Generation, age, or class?
Cleavages and conflicts in aging societies

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The Future of Welfare in a Global Europe
Austrian Academy of Sciences
15 September 2014
Overview

2. Generational cleavages
3. From cleavages to conflicts: Generational mobilization
4. Class: A come-back?
5. Conclusion: Generations… or class?

• The „social question“ in the industrializing world at the end of the 19th century: Integrating the newly forming industrial proletariat
• Has been achieved through the institutionalization of a stable, well-funded and predictable life course:
  • labor market careers
  • welfare state and institutionalization of retirement
• The new „social question“ at the beginning of the 21st century: Maintaining the „generational contract“?

→ From class conflict to generational conflict?
  But...
    - other „new“ cleavages (e.g., gender, ethnicity)
    - persistence of „old“ cleavages (class, religion)
The public „generational contract“

• 1950‘s: Concentration of poverty in old age; retirement as „structured dependency“ and social exclusion
• Welfare state expansion: Supporting the „dependent“ periods of the life course (childhood/youth and old age) through the contributions and taxes of the „active“ population
• Public pensions (and health insurance) for the elderly, family benefits and education for children/youth
• Today: increasing importance of family benefits – but still large imbalance in favor of the elderly (ratio old:young in EU ~ 3:1)

→ Is this a problem?
Challenges and „reforms“

- Traditional fear of population decline and societal senescence – but quality vs. quantity of human capital!
- Still… the challenges are real:
  - Population aging threatens the fiscal sustainability of pensions
  - Open economies compete for their productive investments and tax base
  - From welfare states to „competition states“?
- Pay-as-you-go pension systems are sensitive to demographic change (longevity, relative cohort size)
- But funded and market-based systems also have a demographic component! (claims on future societal production)
Age and generation

• Family generations vs. social-historical generations (cohorts)
• Age group vs. generation: Need for conceptual distinction! (age groups have changing membership, generations/cohorts have fixed membership)
• Public redistribution over the life course (consumption smoothing) → life course profiles of benefits and taxes/contributions
• Legitimacy and distributional justice:
  • Differences among age groups are unproblematic (except for differential longevity)
  • Differences among generations are always problematic

But... generational differences are the rule rather than the exception!
2. Generational cleavages

- Historical watersheds (wars, economic crises, system changes)
- Macrostructural change (demography, economy)
- Cultural change (gender revolution, individualization, technological innovation)
- Changes in the institutionalized life course (age-graded experiences, obligations and entitlements)
Income cleavages: Age groups and/or cohorts?

• Relative equivalent disposable incomes of children and the elderly are below those of the active population

• Young adults (18-25) have lost ground from the mid-1980‘s to the mid-2000‘s: structural effect (rising tertiary education) or labor market effect (more precarious employment)?

• Incomes of the (young) elderly have grown until the mid-1990‘s in most countries, but still remain below those of the active population

• The „old old“ (75+) are the most disadvantaged age group (feminization?)
Poverty by age groups/cohorts

- Poverty rates vary massively among nations (liberal vs. social-democratic welfare regimes)
- Children and the elderly fare worse than the active population in most countries
- Poverty has increased among children and young adults in most countries
- Welfare states have succeeded in mitigating economic cleavages, but there is still a potential for conflict

→ policies should be targeted towards children
→ but no reason to strip the elderly of their benefits
3. From cleavages to conflict: Generational mobilization

• Difficult because temporal boundaries of generations / cohorts are unclear
• Difficult because generations are internally differentiated (class, religion, ethnicity, gender...)

Still...
→ Major revolutions have been driven by youth movements (Bolshevist, Fascist, Arab Spring)
→ Generational elites as carrier groups
→ Will this be likely for the new welfare generational conflict?
Political behavior: 
Age group and/or cohort differences

- Attitudes on social policy issues (pensions, education, unemployment): Modest age differences
- Issue voting (Bonoli & Häusermann 2009, CH): Modest/substantial age differences
- Political participation: Very substantial age differences („traditional“ vs. „new“ participation)
- Party voting: No (US) or counterintuitive (Germany) age differences
- Young parties, grey parties?

→ No evidence for gerontocracy
→ Some age/cohort cleavages, but little mobilization so far (with some exceptions: Spain, Italy…)
Attitudes to spending on pensions (ISSP 2006)

Net public opinion, percent

- France
- USA
- Switzerland
- Germany
- Canada
- Australia
- New Zealand
- Japan
- Denmark
- Sweden
- Norway
- UK
- Finland
- Spain
- Portugal
- Ireland

Retired
Not retired
Attitudes to spending on education
(ISSP 2006)
Attitudes to spending on unemployment (ISSP 2006)

New Zealand  France  Australia  UK
Sweden  Denmark  Norway  Japan
Switzerland  Canada  Germany  USA
Finland  Portugal  Spain  Ireland

Net public opinion, percent

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Vienna, 15 Sept 2014
Why are age/generation conflicts not more salient?

(I) Mediating political institutions

- Parties and unions: Dilemmas of grey membership and grey power
- Solution through special groups → Internalizing age conflicts
- Age conflicts on the open political market: Grey parties (e.g., Netherlands, Slovenia, Serbia), youth-based social movements (Pirates, Grillini)
Why are age/generation conflicts not more salient?

(II) Family relations and transfers

- Nuclearization of the family household… but this is not the whole picture!
- Family is the prototypical institution of age and generational integration!
- Family relations between adult generations in Europe and North America:
  - Low co-residence (except in Southern Europe), but high geographical proximity
  - Emotional closeness, social support
  - Low prevalence of intergenerational family conflicts
- Financial transfers (Kohli & Künemund, German Aging Survey 1996)
  - Elderly parents are net givers: Net *inter vivos* transfers = 9 % of yearly pension sum
  - Oriented towards special needs of children (parental altruism)
  - Bequests/inheritance
- Volunteering and family activities of the elderly
  (21 % of yearly pension sum)
Balance of financial transfers and social support between parents and adult children by age of parents and welfare regime
Transfer strategies:
Parent-child co-residence vs. monetary support
Albertini & Kohli 2012 (SHARE 2004)

<table>
<thead>
<tr>
<th>Region</th>
<th>% parent-adult child co-residence</th>
<th>% given transfer to non-coresiding child</th>
</tr>
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<tbody>
<tr>
<td>Nordic</td>
<td>4.7</td>
<td>21.0</td>
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<tr>
<td>Continental</td>
<td>11.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Southern</td>
<td>30.7</td>
<td>8.2</td>
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Median age of leaving home for female birth cohorts
Billari & Liefbroer 2010 (ESS 2006)
4. Class: A come-back?

- The end of the end-of-class discourse:
  Growing income and wealth inequality within the rich countries
  (*Klasse an sich*)
- Increasing public attention to it
- But growing difficulty in mobilizing these cleavages
  (*Klasse für sich*):
  Individual vs. collective attribution of success and failure
Class inequalities in old age

• Cumulative advantage/disadvantage over the life course (Dannefer, O'Rand)
  → differences among individuals grow stronger with age
  → differences among social groups may also increase

• Children and the elderly: who will be hurt more?
  • labor market precarity leads to new poverty risks for young families
  • pension retrenchment leads to new poverty risks for the elderly
  • people with precarious work careers will be especially at risk in old age

• A growing elderly population is likely to increase class inequalities because important life course outcomes are socially stratified (income/wealth, morbidity/mortality, functional capacities, social inclusion)

• These class inequalities are deepened by welfare state retrenchment
## U.S. life expectancy differentials at age 65 (2010)
*(Olshansky et al. 2012)*

<table>
<thead>
<tr>
<th>Sex/Education</th>
<th>Whites</th>
<th>Blacks</th>
<th>Hispanics</th>
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<tbody>
<tr>
<td>Women, &lt;12 years</td>
<td>17.7</td>
<td>18.6</td>
<td>21.6</td>
</tr>
<tr>
<td>Women, 16+ years</td>
<td>21.7</td>
<td>20.3</td>
<td>22.4</td>
</tr>
<tr>
<td>Men, &lt;12 years</td>
<td>14.8</td>
<td>14.9</td>
<td>18.9</td>
</tr>
<tr>
<td>Men, 16+ years</td>
<td>19.7</td>
<td>18.5</td>
<td>20.7</td>
</tr>
</tbody>
</table>
Life expectancy differentials at age 65 for German men (2003) (Shkolnikov et al 2008)

• Among pension income quintiles, life expectancy at age 65 ranges from 14.9 to 18.5 years
• Slightly more favorable in estern compared to eastern Germany
• The mortality of manual workers is 35 % higher than that of salaried employees
• The mortality of those with mandatory public health insurance is 44 % higher than for those with private or voluntary public health insurance
• When all 4 characteristics are combined, life expectancy in the lowest group is 12.5 years, in the highest group 20.0 years
An increasing longevity gap
(Baker & Rosnick 2010)

For the top half of U.S. earners, life expectancy at current normal age of retirement (67) is projected to increase by 11 years from the 1912 to the 1973 birth cohort, but for the bottom half it will remain unchanged
A policy example:
Raising the age of transition to retirement

• Changing the age of retirement: an easy „parametric“ reform?
• Reversing the early exit trend: broadly accepted
  • EU goals (Lisbon/Stockholm agenda, 2000):
    50% employment rate of population aged 55-64
  • Has been partly achieved by 2010, with some laggards still <40%:
    BE, FR, IT, HU, SV, PL…
  • EU White Paper (2012):
    An Agenda for Adequate, Safe and Sustainable Pensions
• Increasing the age of retirement beyond 65: highly contentious
• Nevertheless: many countries have raised the statutory pension age – but with long kick-in periods and against sometimes massive public protests
→ Are these protests egoistic and unreasonable?
Retrenching the pension system – for whom?

• One argument for cutting Social Security is „that we should raise the retirement age (...) because people are living longer. This sounds plausible until you look at exactly who is living longer.“

→ Should we not let janitors retire because lawyers are living longer?

(Paul Krugman, Expanding Social Security, NYT 23/11/2013)
A current case: Germany under the new „grand coalition“

- A pension package that benefits various groups of the elderly:
  - Keeping in place the statutory retirement age of 67 (for a full pension)
  - but age 63 for those with at least 45 contribution years
  - minimum pension for those with a long but low contribution career
  - better disability pension
  - higher pension claims for mothers with children born before 1992

→ good intentions – problematic outcomes!
  - contribution-based or tax-based?
  - privileging the male worker elite?
The political agenda

• Increase labor market participation of all groups (women, unemployed, migrants…) at all ages before pension age
• Raise the statutory pension age?
→ Yes, but…
• labor market and social policy preconditions
  • health prevention
  • jobs for the elderly
  • life-long qualification
• accounting for care work (work-family reconciliation)
• accounting for precarious/interrupted work careers
• accounting for inequality (morbidity, life expectancy)
→ no one-size-fits-all solution!
→ need for precise assessment of outcomes!
5. Conclusion: Generations...

- Generational cleavages are substantial and growing
- But they are (so far) mediated by political and family institutions
- Generational mobilization is moreover inherently difficult
  → It may occur if the mediating institutions are weakened
...or class?

• Class cleavages are substantial and growing
• They become especially salient at older ages
• Class mobilization in old age is inherently difficult:
  • pensioners are (so far) hard to organize
  • class inequalities – such as in life expectancy – are (so far) hard to perceive
  • the emphasis on agency and choice in aging favors individual over collective attribution
→ It may occur if grey movements or parties take these cleavages on board