacle for middle-aged and older unemployed people.” They go on to talk about generational equity, even framing their ideas for the future of the pension system in a way that will not alienate any one generation: “As we enter an era of fewer children and more elderly people, it is important to allay the fears of younger people concerning social security and to build a social security system that fits Japan’s changing circumstances. The DPJ will



guarantee a minimum level of income through pensions, income support and other measures” (“Policies for the 19th House of Councillors Elections” 2001). It seems as if they try to portray the LDP as old and stagnant, and themselves as fresh and new by saying in multiple documents that the “DPJ is a party dominated by young professionals” (*Brief History of the DPJ* 2006). They keep emphasizing young bureaucrats and seem like they are trying to get rid of some form of “gerontocracy,” perhaps blaming the LDP for being very “old”: “We will change the conventional seniority-based personnel practices at the heart of the bureaucracy, forming a Kantei policy team comprising young bureaucrats, private individuals, academics, and others who are competent and brimming with enthusiasm for reform, irrespective of age, gender, or background” (“Creating a Dynamic Japan: Towards a Secure Society” 2003, 25). It seems that here they are alluding to the difficulties young politicians may have in expressing their voice in politics, perhaps blaming the LDP because through their long dominance they have been able to set the standards.

For their 2003 manifesto, none of the DPJ’s five pledges had a generational component but, of their two proposals (different from the pledges), one is geared at the young and one at the old, again demonstrating their attempts at a broad appeal. They again frame pension reform broadly: “There will come a day when today’s children and young people reach pension-recipient age. We will also create a reliable pension system that can be trusted by both current and future generations” (“Creating a Dynamic Japan: Towards a Secure Society” 2003, 16).<sup>15</sup> In their 2004 manifesto they want to “Enhance nursing care, health, medical care to support an affluent greying society” (p. 8), but also

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<sup>15</sup> Though not age related, it is interesting to note just how broad the DPJ’s appeals are: they frequently make reference to meeting the needs of the disabled.

“use ‘Young Work Service Centres’ to help young people to gain qualifications and find employment” (“Directly and Single-mindedly: Together with the People, Creating a New Kind of Politics and a New Japan” 2004, 15). In their most recent 2007 manifesto, though pensions are the first thing they mention, they still spend a lot of time talking about benefits at each stage of life, from pregnancy to old-age healthcare (“Putting People's Lives First” 2007).

#### *New Komeito (NK)*

New Komeito is another important Japanese party that also makes broad generational appeals. By the way of background, in 1994 the party Komeito split and became Komei and the Komei New Party; the latter became the New Frontier Party with the Japan Democratic Socialist Party. They claim that the NFP in 1995 ushered in the two-party system in Japan when they won 12,506,322 PR votes in the 17th House of Councillors election but the LDP only captured 11,096,972 in the same district. The NFP disbanded in December 1997 and some members merged with Komei and some formed the New Peace Party. New Komeito has been around since November of 1998 when Komei and the New Peace Party (NPP) joined. One of the party’s documents claims the former Komeito “illuminated the plight of politically neglected, weaker members of our society.” They saw themselves as having a kind of third way from the LDP and Social Democratic Party of Japan (SDPJ). According to their document on their history, Komei and the NPP were crucial players after the LDP defeat in the Upper House election in 2007, when they needed 22 members of the opposition to join them in order for them to have a majority. The two parties (Komeito and NPP) formed New Komeito in November of 2007 (“Our History and Birth of “New Komeito”” 2007).

Like the DPJ and other parties, though they mention the issues and concerns of different age groups specifically, they still try to appeal to the concerns of all generations equally. For example, they have separate pages for initiatives for children and for the elderly on their web page. They are concerned about finding jobs for youth and say that “New Komeito played a pivotal role in the 2004 launch of a one-stop placement service catering specifically for young people” (“Economic Initiatives” 2008). Like the DPJ, they are concerned about the physician shortfall, especially in obstetrics and gynecology. They want to establish daycare facilities at the hospitals these physicians work for to “ease the often-conflicting demands of career and family.” They also want to secure pension financing and make sure pensions are secure, and want to expand eligibility for the supplemental pension benefit package (National Pension Fund system). They also have some pronatalist policy proposals, wanting to improve childcare support and give cash subsidies to parents with children through the ninth grade (presumably to help allay the cost of education). They again reference the high cost of education by arguing for student loan help. They are also concerned with elderly housing and making sure that “senior citizens and other low-income residents can continue renting state-subsidized apartments.” Their concerns about and attention to issues from childcare and pensions demonstrate their wide generational appeal.

#### *Japanese Communist Party (JCP)*

The JCP has been around since the 1920s, and thus has been a successful opposition party, though never having won enough seats to be competitive against the LDP. In their 2007 manifesto, they focus on their opposition to the rewriting of the Japanese Constitution that would allow the Japanese Self Defense Forces to have a more

proactive role. Though they do not give prominence to age-related issues, they do spend a few pages talking about them. They want better health coverage for pre-school children and those who need nursing care and want to “improve conditions for raising children without anxiety.” They say that “Both men and women should be able to work while raising children” and “Parents’ economic burdens for child raising should be reduced” (“Japanese Communist Party Manifesto” 2007).

They are concerned about cutbacks in welfare services and the worsening job situation and oppose the tax increases that have taken place under the LDP, and were called for by Komei. Other than concerns over the mismanagement of the pension system,<sup>16</sup> there is little generational appeal. However, we should not necessarily consider their attention to the pension scandals as a generational appeal. Rather, I believe it is just another way to point out the shortcomings of the ruling government. Likely, even if the scandal had been over mismanagement of elementary school funds rather than pensions they would have spoken out just as vehemently.

#### *Liberal Democratic Party (LDP)*

The LDP is known for being conservative, promoting traditional Japanese values, having a pro-business orientation, and being pro-US military and foreign policy—they are not particularly known for their stances on age-related issues. The results of one survey asking prefectural chapter executives to choose one of four policy areas they think should be on the top of the new Cabinet’s agenda found that rural-urban issues are more important to LDP officials than pension reform. The officials could choose from the pension issue; income disparity; foreign diplomacy and national security; and fiscal reconstruction:

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<sup>16</sup> The LDP “mismanaged” pension records and lost many.

According to the survey, narrowing the income disparity between urban and rural areas was the most pressing issue facing single-seat constituencies where the LDP took a severe beating in the Upper House election. The LDP lost in most of the 29 single-seat constituencies, but won Fukui and Gunma, a prefecture represented by Fukuda. Chapters in 21 single-seat constituencies, including Iwate, Toyama, Shimane, Okayama, Kumamoto prefectures, said income disparity should be the main issue addressed. ("Most LDP chapters say income gap the key issue" 2007)

Rather than pension reform, an issue with clear generational appeal, LDP politicians focused on the non-age related issue of rural-urban income disparity.

Even the JCP buys into the hypothesis of this study, that Japan's party system leads parties to have platforms that appeal to the broadest segments of the population possible, as they say of the 2007 House of Councillors election: "The Democratic Party (DPJ) is trying hard to stage its 'confrontation' with the LDP. However, the policy line that has been followed by the DPJ is indistinguishable from the LDP line" ("Japanese Communist Party Manifesto" 2007). In their 2007 manifesto, the LDP proposes the expansion of job opportunities for the elderly and "Dankai" generation, utilizing their skills by re-employment and training of their successors.<sup>17</sup> They also propose that work-life balance must be adjusted in order to harmonize child rearing and work, and propose to reduce long working hours, promote "tele-work", and promote vacations and reduction of working hours for those raising a child. They also propose that the financial compensation for parental leave should be raised from 40 percent to 50 percent of one's salary. In a similar vein, the LDP proposes a "male-female joint participation society," where women more actively participate in every field ("Public promises for nation-wide regional elections (2007): Energy to communities, energy by growth" 2007). In their 2005 manifesto the LDP makes an appeal to reduce the mismatch of employment by

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<sup>17</sup> The Dankai generation is composed of baby boomers born after WWII, more specifically from 1947 through 1949 after men came back from WWII, and while an anti-abortion law was in effect until 1948.

expanding “Silver Human Resource Centers” for the aged but also wants to bring youth into the full-time labor force ("Big Changes Are Vital For the Nation's Future" 2005). These broad appeals are present in the 2004 and 2003 manifestos as well ("Public promises for the upper house (2004): Koizumi's reform further advanced" 2004, ; "Public promises of the governing party: Declaration of Koizumi's Reform" 2003).

To understand the policy positions of the LDP we are also in the unique position of being able to look at their actions as the main governing party, rather than just the words they publish in their manifestos. Though the LDP has a reputation within the media as a “gray” party, favoring the old, under their rule a number of reforms to reduce pension payouts have gone through. One of “the most politicised was a series of bills on pension reforms. Facing the rapid aging of society, the government proposed increasing contributions (for the employed by 0.345 per cent of their wages and for the self-employed by ¥3.360 annually) by 2017 and cutting benefits from approximately 50 per cent to 40 per cent of the average income by 2023.” Though opposition parties opposed these measures, they did not do so on behalf of older generations. Instead, they just wanted to put forth their own proposals: “For example, the Democratic Party of Japan (DPJ) proposed a plan to unify pension systems that were divided according to occupation and finance the basic pension by an additional levy of a 3 per cent consumption tax” (Kato 2005, 1073). Under LDP rule the bill to increase medical charges for the elderly from October 2002 and for salaried workers from April 2003 passed despite strong opposition from doctors and the opposition parties (Kato 2003, 1000). Thus, while the LDP may have the reputation of being a party for older generations, they have not been afraid to make the kinds of reforms to the pension system

necessary to keep Japan's budget sustainable. One final political move to mention is the LDP's support for age limits for politicians. At Koizumi's initiative, "the LDP adopted a rule that bans candidates over age 73 from running in the proportional representation segment of Lower House elections" (Coulmas 2007, 99). But, there is still no age limit for candidates running in single-seat representation districts. Koizumi was well known in the press for bringing a youthful glow to the LDP and helping to shed its stolid, gray image. These age limits were perhaps one other way to help reinvent the party as new and fresh.

## **Generational response to parties**

As the previous section demonstrated, political parties in Japan's party system do not attempt to appeal to particular age groups, but instead appeal widely across generations. Do the generations, then, respond by evenly supporting the parties? Or do particular age groups tend to support certain parties over others? The most important finding is that those of older ages are much more likely to identify with a particular political party than those of the youngest cohort. The youngest members of Japan's electorate are particularly apathetic, but parties still attempt to try and draw them into the political process. Youth are more likely to vote for New Komeito than older generations, who still favor the LDP. Support for the DPJ in 2005 did not vary by age.

As mentioned in the introduction, oftentimes those in the academy and media who comment on population aging claim that a gerontocracy is a political system in which the old are far more active in politics than younger generations. I argued that whether or not older generations were more active did not matter very much for questions of generational conflict or equity, as long as those voters were not voting in their interests

only to the exclusion of youth. But if there ever were to be a case where this form of gerontocracy exists, it is Japan. Similar to many other democracies, elderly Japanese participate in elections to a much greater degree than do youth, but Japanese youth seem to be particularly apathetic. In Japan, “In 1980, 63.1 per cent of voters in their twenties went to the polls...By the 1996 election, the generation gap had widened, as political apathy spread among the younger cohorts...[the turnout] of the youngest segment was down to 36.4 per cent” (Coulmas 2007, 97). In that same 1996 election the turnout of the 65 and over cohort was 70.7 percent. The pattern was even more pronounced in the 2005 general election, where 23 percent of men and 33 percent of women aged 20-29 did not vote, but only 3 percent of those aged 60 and over abstained (p. 97).

The voting age in Japan is 20 and given the increasing number of potential older voters and declining number of potential youth voters, most parties have argued to lower the voting age to 18. Though a National Referendum Law granting 18-year olds the right to vote on constitutional amendments passed on 14 May 2007, the voting age for elections is still 20 years. All parties seem to be in favor of lowering the voting age, though Coulmas (2007) argues that the LDP has been the least enthusiastic. New Komeito (NK) frames the proposal in terms of population aging: “Given the consistently poor voter turnout in Japan over the years and the demographic shift toward the elderly, New Komeito believes it is imperative that young people also be granted the right and opportunity to choose for themselves the political course of their country” (“Editorial: Lower voting age to 18” 2007). But because youth turnout is so low, a lower voting age would not do much to counteract the elderly vote—there were over 25 million potential voters over age 65 in 2005 and only 16 million between the ages of 20 and 29. Because



the 15-19-year-old age cohort has about one million less than the 20-25-year-old cohort two extra years would not make much of a difference ("World Population Prospects: The 2006 Revision Population Database" 2007). But these statistics are why an institutional argument, such as the one this study makes, is so appealing. It seems that political parties would attempt to court increasing proportions of elderly voters, but as the previous review of party manifestos shows, they do not.

Though the DPJ claims that they want to lower the voting age “in response to the growing political awareness of young people,” there isn’t much evidence to show that young people are suddenly becoming interested in politics ("Directly and Single-mindedly: Together with the People, Creating a New Kind of Politics and a New Japan" 2004). The following chart describes political party support in Japan for the three major age cohorts: youth, prime-age workers, and older generations, as surveyed about party preference in 2002. Support for the LDP remains robust, with 67 percent of respondents who identify with a party choosing the LDP. New Komeito and the Democratic Party of Japan are a distant second with eight to ten percent of respondents’ favor. Across age groups, it appears that support for the LDP increases with age, while support for the DPJ and New Komeito declines. For those 65 years and older, support is nearly exclusively for the LDP. Considering that that group has been voting the LDP in for decades, this is no surprise. The opposite is true for support for New Komeito; support wanes with age, with over a quarter of those under 30 supporting NK, and only 8 percent of those 65 and over supporting them. As we have in a few other instances, we have to ask whether it is really *age* that matters, or the particular generations. Once those voters who grew up under LDP dominance pass on, will younger generations switch their votes from parties

like the DPJ? As many of the studies mentioned in the introduction found, this will not likely be the case—party preference tends to deepen with age, not switch (Binstock and Day 1996). So, while we can say today that elderly Japanese prefer the LDP to a greater extent than young Japanese, there are sound reasons to believe that this is temporary.

To determine patterns of party support for different age groups we turn to the ISSP data. These data are more useful than actual election results because so many youth abstain from voting. These surveys, then, allow us to determine what percentage of youth do or do not prefer a particular party and what party those who do have a preference support.

Table 4.2 – Party support in 2002, <sup>18</sup> of those with a party preference								
	LDP	DPJ	LP	NK	JCP	SDPJ	OTHER	N
18-30	56%	16%	0%	28%	0%	0%	0%	25
31-64	66%	8%	3%	10%	4%	7%	1%	283
65+	73%	6%	4%	8%	4%	4%	.5%	140
<i>Total</i>	67%	8%	3%	10%	4%	6%	1%	448

Source: ("International Social Survey Programme 2002: Family and Changing Gender Roles III" 2002).

Though the preceding numbers seem to indicate a generational split over support for the LDP and other parties, more important numbers are obscured by focusing on only this segment of the sample. While 448, or 42 percent, of respondents identified with one of these major parties, 624, or 58 percent, said that they had no party preference. Again, there are major differences with age. The *n* for the youngest cohorts supporting political parties is small, so we should not read too much into their waning support for the LDP. However, it is small because so many of this cohort have no political party preference at all. In this age group of 18-30, 127 respondents said that they had no preference for a political party—that is 83 percent of respondents. By contrast, 58 percent and 43 percent

<sup>18</sup> These parties are the Liberal Democratic Party (LDP); Democratic Party of Japan (DPJ); Liberal Party (LP), which disbanded in 2003 and joined the DPJ; New Komeito (NK); Japanese Communist Party (JCP); and the Social Democratic Party of Japan (SDPJ).

of those ages 31-64 and 65 and over, respectively, had no preference. These data support the claim that “Japanese identify themselves as supporters of a party less than citizens in any other consolidated democracy” (Krauss and Pekkanen 2004, 12).

Table 4.3 – Preferences in Japan, 2002					
	Party preference (n)	% Preference	No party preference (n)	% No preference	Totals
18-30	25	16%	127	83%	152
31-64	283	42%	392	58%	675
65+	140	57%	105	43%	245
Totals	448	42%	624	58%	1072

Source: ("International Social Survey Programme 2002: Family and Changing Gender Roles III" 2002).

As the preceding table shows, there is a lot less support for political parties than in Germany and Italy, especially among the younger cohorts. Low citizen participation in general and widespread apathy is a somewhat unique aspect of Japanese politics. As Hrebenar (2001, 169) says:

There has been a long-standing discussion in Japan about what many have called Japan’s ‘spectator democracy,’ which refers to the fact that the average Japanese citizen participates very little in the political process beyond casting an occasional vote. This seems especially true in terms of political party participation and interest group lobbying.

But there are still major generational differences, as we saw previously. Those of older ages are much more likely to identify with a particular political party than those of the youngest cohort, 83 percent of whom have no party preference at all. Again, because they are so uninterested in party politics one might think that political parties would avoid courting them at all. But as we saw above parties still devote as much time to youth issues in their manifestos as they do to issues that affect older generations. A 2005 ISSP survey revealed a change in the pattern. Only 66 percent of respondents aged 18-30 claimed that they had no political party preference—a 17 point decline. In 2002, 43

percent of those aged 65 and older had no preference, whereas in 2005 only 29 percent felt that way. It seems that either parties' attempts to reach out to voters, perhaps through the new emphasis on manifestos, worked or that the political atmosphere changed in a way that galvanized the citizenry. It will be enlightening to see the next iteration of the ISSP survey to determine whether or not this is a trend.

Table 4.4 – Political party preference, 2005							
	LDP	DPJ	NK	JCP	SDPJ	<i>N (for preference)</i>	NONE*
18-29	42%	19%	29%	3%	6%	31	66%
30-49	62%	21%	11%	5%	0%	98	59%
50-64	70%	19%	6%	3%	3%	145	42%
65+	72%	18%	4%	2%	4%	188	29%
<i>Total</i>	67%	19%	8%	3%	3%	464	46%

Source: ("International Social Survey Programme 2005: Work Orientation III" 2005)

\* Out of the total. These numbers were excluded from the party calculations, which show support out of those who answered that they did prefer a particular party.

In this 2005 survey, of those who preferred a particular party, 29 percent of those aged 18-39 favored NK, while proportions declined dramatically by age, to only 4 percent of respondents aged 65+. Support for the LDP again declined with age, but support for the DPJ was steady across age groups, a result very different from the 2002 survey where support declined with age. Actual election results support these findings. In the most recent Japanese elections DPJ performed better than ever, and since we know that elderly voter turnout is at least twice as high as youth turnout, it was certainly those older voters who helped secure so many DPJ victories. Either the DPJ was successful in courting older voters between 2002 and 2005, or these older voters were turned off by the LDP and switched allegiances out of protest.

Though political parties do not target specific age groups to the exclusion of others, what these surveys from 2002 and 2005 show is that there are still major

generational differences in support for parties. Additionally, though there were some generational differences in Germany and Italy, the percentages did not even come close to approximating the divide in Japan between young and old voters. This most likely means that younger voters identify less with the monolithic LDP than older voters who lived under decades of LDP dominance. The reputation of the LDP is not particularly rosy, with accusations of corruption and overly close ties to business interests tainting the party. But if we take a closer look at the 2005 data another pattern emerges that points to much less of a generational difference. In the 2005 elections, NK joined the LDP in a coalition government and supported LDP leader Junichiro Koizumi. Assuming that the population was aware of this alliance—which hopefully is not a bold assumption—when we compare the survey results for LDP/NK across age groups we get a very different result. Seventy-one percent of those 18-20 supported LDP/NK, while 73 percent of those 30-49, 76 percent of those 50-64, and 76 percent of those 65+ did. So, when we compare the two major blocks of parties: LDP/NK and DPJ, there is very little difference across age groups. The big difference, then, is that younger voters are more attracted to the NK half of the alliance than the LDP half.

## **Role of outside organized interests**

One potentially fruitful area to explore in the future will be the role of outside organized interests. In Japan, these will most likely be business organizations, as “Senior citizens are a huge and growing voter group, but there is not much for them in terms of organized political participation with particular political agendas” (Coulmas 2007, 99). There is a Federation of Senior Citizens’ Clubs, but it has never aligned with a political party. Noted expert on Japanese demography, Florian Coulmas, argues that “In the past,

elderly voters have seen their interests well protected by LDP-led governments, which may explain why a strong nationwide political lobby of the elderly has never emerged” (Coulmas 2007, 100). So, as far as groups besides parties with the ability to influence the political process, business interests are by far the most influential, especially the umbrella organization of the Keidanren (Japan Federation of Economic Organizations) (Hrebenar 2001). As the JCP says, “The fact that DPJ shares the LDP position is clear from its relationship with the Japan Business Federation (Nippon Keidanren). In drafting its policies, the DPJ holds discussion with Nippon Keidanren to have its policy proposals assessed and receives donations in accordance with the assessment” (“Japanese Communist Party Manifesto” 2007).

## **Labor issues**

The previous sections have addressed how and why the politics of aging could have a role in Japan by focusing on the two-party system. Our expectations that Japanese political parties would attempt to appeal to the broadest segments possible were confirmed by a review of recent party manifestos. Though parties often focused on age-related issues like education, family policy, and pensions, they did so equally for all age groups. Among the citizens themselves, however, there are major differences by age. Young people are particularly apathetic towards political parties and participation in the political system. But, parties have not responded by changing their focus; instead parties seem to be more interested in trying to draw young people into politics than exclude them to focus on the large blocks of elderly voters. This section adds a final layer to the discussion by examining in greater detail the policies addressing generational labor issues within the context of population aging. Though parties do not appear to target certain age

groups and exclude others, do policies in Japan favor the numerous old over the dwindling young? To answer this, the following paragraphs describe the labor market situation in Japan to set the context within which policymaking takes place so that we can understand why certain policies have been implemented. Though Japan has many similarities with Germany, Italy, and other OECD countries, a few aspects are important to point out. First are the gender issues, which are relevant because they affect prime-age women and because the difficulties of combining work and family are part of what is driving Japan's low fertility and population aging. The second important aspect is the longevity of the work career in Japan and the third is the exclusion of youth from the labor market. Within the discussion of older and younger workers I review the history and effects of some of the most recent important legislation. I find that though the system was initially set up in a way that favored seniority and age, politicians have been working hard to combat youth unemployment and bring young people into the labor market. As with the previous chapters, this review of policies is merely meant to be illustrative, not comprehensive.

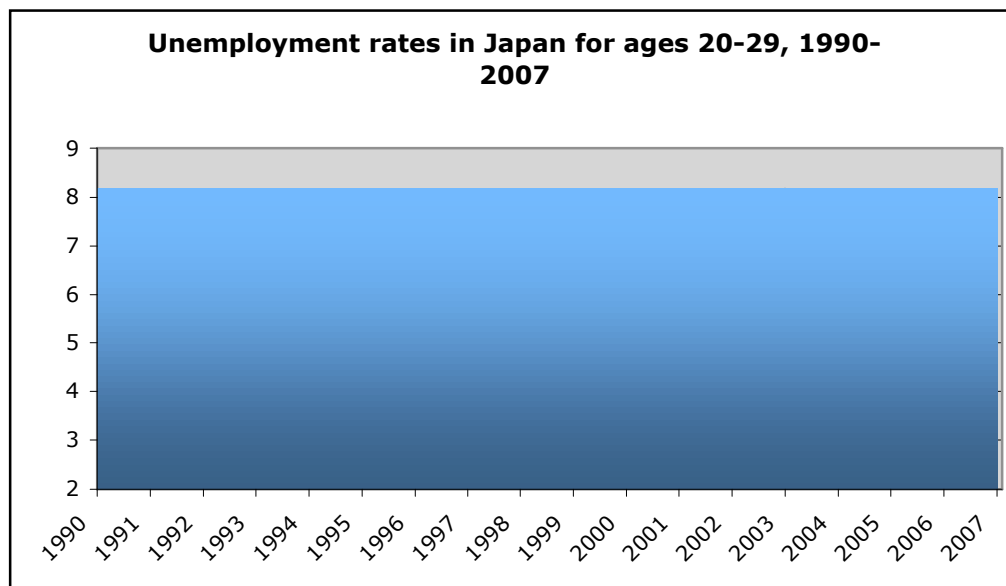
In Italy, labor policy changes were driven in large part by pressures from the EU as Italy tried to meet their standards. In Japan, a different kind of external pressure in the 1990s led to the beginnings of new labor policies. When the Japanese bubble economy burst in the 1990s, by far the most devastated segment of the labor force was the youngest. For this reason the press and many scholars refer to the 1990s as the "lost decade" or the "ice age". According to the DPJ:

During the long period of economic stagnation that followed the collapse of Japan's bubble economy, young people faced difficult employment conditions. Many new graduates were unable to find work, or could not find regular employment. Even now that the economy is improving, people who joined the

workforce during the severely depressed 'employment ice age' and who are now in their 30s or younger cannot make an easy transition to regular employment." ("Putting People's Lives First" 2007, 28)

In Japan, the number of youth in the labor force jumps about five-fold when going from the 5-year age group 15-19 to 20-25. So, we will consider figures for youth employment starting at age 20, and following the Japanese Cabinet Office, will go to age 29, though some government categorizations consider youth up to age 34. According to the Ministry of Health, Labour and Welfare, the number of underemployed youths who lacked fulltime employment or were unemployed was around 2,170,000 in 2003 ("White Paper on Youth 2005 in Japan" 2005). By age group, there were 130,000 unemployed persons in the 15 to 19 age group, 480,000 in the 20 to 24 age group, and 480,000 in the 25 to 29 age group. For this group ages 20-29 unemployment was low during the first half of the 1990s but began to rise sharply after 1997 until 2003 when it began its decent, thanks to attention by the government and better economic conditions overall.

Figure 4.4 – Unemployment rates in Japan, by age



Source: ("Labour Force Survey (Time Series)" 2008)



Brinton (2007, 418) warns that we must be aware of the “‘cohort effect’ experienced by the current young generation; the repercussions of highly circumscribed job opportunities are likely to play themselves out as this cohort ages into its thirties and beyond.” Any assessment of youth labor issues should consider that it may not be “youth” employment, per se, that is really under the microscope, but particular youth cohorts’ employment. In an earlier section of this chapter that described Japan’s population we introduced the terms parasitic singles and freeters. These categories are relevant to this discussion of the labor market as well. The Cabinet Office reports that a 2002 Employment Status Survey conducted by the Ministry of Internal Affairs and Communications (MIC) found that:

as many as 430,000 young people at ages between 15 and 34 years, who are neither married nor students, are not making any effort to find a job despite the fact that they desire to get employed. It was also found that another 420,000 people in the same age group and same status have no intention of finding a fulltime job.

A 2004 Labour Force Survey by the MIC found that 640,000 youth aged 15-34 do not have a job, home duties, nor are they attending school (“White Paper on Youth 2005 in Japan” 2005). When you read through documents and web pages on the Japanese Ministry of Health, Labour and Welfare website (such as the aforementioned “White Paper on Youth 2005 in Japan”) you get the sense that they buy into the idea that Japanese youth—and the parents who spoil them—are partly to blame for their own troubles. They use the terms parasitic singles and freeters frequently and also cite surveys about youth being uninterested in finding jobs or intimidated by the process. To them, then, one way to combat youth unemployment is by changing the attitudes of youth themselves. To combat these issues, the Ministry of Health, Labour and Welfare

“deploys ‘job supporters for young workers’ at public employment security offices nationwide. Those supporters are supposed to provide youths with continuous support from the job seeking stage to the training stages after employment. For example, they arrange workplace tours for school students to gain good understanding about workplaces even before leaving a school” (“White Paper on Youth 2005 in Japan” 2005).

Yuji Genda (2005) argues that the discourse in the 1990s about parasitic singles and freeters was actually misplaced. He argues instead that firms’ preservation of jobs for more experienced workers has limited the number of entry-level jobs. This goes against a lot of economic research on the job market that shows that skill level matters more than age—low skilled workers trade off with other low skilled workers no matter their age, and the same for high skilled workers. But, because the employment system in Japan is extremely rigid and favors lifetime employment, this argument may have merit when considering those older workers below mandatory retirement age. Katz and Darbishire (2000, 230) argue that in Japan wages are usually determined primarily by seniority and secondarily by skill level. Genda also argues that raising the retirement age could damage job opportunities for young people. This leads to our discussion of the labor force context for older workers.

In Japan, the employment situation is so different from that in Germany and Italy that in order to discuss older workers we really need to divide the category into two groups: those older workers before mandatory retirement age (the group aged 50-60) and those who find other employment afterwards (the group aged 60-70). Most estimates of “working age” for developed states stop at 60 or 65 years, but in Japan labor force participation and employment rates are high for older people, compared with its OECD

peers. To a small degree this larger pool of “working age” forestalled the time when Japan’s labor force would shrink, but low fertility and aging have now caught up and Japan’s available labor force has begun to contract. Job opportunities and employment varies within the group of older workers. According to the OECD ("Ageing and Employment Policies: Japan" 2005, 69), “the government’s policy of raising the legal minimum age of mandatory retirement may have improved job security for men in their late 50s but at the expense of men in their early 60s.” Unlike many other countries, Germany especially, Japan did not institute measures to force early retirement during economic downturns in order to create more job openings ("Ageing and Employment Policies: Japan" 2005, 13). Japan began much earlier than Germany in trying to keep its older workers from taking alternative pathways out of the workforce. In 1995 the government introduced The Employment Continuation Benefit for Aged to increase the incentives for older persons to continue working rather than take up unemployment benefits: “This in-work benefit compensates workers aged 60-64 who experience a wage reduction of more than 25% after mandatory retirement” ("Ageing and Employment Policies: Japan" 2005, 15). Additionally, there is little opportunity for older workers to exit the workforce using disability benefits or unemployment. In fact, the Japanese government has shortened the length of time unemployment benefits are available to older workers. Before 2001 a worker who reached mandatory retirement age and had worked for at least 20 years could receive 240 days of benefits. “After 2001, only workers who had ‘involuntarily’ lost their jobs are eligible for this period, and mandatory retirement is not considered to be ‘involuntary’ from the point of view of the benefit system.” Thus, those who are forced to exit through mandatory retirement can only

receive 180 days of benefits (Rebick 2005, 131). One could ask whether Japan's high average age of exit from the labor force is because there are few legal pathways to exit early, but two factors hint that the lack of opportunity is not the problem. First, opinion surveys show favor towards working, and second older people actually tend to exit even beyond the legal retirement age. Instead, perhaps the reason Japan has been able to pass restrictions on early retirement that other OECD countries have struggled to institute is because the population does not vehemently oppose these measures.

As mentioned, Japan is unique among advanced industrial countries because of its early recognition of population aging and attempts to head off some of the effects. The OECD points out the Law for the Stabilisation of Employment of Older Workers (originally introduced under another name in 1971), which provides a comprehensive framework to promote better employment opportunities for older workers. Reforms of this law have led to a rise in the mandatory retirement age from 55 to 60 and potentially to age 65. According to the Ministry of Health, Labour and Welfare:

The Employment Measures for the Elderly and Persons with Disabilities Department is striving to secure stable employment for workers until 65 by raising the mandatory retirement age or introducing a continued employment system, to support and promote outplacement for people of middle and advanced age, and to create jobs of various styles through use of manpower centers for the aged. (*Department of Employment Measures for the Elderly and Persons with Disabilities*)

The government continues to institute measures to keep older workers in the labor force. For example, pension reforms, such as an increase in the minimum age of entitlement, will increase incentives to work longer. A recent reform raises the earliest age at which men can receive the flat-rate portion from 60 to 65 over the period 2001-2013 and the period 2006-2018 for women. The Japanese government will also be increasing the

minimum age for receiving the earnings-related portion ("Ageing and Employment Policies: Japan" 2005, 12-3). There were three amendments to the law in 2002, which were perhaps partly responsible for the beginning of the decline in old-age unemployment beginning in that same year ("Law Concerning Stabilization and Employment of Older Persons" 1971). From age 70, there is no reduction in the Employee's Pension Insurance (one of the three pension tiers) if a person continues to work ("Ageing and Employment Policies: Japan" 2005, 83).

Whereas with Germany and Italy we argued that parties who asked older people to work longer were working against their interests, the situation is different in Japan. Rather than it being common for older workers to exit the workforce several years before the official legal retirement age, in Japan it is common for them to exit several years after. Surveys back up this assertion. In a 2005 survey on work orientations undertaken by the International Social Survey Program (ISSP), when asked whether they would "Enjoy a paid job even if I did not need money," 66 percent of respondents in Japan either strongly agreed or agreed, whereas only 21 percent strongly disagreed or disagreed. Of those, 41 percent strongly agreed. Responses in Germany were quite different, as we would expect given their labor force participation patterns. Only 20 percent of respondents in western Germany and 27 percent in eastern Germany strongly agreed. Age discrimination is a major problem in Japan, according to the OECD, observers, and the parties. In fact, the NK argues that older people are entitled to work and receive training, whereas when reviewing manifestos in Germany, the SPD and CDU used language that insinuated they wanted older people to work, even if older people would prefer to retire. The NK says that they want to "Establish an educational system in which

workers, irrespective of age, are entitled to enroll in adult education classes and vocational training programs” (“New Komeito Key Upper House Election Policy Pledges Manifesto 2007 (Revised from Manifesto 2005)” 2007). They appeal to all generations by saying they want to reduce the unemployment rate of young people by half, help women reconcile work and family, but also “Ensure employment up to the age of 65 by extending the retirement age, as well as through post-retirement placement.” As this last statement hints, the problem in Japan is often mandatory retirement; though this can be a problem in other countries as well, the high average age of exit from the labor force in Japan—70 for men and 66 for women—means that it is even more of a problem there, especially when compared to Germany and Italy.

Table 4.5 – Responding to the statement, “Enjoy a paid job even if I did not need money”				
	<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
<i>30-49</i>	43.5%	24.8%	6.1%	9.3%
<i>50-64</i>	42.0%	23.6%	5.4%	16.7%
<i>65+</i>	33.9%	26.8%	6.3%	20.9%

Source: (“International Social Survey Programme 2005: Work Orientation III” 2005)

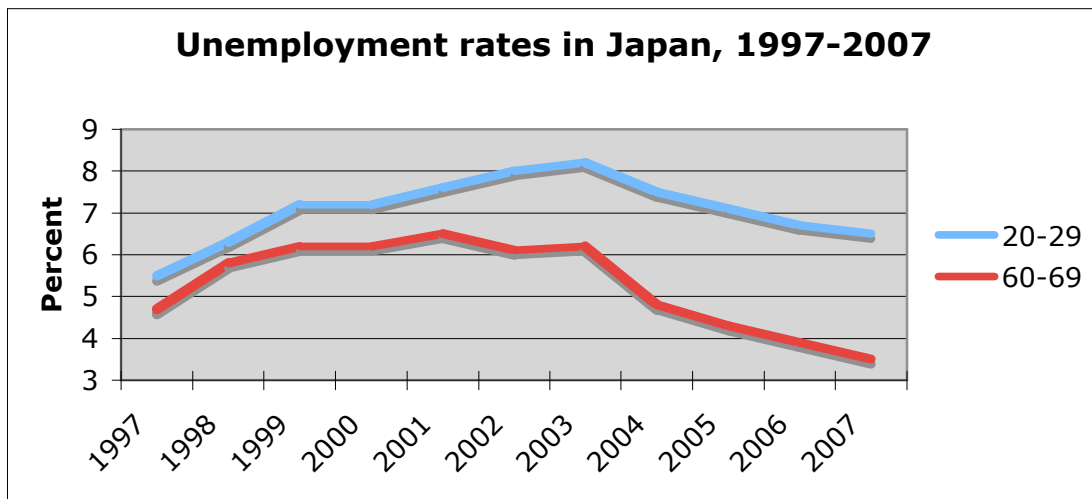
Mandatory retirement is a particularly widespread phenomenon in Japan: “In 2000, roughly nine out of ten firms with more than 30 employees had a mandatory retirement system and by far the most common age of retirement was 60, although age 65 was also used by some of the smaller firms” (Rebick 2005, 132). As mentioned, the government wants to increase this age to 65 but is facing resistance from firms. Many have argued that mandatory retirement is necessary in Japan because the seniority wage system is so generous towards older workers, making them expensive to employ. So, while a seniority wage system sounds like it would be beneficial to older workers in theory, in practice it just makes employers desire to get these expensive workers off their books as soon as possible. In fact, many firms offer workers the opportunity to retire, but

become rehired at a lower wage or to transfer the worker to another part of the company, usually a subsidiary (Rebick 2005, 133). One of the areas that the party New Komeito takes a stand on is mandatory retirement and its effect on older workers. NK says, “New Komeito led the way in revising a law that previously set the retirement age at 60, allowing companies today to choose between extending mandatory retirement to 65 or lifting the limit altogether. Either option is expected to significantly expand employment opportunities for older workers. In addition, smaller firms that extend their mandatory retirement age to 70 will be eligible for a government subsidy...” (“Initiatives for the Elderly, Physically Challenged” 2007).

Japan’s reputation for hard work is well deserved when considering that Japan has one of the higher labor force participation (LFP) rates in the OECD. When looking at labor from an age perspective, though, patterns are perhaps not quite what we would expect given the situations in Germany and Italy that have preceded this chapter. The gulf in participation and unemployment rates between young and old workers that has been mentioned for these other two cases does not seem to exist on such a scale for Japan. The following chart of unemployment rates for young (20-29) and older (60-70) workers illustrates how similar patterns are for the two age groups—when conditions are good for one group they are good for the other as well, and similarly when conditions are poor. For this comparison, we are considering older workers beyond the age of mandatory retirement until the average age of exit from the labor force. We are not considering those before the age of mandatory retirement because those workers tend to fit better with prime-age workers in general, as will be explained. Observers concerned about population aging causing generational conflict are often worried about tradeoffs

where one generation wins while another loses. That concern has guided the exploration of labor issues for each of the chapters in this study. The following illustration of unemployment rates in Japan paints a picture that should be somewhat reassuring. Instead of a zero-sum relationship between employment for young and old, in Japan patterns tend to move in tandem, as shown by the shape of the lines. Not until around 2001 did the unemployment rates for these two age groups really begin to diverge, and even since then the difference between the unemployment rates for the two age groups is not nearly the gulf that it is in many other countries—in 2007 the rate was 3.5 for the older group and 6.5 for the younger.

Figure 4.5 – Unemployment rates in Japan, 1997-2007



Source: ("Labour Force Survey (Time Series)" 2008)

Though older workers might appear to have some advantage according to the above graph, there are differences even within the categories above. In 2002, for men aged 60-64 the unemployment rate was 9.7 percent, twice as high as that year's national rate of 5.4 percent ("Ageing and Employment Policies: Japan" 2005, 12). Long-term unemployment for older workers has also increased. After the financial crash of 1997, unemployment increased for both younger and older workers and began to fall for both as



the Japanese economy recovered around 2002, though as we see it recovered better for older workers, for reasons mentioned in the previous section on youth employment.

What these data illustrate is that contrary to some press accounts, younger and older workers are not in competition for jobs—if that were the case, when unemployment for one group went down it would go up for the other. Rather, both groups are in competition with highly protected prime-age male workers.

But before explaining the situation for prime-age workers, it is important to add one more element to the discussion: gender. Though not the focus of this study, women are important to include because of the relationship between childbearing and work, and because women of these ages fit into our prime-age worker category. Japan has one of the highest labor force participation rates for older men in the OECD but one of the lowest for women. Japan's treatment of dependent spouses leads to disincentives for older women to continue working ("Ageing and Employment Policies: Japan" 2005, 14). Marriage and childrearing are also made to seem unattractive or impractical due to the rigid employment system and discrimination against female workers in Japan.

"Conventional employment" in Japan for a long time has meant joining the lifetime employment system. Loyalty to a company and hard work (as in 12-hour days) is valued and expected. This type of work is not conducive to raising a family, and many women in Japan are rejecting both this type of work *and* the family altogether. Younger (20-29) and older (60-70) workers and prime-age women, then, all compete with prime-age males for employment in Japan. The highly regulated system there excludes these three groups while it protects prime-age males. Even the OECD agrees that because of the correlation,

to solve high youth unemployment in Japan, it is important to encourage older workers to stay on in the workforce.

Though labor policy is becoming more flexible, lifetime employment practices are not waning much; according to a 1999 survey, 80 percent of firms wanted to retain some form of lifetime employment practices ("Ageing and Employment Policies: Japan" 2005, 103). Japan's anti-age discrimination law became effective in October 2001 and Japan has wage subsidies for hiring older workers ("Ageing and Employment Policies: Japan" 2005). For women, participation rates have either been stable or have only declined slightly, while rates for younger women have sharply increased ("Ageing and Employment Policies: Japan" 2005, 54).

Employment protection is high by international standards. "Any loosening of employment protection would have two opposite effects: it would lower job security for employed older workers, but at the same time it should increase the chance of re-employment for the older unemployed" (p. 17). Here, they refer to older unemployed as those past mandatory retirement. This is the group we are concerned with because it is in the decade before the average age of exit from the workforce and the ages at which studies show older workers want to continue to be employed through but often have a hard time finding jobs. Lifetime employment is the primary way that prime-age males are protected in the workforce: "Average tenure [in the largest firms] is 30 years for men aged 55-59 in firms with 1000 employees or more" ("Ageing and Employment Policies: Japan" 2005, 61). Lifetime employment practices protect jobs for prime-age workers but prevent older and younger workers from obtaining employment because the practice greatly restricts the number of jobs available at any one time. One area where these

practices are particularly prevalent is the auto industry: “Since the 1950s, Japan’s auto assembly firms have maintained lifetime employment commitments to their regular status employees...[and] Employment relations in the auto industry are representatives of the practices found elsewhere in Japan’s private sector, particularly the practices of large firms” (Katz and Darbishire 2000, 233-7). Women of prime-age are also hurt because they will need to exit the labor force in order to have children and then have a hard time reentering. Further, “These job tenure profiles thus suggest that while male workers in large firms benefit from lifetime employment, this is a much less common occurrence for female workers in firms of all sizes and for all workers in smaller firms” (“Ageing and Employment Policies: Japan” 2005, 62).

Some parties feel that moves to make the Japanese labor market more flexible by introducing fixed-term contracts and increasing part-time work have actually made the job situation even more precarious for younger and older workers because these jobs have too few protections. The DPJ makes a broad appeal in their job protection plans. Not only do they want to increase minimum wage levels, which would help both younger and older workers, they also want to give part-time and contract employees equal treatment to full-time workers: “We will support the employment of permanent part-timers and NEET (young people Not in Education, Employment or Training) by introducing individual employment counsellors and work support allowances” (“Putting People's Lives First” 2007, 12). They therefore support both younger and older workers’ attempts to enter the tough labor market and try to secure the same protections for them that prime-age male workers have. The JCP, too, wants to defend jobs and worker rights for contingent workers (“Japanese Communist Party Manifesto” 2007).

Finally, gender differences matter in the realm of unemployment: “In 2002, 36% of the older unemployed had been unemployed for one year or more compared with 30% for the prime-age unemployed and only 22% for unemployed youth. In general, the incidence of long-term unemployment is higher for men than for women” (“Ageing and Employment Policies: Japan” 2005, 71). But to return to the idea that it is prime-age women, and older and younger workers who are often the most disadvantaged, if a discouraged worker is defined as someone who is neither working, nor actively looking for work, but who would like to work, then for men “there is a sharp rise in the proportion of discouraged workers after the age of 55...[but] the proportion of women who are discouraged workers is actually much higher in the 25-44 age group than in the older age groups, and it is much higher than for men in all age groups prior to the age of 65” (p. 71).

## **Conclusion**

Japan provided an important counterpoint to Italy and Germany because of its party system, which was dominated for decades by the LDP and is only recently growing more competitive. Though aging issues permeate Japanese politics, they are not divisive in the sense of pitting one generation against another. Rather, the limited party system, which encourages parties to appeal to the broadest segments of the electorate possible, prevents such polarization by creating incentives for parties to appeal equally to the needs and interests of citizens at all stages of life. Though it goes against popular press reports, we can conclude that there are no signs of generational conflict in the world’s most aged state. Indeed, politicians have been trying to increase labor market flexibility to introduce more job opportunities for women, youth, and older workers who have been

forced out due to mandatory retirement practices but who would like to continue to work. All of these groups seem to benefit from policies that make the market more flexible, as the trajectory of unemployment in Japan for youth and older workers has shown.

Japan was also a unique case to include because of its non-European setting. While we saw with Germany and Italy that the EU, especially with regard to the Lisbon Strategy, was a major driver of domestic policy, this context does not matter for Japan. What did appear to drive domestic labor patterns, though, was the international economic context. After the 1997 financial crisis unemployment for both older and younger workers sharply increased, though more so for youth. Therefore, we have to acknowledge that more than just domestic issues, like population aging, drive domestic policy.

While federalism and regional identities were important in both Germany and Italy, these issues did not arise in the course of reviewing age politics in Japan. According to the DPJ, this is because “The Japan of today is a centralized state in which the centre exercises excessive control over the regions, and also a bureaucracy in which bureaucrats, rather than the ordinary people of the country, dominate the political and economic spheres” (“Creating a Dynamic Japan: Towards a Secure Society” 2003, 4). Though decentralization is a priority for the DPJ, regional identities and differences were not salient to the degree that they were in Germany and Italy. If the DPJ is successful in introducing a system of states, we could see federalism emerge as a further hindrance to the emergence of age-based interests. Another area to explore in the future would be the place of business interests in Japan. Again, like Germany and Italy, the emergence of powerful single-issue based interest groups like the AARP in the US has not materialized.

However, business interests in Japan may be an important factor to include in future reviews of labor policies, in some ways similar to unions in Italy, yet different because their membership profiles are not likely to have been changed by population aging.

As mentioned, one aspect of Japan's graying is the awareness of the government and citizens about low fertility and aging. "Seventy-six per cent of the respondents to a Mainichi Shimbun poll 'feel uneasy' about the fact that social ageing continues and the population is beginning to decrease" (Coulmas 2007, 2). Discourse about aging began in Japan in the 1980s, and now, the need to deal with aging is now one of Japan's seven national priorities. Prime Minister Junichiro Koizumi set about cutting public spending in general, in order to finance some of Japan's rapidly rising social security outlays. He planned to cut overall general expenditures by more than 3 trillion yen with the deepest 10 percent cut being in overseas development aid and spending on public works projects. Jonathan Watts (2001, 647) says of these measures: "The change is noteworthy for two reasons. First, because it indicates that Japan is shifting from a focus on equality. Second, it reveals that Koizumi accepts that a rise in social security spending is inevitable and that the best he can achieve is to hold down the rate of increase." Faced with the knowledge that Japan's economy will suffer under the burden of increased healthcare spending, Prime Minister Koizumi scrambled to institute a series of spending reforms before he left office. As McCurry (2006, 1385) points out, "If spending levels stay unchanged, costs will almost double to 56 trillion yen a year by 2025. But the Government is confident it can pare back funding by around 8 trillion yen to 48 trillion yen over the next 20 years."

In addition to spending changes, the Japanese state has begun to recognize that several issues are combining to prevent women from wanting to have children and have taken a few steps to remedy the situation. It appears that the government is gaining a better understanding of the gender-related cause of Japan's fertility problems because some of the reforms focus on decreasing the burden on women. The New Gold Plan was established in 1994 and provides various services for the elderly, including home care aides, short-stay service facilities, home-visit nursing stations, and other special facilities for elderly care (Reich 1999). Of course, the New Gold Plan will help to ensure the care of the elderly in Japan but it will also free women's time by relieving them of some of the burden of caring for aging parents. Around the same time as the New Gold Plan, four government ministries approved the 'Angel Plan' or the 'Basic Direction for Future Child Rearing Support Measures.' These five measures were: (1) improve the employment environment to support working parents; (2) alleviate the psychological and physical burdens of child care at home; (3) alleviate the economic burden of child-rearing; (4) encourage men and women to rediscover the joy and pleasure of child-rearing; and (5) support the employment of female workers who have infants and toddlers (Reich 1999, 465). Japan is showing promise in addressing the root cause of its fertility problem. Because women have a higher life expectancy than men, the New Gold Plan is also important because it will benefit women as they age alone, in addition to easing the burden on them while they are young. These measures may help Japan draw on its under-utilized female labor pool.

However, treating the situation only in terms of gender or age ignores one other potential solution: immigration. Japan has been historically loath to admit immigrants, as

reflected in its current net migration rate of 0.4 per one thousand persons ("World Population Prospects: The 2006 Revision Population Database" 2007). In fact, there are only 1.7 million official foreign residents, or just over one percent of the population. Japan is also unwilling to grant citizenship to immigrants or let them assimilate; they operate under a *jus sanguinis* policy. Foreigners are merely tolerated, not welcomed, and are more often blamed for trouble like the rising crime rate ("Consensus and Contraction" 2002). Thus, it appears that Japan will have to rely on its family policy to reverse the aging trend if it wants to stay globally competitive in the face of an aging workforce.



## Chapter 5: Conclusion

The chapters in this study have been a first step in examining the effects of demographic change—what mechanisms and institutions are important, what state traits matter, and what the trajectory of policies has been to date. The conclusion will outline important steps for this research that I hope will set an agenda to expand and improve our understanding of the political effects of population aging. But first, we will take a step back and view Germany, Italy, and Japan from a comparative perspective to try and draw some lessons from the three cases. Then, this chapter will describe under what conditions the situation for these countries might be likely to change. Finally, we will return to the next steps for this research.

### Comparisons

This study has shown that fears of population aging, such as gerontocracy and intergenerational conflict, are exaggerated. Though the proportions of youth and elderly are reversing and older voters are growing more numerous, it does not immediately follow that strength in numbers turns into political power for several reasons. One is that the interests of age groups are not homogenous; instead, in all three countries of this study older voters were concerned about a variety of issues, like unemployment and regional problems. Second, age does not appear to be a category around which people in these states mobilize. Single-issue interest groups that focus on age-related issues hold little to no sway in policy making and voters in Italy and Germany, at least, vote more on geographical than generational lines. Another reason that concerns have been exaggerated is that many studies and media reports linking aging and political power

focus on social spending on pension and healthcare benefits, which are skewed towards those of older ages. When looking at another important policy arena that engages those of all ages—labor policy—we see that Germany, Italy, and Japan are moving towards tapping into underutilized segments of their labor markets by trying to bring in youth and prevent early retirement. Thus, youth are being courted in the arena of labor policy, and empowered to acquire employment, rather than being discarded as a casualty of population aging. All three cases had two important similarities: a relative weakness of age as an identity around which to mobilize; and a propensity for other policy areas—often unemployment—to be more important than age politics. Rather than population aging driving change, domestically, regional identities in Germany and Italy were strong determinants of party preference, and on a larger scale, globalization was a greater driver of labor policy.

There is a politics of aging but it does not look as zero-sum as alarmists insinuate. Political parties and governments in Germany, Italy, and Japan, as well as those of other states in Europe, are aware of and working actively to combat the negative ramifications of population aging. Even if not all parties in these states are targeting the concerns of specific age groups, all are discussing how best to keep the budget balanced in the face of growing dependents and how to tap into underutilized segments of the labor market. We can anticipate more of these conversations in the future and more actions to decrease unemployment and keep government accounts robust. Another area of aging that has been politicized is one that was outside the scope of this study: pronatalist policies. All of the countries in this study have seen raising the birth rate as part of the solution to population aging and attempt to accomplish this by making work and family more

compatible. Though results have been spotty, there are no signs of abatement and debates over how best to increase fertility are likely to remain a contentious part of the conversation about population aging in the future.

In all three cases had the party system was an important mechanism for translating interests and I argued that the stability of this political institution has ramifications for the future political effects of population aging.<sup>19</sup> In none of the cases were single-issue age-based interest groups, like the AARP in the US, important. The conclusions of this study, that generational conflict is mostly a myth, is contingent upon the continued exclusion of interest groups from policymaking. If interest groups become important we could indeed see generational conflict start to arise. Yet just because there are no interest groups of this ilk in these countries does not mean that outside interests are unimportant. In fact, organized interests are one of the most fruitful potential areas to expand this research. In Germany, social partners were excluded from negotiations over the Hartz reforms, but in other areas they continue to exert influence. In Italy, unions and business organizations, like Confindustria, are quite influential. And in Japan, organized business interests are not only powerful on their own, they are closely tied to the LDP. Examining the agendas of these groups, how they translate and articulate the interests of their “constituencies,” and their stances on important age-based issues, especially those pertaining to labor, would do much to bring this research to the next level. As Thomas (2001, 7) says, “Generally, it has been held that groups provide a mechanism through which citizens who have a *shared attitude* or a *shared interest* can come together and

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<sup>19</sup> Within parties there are often leagues specifically for youth or older generations. The Greens in Germany have a league for older members and several parties in Japan, like the DPJ, have youth leagues. These appear irrelevant in pushing policymaking but might be important for increasing political participation of these segments in the future.

channel their collective resources into political action.” Interest groups and social movements are present in these states and in some cases numerous. For example, there are over 1,000 registered interest groups that lobby the Bundestag and their main entry points are committees. However, they currently do not play a pivotal role in this type of policymaking.

One similarity in party politics that came up in Germany and Italy but not Japan was the focus of the communist, or former communist, parties. The Left (in Germany) and Rifondazione Comunista (RC) in Italy both appealed exclusively to older workers and retirees. Because communism likely resonates more with older generations, for whom the ideology is fresher and more real, the similarities between the platforms of The Left and RC might be because those parties are catering to their bases. In Japan, however, the Japanese Communist Party (JCP) makes a broad appeal to all generations and seems to focus more on non-age related issues, such as preventing Japan from revamping its constitution to give more power to the Japanese Self Defense Forces. Likely, there is something fundamentally different about the former communist parties in Germany and Italy than in Japan but this is another potentially fruitful area for research.

Another similarity between Germany and Italy was the importance of regional identities as a check on the emergence of cross-border age-based identities. In Germany, East-West differences were stronger than generational differences when we compared votes by region and by age. In Italy it was North-South differences that were more important. Germany’s federal organization crystallizes regional identities and gives them prominence in national policymaking; Italy is moving towards such an organization and we should expect that if Italy continues to decentralize, regional identities will only grow

in importance. In Japan, regional differences did not emerge as a major division but in the future it would be interesting to go even deeper to into local politics and compare rural with urban areas to see if there are differences in the ways parties target the two areas. This could likely be the case since rural areas tend to have higher proportions of elderly and youth are more populous in cities.

One of the two central foci of this study was the party system as the mechanism through which the interests of the population were translated and articulated. At the beginning, we hypothesized that in an aged state, a competitive multiparty system would encourage parties to differentiate their platforms and try to appeal to particular generational interests, such as those favoring youth, but not the old, or vice versa. In a one-party dominant system we expected to see that parties would do the opposite: they would try to appeal to the broadest segments of the citizenry and try not to alienate any particular age groups. Both Germany, as a multiparty system, and Japan, as a one-party dominant system, confirmed these hypotheses. Parties in Germany, such as The Left and the CDU, focused on specific age groups much more than others; in the case of the former older generations were the focus and in the case of the latter youth and families were the focus. In Japan, age-based issues were certainly a large part of all of the parties' platforms, but they all made broad appeals rather than focusing on families or the aged only. It is interesting that in Japan all parties, not just the biggest (the LDP), used broad appeals. Likely, they did so because coalitions are important in Japanese politics and even smaller parties would be joining their larger partners, but further research is needed to determine whether or not this guess is correct.

Italy did not exactly fall in line with either hypothesis. Because of the increasingly bipolar coalitions in Italy and its competitive multiparty system, I expected to see a little of what was happening in both Germany and Japan—parties would appeal to niche interests like they did in Germany and coalitions would appeal to broad interests, like the more limited system in Japan. But this proved to be incorrect. Coalitions tended to have platforms similar, if not identical, to the most dominant party of the coalition. And, while some parties focused on particular generational interests, a few either made broad appeals or ignored age issues altogether. Why would that be? One reason likely has to do with Italy's chaotic party system. With parties frequently changing, perhaps it is too difficult to expect Italy to behave like a classic competitive multiparty system such as Germany's. The rapidly shifting system in Italy is certainly hard to pin down. To provide additional corroboration for these hypotheses, then, cases should be included that have stable systems where we can study party politics without worrying about too many complicating factors.

Somewhat surprisingly, Japan was the only country in which major differences by age emerged with the way the population responded to the parties. In Germany, we expected that youth would be attracted to the parties that supported their interests, such as the CDU and FDP, and that The Left would be most popular among the aged. Instead, voters of all ages showed increasing support for The Left out of protest against the policies instituted under the SPD, especially the Hartz reforms, which were also supported by the Greens and the CDU. And citizens did not necessarily receive the messages the parties were sending out along age lines. For example, a significant number

of citizens thought that The Left was the best party for family policy, even though their platform dealt almost exclusively with retirement and pension issues.

In Italy, though there were some differences in support by age there was no clear pattern. Rather than seeing support for particular parties wax or wane when moving from younger to older voters, a party might be popular with every other age group. Again, we can only conclude that the fractured and chaotic nature of Italy's party system makes it difficult to study generational response. Considering that parties often change annually, any survey that asks citizens about their knowledge of parties may be faulty—it is a lot to expect of people to be aware of all of these changes.

In Japan, though, differences did emerge. The LDP was much more popular with older voters than younger voters and the NK was much more popular with younger voters than older voters. When considering these two parties together, though, (which makes sense since they joined together in government) support for the block of the two was even across the age groups. Support for the DPJ was even across age groups as well. One important thing to consider for Japan is that just because today's older voters prefer the LDP does not mean that tomorrow's will so we are likely to see support for the LDP decline as their traditional supporters pass on, unless the LDP is successful in changing their image to appeal to younger voters. An additional wildcard for Japan, especially, would be if its electoral system changes to introduce more PR seats. As we have seen throughout the chapters, under PR rules smaller parties fare better. As some have argued, Japan has begun to move from a one-party dominant system to a two-party system, and smaller parties are consistently able to gain a few seats. If the playing field evens and

Japan becomes a competitive multiparty system then parties may change their platforms and appeal to niche voters to gain representation, much as they do in Germany.

Though this study has focused on party system, the electoral system is intimately connected with the party system. The electoral system within which the parties operate matters as well because the system connects citizens' preferences to the policies governments enact. Gallagher and Mitchell (2005, 4) describe all of the ways the electoral system matters:

They may make a big difference in the shape of the party system, to the nature of government (coalition or single-party), to the kind of choices facing voters at elections, to the ability of voters to hold their representative(s) personally accountable, to the behaviour of parliamentarians, to the degree to which a parliament contains people from all walks of life and backgrounds, to the extent of democracy and cohesion within political parties, and, of course, to the quality of government, and hence to the quality of life of the citizens ruled by that government.

Newell (2000, 29), says “Electoral systems influence the characteristics of party systems not only *directly*—by determining the manner in which votes are translated into seats—but also *indirectly* by creating a structure of opportunities and constraints for parties in the pre-election period” (emphasis in original). Since at least the early 1990s, Germany, Italy, and Japan have all undergone major changes in their electoral systems and in the strategies and platforms of their major parties. If the electoral systems change once again, the entire nature of party politics will also likely change.

One related factor that could be an area for future study is that people vote differently in local, regional, national, and EU elections because citizens take into account not only the party's position when voting, but also the powers allotted to the office for which the election is being held. “To the extent that separation of powers



exists, institutions controlled by different parties can satisfy citizens' preferences on different issues" (Colomer 2001, 142). This study has just cracked the surface of party politics in Germany, Italy, and Japan; peeling back another layer by looking at politics on a more local level could reveal different, but equally interesting, dynamics.

Along these lines, another point of comparison is the involvement of youth in the political process. In all three countries, political party membership is waning, especially among youth. But it is in Japan that youth appear the most apathetic. While many cite youth apathy as a danger for the emergence of policies that exclude the interests of youth, there was no evidence to indicate that this is on the horizon. Rather, in all three countries, parties either courted youth as voters outright or, in the case of Japan, sought to entice them into the political process, even proposing lowering the voting age. Thus, fears that youth apathy will be the political downfall of that generation appear unfounded.

### ***Globalization***

Our final point of comparison is the other pillar of this study—labor policy. The most vocal commentators on population aging warn that within aged societies policies are likely to increasingly favor the interests of the aged and exclude youth, primarily because larger older cohorts can exert political influence and see that outcomes favor their interests. The review of party politics shows that parties are not moving in the direction of favoring these large blocks of voters to the exclusion of youth, nor are citizens aligning along age lines in order to maximize their influence. If age groups aren't able to present the kind of influence these commentators suggest, then perhaps their prognostications about policies are also wrong. Indeed, labor policy proved a useful area of policy to explore because it involved the interests of all age groups—youth, prime-age workers,

older workers, and retirees—and showed that more often than not youth were increasingly benefiting from the most recent reforms. In Germany, older workers were disproportionately disadvantaged by the Hartz reforms and other reforms to labor policy. In Italy, though youth unemployment is much higher than that for older groups, the government has been taking an active role to increase opportunities for the youngest Italians. In Japan, the inflexible employment system actually protects prime-age male workers the most, leaving youth, older workers past mandatory retirement age, and prime-age women disadvantaged. Trends for young and old seem to move in tandem and policies to make the workplace more flexible are designed to benefit both young and old.

This leads to an important reflection: Why would we ever expect that countries would focus on policies that benefited the old by making retirement ever more generous? Of course, the answer is politics—the ability of older voters (or their interest groups) to come together and exert such a great influence that economically unsound policies like lower retirement age or more generous pensions are put through. But the similar trajectory of policies in all three cases may mean that pressures on labor in the context of globalization are even greater than the pressures of population aging. In the cases of Germany and Italy, the EU provided an important pressure to see that what voters or outside groups might push for mattered little. Germany needed to reduce its unemployment rate and decrease its generous benefits in order to meet the Lisbon criteria. So, the political parties excluded the social partners from negotiations over the Hartz reforms. This likely could not have happened in a place like the United States, where interest groups exert such tremendous influence over politicians. In Italy, desire to enter the European Monetary Union (EMU) and meet the Lisbon goals meant that

politicians pushed forward the most economically-sound proposals they could get away with, ones that would increase retirement age and cut pension spending. But what we saw in Italy was that unions and industrialists supported these moves, to some extent. Because low retirement age and generous pensions are unsustainable in an increasingly aged society such as Italy's, politicians and the social partners had the foresight to realize that these reforms were necessary, even if they went against the wishes of older workers and retirees. Have we then learned that economic calculations are more important than political calculations? It seems so, at this point. In all three cases the government appears to be trying to do everything possible to bring in underutilized segments of the labor market—youth, older workers, and women—in order to make up for labor shortages caused by population aging.

Of course, another possibility is that aging isn't so important because it pushes policies to increasingly favor the aged, but because it creates a backlash that pushes policy in the other direction, whether to make up for changing demographics or create conditions that might raise fertility. This is another fruitful area for future inquiry. To some degree, both backlash and external pressures are likely driving policy change that increasingly favors youth and supports families. While it might be tempting to draw an immediate causal arrow and say that backlash against aging in Italy is responsible for this reversal, the reality is much more complicated. Upon closer inspection we see that Italy has only instituted these reforms in response to pressure from the EU, most notably in two phases: one after signing the Maastricht Treaty in 1992 to join the European Monetary Union (EMU) when they needed to reduce their deficit; and second with the Lisbon strategy handed down by the EU where member states must comply with

suggested reforms by 2010. On a broader level, though, one could argue that population aging is in fact what drove the EU to institute the Lisbon strategy in the first place, since European leaders have demonstrated an awareness of population aging in Europe and an understanding of the necessary policy changes that must be made for Europe to continue to thrive and grow economically despite age structure changes.

In what direction are policies like to move in the future? In Italy, at least, policies are likely to continue to try and bring in underutilized segments. Italy is still far behind the Lisbon employment target of 70 percent and will need to greatly increase women's employment to reach this goal. The growing consolidation of the EU will also likely continue to be an influence. According to The Left in Germany, "In Europe the free movement of capital, the displacement of production sites and the migration of labour are normal and reflect the neo-liberal orientation of European integration manifested by the Maastricht Treaty" ("Founding programmatic document of the political party DIE LINKE" 2007, 4). The EU says that member states' policies must reflect a desire for the social market economy, and sees unemployment as a huge problem that affects young people, women, migrants, and older workers between ages 55-64 most ("European values in the globalised world" 2005, 5). Germany's policies, supported by all parties except Die Linke, seem to reflect the EU's suggestion that, "We want more people to work, productively for longer" ("European values in the globalised world" 2005, 10)—German parties are certainly asking that of their citizenry. The EU also says that member states should: "Raise employment rates and reduce unemployment, particularly through active labour market policies and promoting flexibility and adaptability designed to protect people rather than jobs" ("European values in the globalised world" 2005, 14). And

states should also “offer family friendly policies which address the low birth rates in the EU and offer affordable care for children, to increase the possibility for women and single parents to enter and stay in the labour market” (p. 14).

When we examine the text of the Lisbon Action Plan, Germany’s and Italy’s labor reforms that disfavor older workers make sense, as the Lisbon strategy is tough on older persons.

Table 5.1 – Main points of the EU’s Lisbon Action Plan:

- Use Active Labor Market Policies (ALMPs) to create incentives for employment
- Restrict unemployment benefit
- Increase female labor market participation by offering childcare and leave for both parents
- Provide apprenticeships and training to reduce youth unemployment
- Develop active aging strategies to prevent early exit from the labor force, such as higher retirement and fewer restrictions on pension benefits with part-time work

Source: ("Lisbon Action Plan " 2005)

Though so far the desire to institute sound and sustainable economic policies and follow the mandate of the EU has been an important factor in the most recent policies of Germany and Italy, whether or not this will continue—or a backlash against these moves may occur—is uncertain. Some parties in both countries speak out against these neo-liberal reforms and there are definitely segments of the population in each state who support these parties stances. The Greens in Germany, for example, argue that “The EU must relinquish the neo-liberal fixation of its economic policy and play an even more active international role in the social and ecological management of globalization” ("The future is green: Alliance 90/The Greens: Party Program and Principles" 2007, 13). They also say that “In an ecological and social market economy, one basic principle is that an individual should not make profits at the cost of society as a whole” (p. 37).

There is at least one more factor to consider behind changes in labor policy regarding how governments were able to get these reforms passed despite that the reforms went against the direct interests of large blocks of voters—that is the Nixon goes to China factor. Some argue that only Dini and Prodi could have possibly passed the reforms that the unions opposed because they were not seen as antagonistic to the unions—Dini was a technocrat and Prodi was a leftist leader:

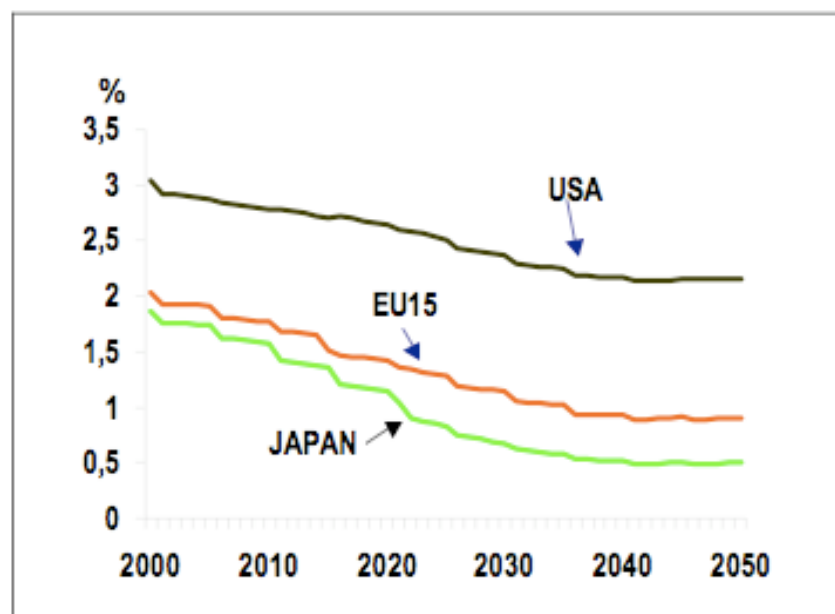
Just as it took a hyper-conservative politician such as Nixon to persuade the American Congress to normalise relations with China, it is easier for left-wing parties to persuade trade unions to reform the welfare state (Ross 1998)...During the 1990s, the 'Nixon goes to China' approach was adopted by many other European centre-left governments, which justified their reforms as measures aimed at substituting past 'vices' (overly generous pensions, passive unemployment benefits, poverty and unemployment traps, and so on) by means of new 'virtues' (such as a contributory pension formula, funded forms of financing, active labour policies, fight against social exclusion, etc.) (Levy 1999a, 1999b)" (Ferrera and Gualmini 2004, 137).

The "Nixon goes to China" factor applies with the Hartz reforms as well, as the center-left SPD was the party in charge during the legislation. The reforms possibly would not have passed if the center-right CDU had led the way.

What is likely to happen in the future? Labor policy in all three countries has been moving in the direction of liberalization, guided by the principle that the more flexible the labor market, the more employment opportunities there will be for underutilized segments of the labor market. The following table provides a summary of employment protection within the OECD to demonstrate that there is wide variance among the countries, and thus room for additional change. Figure 5.1 supports the idea that future change is needed.

Population aging reduces the number of workers relative to dependents. When there are fewer workers, states have less tax revenue but more obligations to pay entitlements to dependents. The EU estimates that “Under current policies, projections suggest spending, for example, for age related spending on pensions, health and long-term care will increase by between 4 and 8% of GDP in coming decades. Some EU countries may face even higher increases” (“European values in the globalised world” 2005, 9). By being proactive with labor policies these states may be able to forestall the negative effects of population aging.

Figure 5.1 – Impact of aging on potential economic growth rates



Source: (“European values in the globalised world” 2005, 10)

Table 5.2 – The strictness of employment protection, 2003

Level-2 OECD indicators<sup>20</sup>

	Regular contracts			Temporary contracts		Collective dismissals	Overall indicator
	Regular procedural inconveniences	Notice periods and severance pay	Difficulty of dismissal	Fixed-term contracts	Temporary work agencies		
Australia	1.5	1.0	2.0	1.3	0.5	2.9	1.5
Austria	2.5	0.9	3.8	1.8	1.3	3.3	2.2
Belgium	1.0	2.4	1.8	1.5	3.8	4.1	2.5
Canada	1.0	1.0	2.0	0.0	0.5	2.9	1.1
Czech Republic	3.5	2.7	3.8	0.5	0.5	2.1	1.9
Denmark	1.0	1.9	1.5	2.3	0.5	3.9	1.8
Finland	2.8	1.0	2.8	3.3	0.5	2.6	2.1
France	2.5	1.9	3.0	4.0	3.3	2.1	2.9
<b>Germany</b>	<b>3.5</b>	<b>1.3</b>	<b>3.3</b>	<b>1.8</b>	<b>1.8</b>	<b>3.8</b>	<b>2.5</b>
Greece	2.0	2.2	3.0	4.5	2.0	3.3	2.9
Hungary	1.5	1.8	2.5	1.8	0.5	2.9	1.7
Ireland	2.0	0.8	2.0	0.8	0.5	2.4	1.3
<b>Italy</b>	<b>1.5</b>	<b>0.6</b>	<b>3.3</b>	<b>2.5</b>	<b>1.8</b>	<b>4.9</b>	<b>2.4</b>
<b>Japan</b>	<b>2.0</b>	<b>1.8</b>	<b>3.5</b>	<b>0.5</b>	<b>2.0</b>	<b>1.5</b>	<b>1.8</b>
Korea	3.3	0.9	3.0	0.8	2.6	1.9	2.0

<sup>20</sup> Indicators range from zero (least strict) to six (most strict)



Mexico	1.0	2.1	3.7	2.5	5.5	3.8	3.2
Netherlands	4.0	1.9	3.3	0.8	1.6	3.0	2.3
New Zealand	2.0	0.4	2.7	1.5	1.0	0.4	1.3
Norway	2.0	1.0	3.8	3.3	2.5	2.9	2.6
Poland	3.0	1.4	2.3	0.0	2.5	4.1	2.1
Portugal	3.5	5.0	4.0	1.8	3.8	3.6	3.5
Slovak Republic	5.0	2.7	2.8	0.3	0.5	2.5	2.0
Spain	2.0	2.6	3.3	3.0	4.0	3.1	3.1
Sweden	3.0	1.6	4.0	1.8	1.5	4.5	2.6
Switzerland	0.5	1.5	1.5	1.3	1.0	3.9	1.6
Turkey	2.0	3.4	2.3	4.3	5.5	2.4	3.5
United Kingdom	1.0	1.1	1.3	0.3	0.5	2.9	1.1
United States	0.0	0.0	0.5	0.0	0.5	2.9	0.7
OECD average	2.2	1.7	2.7	1.7	1.9	3.0	2.2

Source: OECD (2004a), *Employment Outlook*, Paris. In (117"Ageing and Employment Policies: Germany" 2005)

### ***Other factors to consider***

But what about another major solution to labor shortages, immigration? One aspect of population that this study excluded (in the interest of focusing on age) was immigration, but that is often a solution put forth to solve labor shortages from aging. In none of the three cases does immigration appear poised as the next step in labor policy. In Germany, Italy, and Japan, there is still significant cultural bias against outsiders and though some liberalization has taken place in all three states, borders have not been opened to let immigrants in en masse and politicians show no signs of moving in that direction. Rather, in all three states politicians seem more eager to bring in under utilized *domestic* sources of labor, such as women, rather than looking beyond the borders. Finally, though in this study I have used the term generation to mean age group, it might also be appropriate to think about the influence of cultural generations in the cases as well. Though the reviews of Italy and Germany in previous chapters have shown that regional identities are more important than cross border age-based identities, it is possible that as older generations who grew up and lived during a time when these identities were more important die, younger generations may have a different experience. In Germany, older people have strong memories of life under a divided Germany. We have seen that the former communist party, The Left, is more popular in the East, and among older people. As older cohorts there and in West Germany pass on young people may not show the same support because the message of a post-communist party may not resonate with them. However, I do think it is important that Germany's regional identities are crystallized in the formal institutions through federalism. This legality means that even if there

are cultural forces sweeping away divisions between Länder, there will still be legal institutional reasons why regional identities stay important.

The case of Italy could be different, however. There is no formal federal organization to ensure that North-South differences remain, and that they continue to impede age-based factions. Yet, these identities show no signs of abating. We must still be open, however, to the possibility that as aging intensifies new identities based on age may crop up.

In Japan the idea of a political generation is a bit different. As the preceding chapter demonstrated, youth in Japan are very apathetic and much less involved in the political process than older generations. As these more active older generations pass on, it remains to be seen what will happen politically in Japan. Will the apathy of the population permit the government to have free reign in designing policies they believe are in the best interest of the state? And in whose best interest will that be?

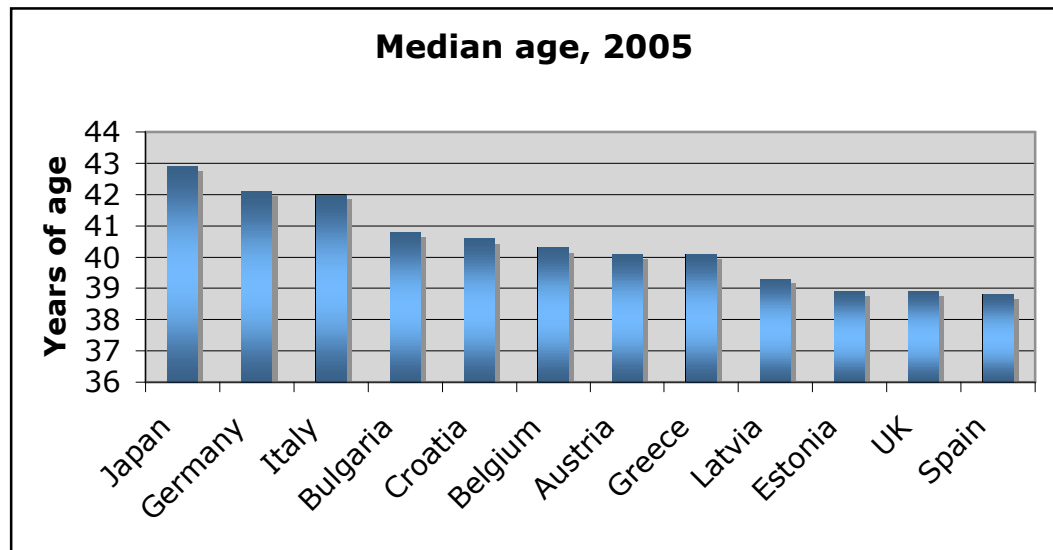
## **Projections**

The populations of Germany, Italy, and Japan are nowhere close to the peak of their aging. Even if fertility were to rise significantly (and that is not likely to happen) there are so few potential mothers in the cohorts who have already been born that the populations will continue to shrink and age for decades. We cannot be sure at what point we are in the spectrum of aging, but if fertility continues at current levels, in Japan the median age will be over 50 years in 2025 and over 52 years in 2030. In Italy the median age will be 49.7 in 2025 and 51 in 2030; and in Germany the median age will be 48.3 in 2025 and 48.9 in 2030. The number of youth who are entering the labor market each year will be shrinking as the number of retirees grows. In Japan,

the age group 15-24 will go from 11 percent of the population in 2005 to 8.8 percent in 2030, while the proportion over 60 years will be almost 38 percent by then. In Italy and Germany, only 9 percent will be aged 15-24 by 2030, while 36 percent will be over 60. While the average age of exit from the labor force is around 67 in Japan right now, it is just above 60 in Germany and Italy ("World Population Prospects: The 2006 Revision Population Database" 2007). Unless it begins to rise in these latter two countries the budgets of those states will be under even more strain and social spending will become even more imbalanced.

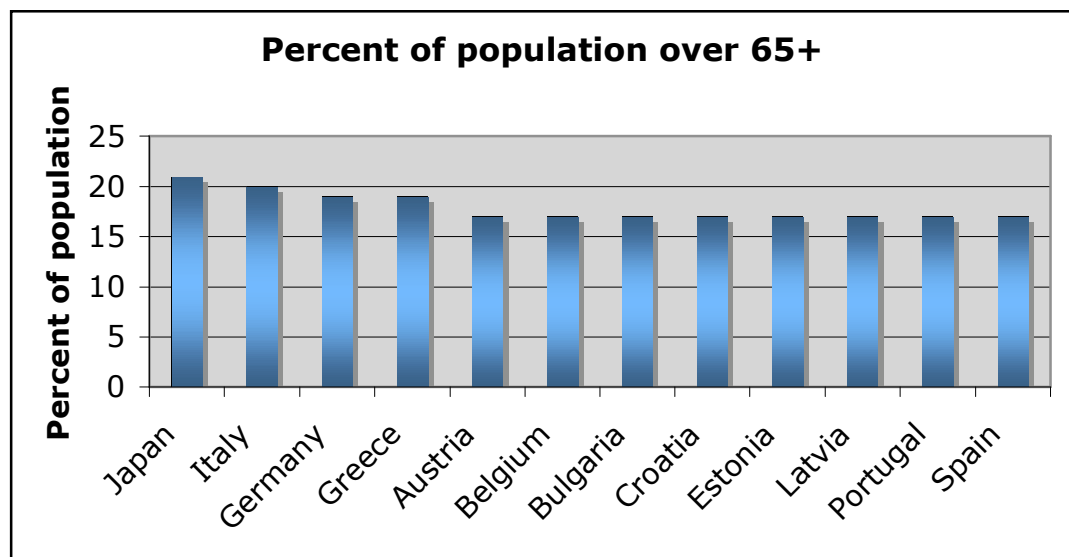
But what about other countries that are aging? Though the most advanced, Germany, Italy, and Japan are certainly not the only aged states in the world. Spain is also one of the fastest aging states. The median age there was only 38.8 in 2005 but will be on par with the cases in this study within a couple of decades—their median age is projected to be 47.6 by 2025 and 50 by 2030. Greece is also very aged and could be a potential future case study. Though France has a unitary organization that would provide a nice counterpoint to the federal organization of Germany, France has taken a very active role in pronatalist policies for many years and will reap the benefits of that in the future. Because of their relatively high fertility (around 1.85), their median age will be only 42.5 in 2025. The following figures show the most aged states by median age and percent of the population over age 65.

Figure 5.2 – Median age, selected states, in 2005



Source: ("World Population Prospects: The 2006 Revision Population Database" 2007)

Figure 5.3 – Percent of population over 65 years, selected states, 2005



Source: ("2007 World Population Data Sheet" 2007)

## Conclusion

As mentioned in Chapter 1, this study should be seen as the beginning of a conversation, not the definitive answer about the politics of aging in Germany, Italy, and Japan. While the reviews of party positions and the ways they target age have shown us that there is some degree of generational politics in Germany and Italy, many questions remain unanswered. To this end it is now time to try and move the conversation forward. I have plans to do this in a few ways, one of which includes expanding to examine the issues raised in this chapter. Most importantly, I am planning a large-scale survey and interview series for the members of the German, Italian, and Japanese parliaments to understand more about how parties try to both articulate the interests of their changing constituencies and target citizens for support. Without the work to date there would not be a solid enough foundation upon which to begin to ask the right questions about aging politics but this study has illuminated several important relationships, namely that between labor and aging politics. Thanks to an external funding source, this survey and subsequent interviews will allow me to tease out the relationships between labor policies and generational politics during my interviews. These surveys and interviews, along with the work done in this study, will add significant detail to our understanding of the political consequences of population aging.

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