

**Population Aging and the Emerging Intergenerational Equity Debate In Europe:
Creating a Framework for Analysis**

Steven K. Wisensale, Ph.D.
University of Connecticut

Social Policy as if People Matter
Adelphi University School of Social Work
Garden City, New York
November 11, 2004

Steven K. Wisensale, Ph.D.
Professor of Public Policy
School of Family Studies
U-2058, 348 Mansfield Road
University of Connecticut
Storrs, CT 06269-2058

e-mail: steven.wisensale@uconn.edu

While our demographic concerns in the previous century focused primarily on the "population explosion" and various problems associated with migration from rural to urban areas, the twenty-first century is providing us with an entirely new challenge: world population aging. Longer life expectancies, combined with lower fertility rates, have produced a demographic profile in which developed nations have about the same number of children under age 15 as they have adults over 55. Consequently, we are members of a global society that is the oldest in the history of the world and we are getting older. In 2000, for example, the world's elderly population (aged 65 and over) grew by more than 795,000 a month. By 2010 the projected net gain will be 847,000 older people per month (U.S. Bureau of the Census, 2000). Put another way, the world population of those 65 and over was around 435 million in 2002, an increase of 15 million elderly since 2000.

But there is much more to say. According to Bengston and Lowenstein (2003), there are at least three facts associated with world population aging that we need to bear in mind as we study this emerging challenge and address its potential ramification. First, population aging is occurring in both developed and developing nations. Today, more than half the world's elderly (those 65+) reside in developing nations (59 percent, or 249 million people). By 2030 it is expected that this will increase to 71 percent, or 689 million people (United Nations, 1999; U.S. Bureau of the Census, 2000).

Second, Western European nations and Japan have the oldest populations in the world. It is expected that by 2030 most European nations will have elderly populations that constitute about 25 percent of the total. In Japan the elderly are expected to make up

nearly 30 percent of the nation's population by 2030 and one-third of the population by 2050 (Kojima, 2000).

And third, the aged are aging. That is, in most industrialized countries the fastest growing group of elderly residents are 80 years old or older. In 1996-97 the growth rate of the world's "oldest old" was a relatively small 1.3 percent. However, by 1999-2000 it had increased to 3.5 percent (Bengston and Lowenstein, 2003). By 2030 in Europe, almost 12 percent of all Europeans are projected to be over 75 and 7 percent are expected to be over 80 (U.S. Bureau of the Census, 2002). In Japan the percentages will be 17 percent and 12 percent respectively for those over 70 and 80 years of age.

However, the problem does not end there. Individual nations are experiencing shifts in their particular age structures that, ultimately, will affect their respective dependency/support ratios. This ratio represents the number of people under age 15 and over age 64 who are dependent on those who are usually participating in the work force (ages 15-64) and paying taxes to support the "too young" and the "too old." It is precisely at this intersection where questions concerning intergenerational equity are spawned. That is, how should resources be allocated across different age groups? And, who should pay how much, for what programs, to serve which populations within a given society? Or, put another way, will older people be perceived not only as obstacles to economic development, but also as societal burdens who divert needed resources away from other age groups? And what about young children in an aging society? Will they be viewed as a scarce national resource to be treasured or as one more minority group to be ignored?

Within the last year and a half major strikes and demonstrations have been organized in France, Italy, and Germany by pensioners or near-pensioners who are

concerned about proposed cuts in welfare programs that will affect them directly during their retirement years. Legislatures in all three countries have begun to explore the controversial issue of allocating resources across generations. Clearly, a debate over intergenerational justice that began in the U.S. nearly two decades ago has migrated to Europe.

The purpose of this paper is fourfold. First, to review the emergence of the intergenerational equity debate in the United States that still persists. How and why did it come about? Second, to explain how the concern over the allocation of resources across generations has surfaced in three European countries in particular: France, Italy, and Germany. Third, to explore the specific policies or strategies proposed by the governments in each of these three nations to address the intergenerational equity issue. And fourth, to discuss the feasibility of employing an analytical framework for analyzing the intergenerational equity debate in other countries.

These countries were chosen for two reasons. One, they were in the news frequently for having extremely low fertility rates, growing aging populations, and for major street demonstrations that protested government cutbacks and/or proposed tax increases to cover pension programs. For example, on April 3, 2004 hundreds of thousands of people in Rome, Berlin, and Paris marched in a coordinated protest against proposed welfare reforms in their respective countries. And two, these three countries spend the greatest percentage of Gross Domestic Product (GDP) on elderly persons in Europe and North America. The United States will serve as a reference point for the ensuing discussion since it has wrestled with many of the questions currently confronting European policymakers.

The Debate in the United States

Twenty-six years ago, in "The Graying of the federal budget," Robert Hudson (1978) identified the tremendous growth pattern in the expenditure of funds on the aged (more than a quarter of the United States' annual budget) and sent forth a warning about the impending backlash that would afflict the aging movement. Interestingly, one of the first indicators of an emerging backlash came in relation to defense spending, not in the form of an intergenerational equity question. In 1982 an economist in the Office of Management and Budget noticed the same "graying of the budget" as reported by Hudson and switched the commonly used metaphor of "guns vs. butter" to "guns vs. canes" (Binstock, 1992).

Reference to the generational equity issue would emerge soon thereafter. In "The Aged as Scapegoat" (Binstock, 1983) and *Age or Need* (Neugarten, 1982), two academically-based gerontologists echoed the alarm sounded by Hudson and, in doing so, identified the potential for intergenerational conflict. Later, others would introduce a new metaphor designed to simplify the problem: "kids vs. canes" (Minkler and Estes, 1984).

Although academics such as Hudson, Binstock, and Neugarten had issued warnings about a potential intergenerational conflict, the backlash had already begun in the private sector by the early 1970s. Following a Social Security tax hike and the adoption of COLAs (cost-of-living adjustments) in 1972, the business community launched a major campaign designed to destroy the public's image of Social Security as an insurance program. "Reconstructing Social security as an intergenerational tax rather than an insurance program became the goal for program opponents," stated Jill

Quadagno, "and under the guise of generational equity a new attack was launched" (1990, p. 637).

When the Federal Reserve Bank issued a special report on Social Security in 1972, the program was described as a "huge Ponzi scheme" (*Fortune*, 1973, p.53). Writing in *Forbes* in 1980, Jerry Flint noted that the elderly are living well, not in poverty, as most believe. "The trouble is there are too many of them --God bless 'em" (Flint, 1980). Bendix Corporation chairman William Agee predicted that "young and old will be pitted against each other in a fearful battle over the remains of a shrinking economy" (Ehrbar, 1980, p. 118). And by 1982, *Fortune* readers were being informed that "it is part of the sorrowful lot of the baby boom generation that it will have to finance both its parents' retirement and a substantial portion of its own" (Ehrbar, 1980, p. 118). More significant, however, the public debate was looming on the horizon.

In 1984, Richard Lamm, the former Democratic governor of Colorado, stated in a television interview that "older persons have a duty to die and get out of the way" (Slater, 1984, p. 1). In 1993 he made similar statements in the form of two provocative questions: "Is it not only fair, but desirable, to have a different level of care for a 10-year old than for someone who is 100?" And, "Should not public policy recognize that some people have far more statistical years than others?" (Lamm, 1993, p. 26). The controversy surrounding Lamm's statements spawned a much broader question that demanded greater attention: In an era that is often depicted as one with limited resources, are the aged receiving a disproportional share of those resources in comparison to other groups? Abbreviated, it became the intergenerational equity question, and soon numerous individuals and a variety of interest groups would participate in a very heated debate.

Daniel Callahan (1987), in *Setting Limits*, argued that limited resources should prompt policymakers to consider a health care rationing program based on age. Philip Longman (1987), in *Born to Pay: The New Politics of Aging in America*, concluded that an unfair burden was placed on the baby boom generation to support a growing aging population through Social Security and Medicare. Laurence Kotlikoff (1992), supported by Peter Peterson (1993), applied "generational accounting" in his analysis of the federal deficit. Created to measure lifetime tax rates (21.5 percent for those born in 1990 compared to 33.5 percent projected for those born in 1990), generational accounting in the United States means that the later people are born, the more they will work for everyone else and less for themselves.

From another perspective, Myles and Quadagno (1993), bolstered by Minkler and Robertson (1991), concluded that the intergenerational equity debate is merely a class war in disguise, designed to undermine the cross-class strengths of the old-age coalition and weaken the power of the elderly lobby. "The rhetoric of young versus old was promulgated by an elite group of policy makers, academicians, and business leaders with a stake in remaking public images of the elderly in ways that would support decreased social spending" (Minkler and Robertson, 1991, p. 19). Put another way by Binney and Estes (1988, p. 104), the intergenerational equity debate "permits abdication of the state from responsibility for human needs" and allows for "massive budgetary reallocations to defense and tax cuts for the wealthy."

Meanwhile, in the popular press the onslaught continued. Two *Newsweek* articles by Robert Samuelson (1988, 1990) concluded that not only are the elderly not needy, but we are pampering them. In the *New Republic* Henry Fairlie (1988) authored a story on

generational equity that referred to the old as "greedy geezers." *Forbes* Published an article in 1988 entitled "Consuming Our Children" (Chakravarty and Weisman, 1988), *Fortune* published "They Tyranny of America's Old" (Smith, 1992), and Paul Magnusson (1995) contributed an article to *Business Week* entitled "Victims of the Golden Years: Are Kids Shortchanged as Seniors Reap Vast Federal Benefits?"

Crossing over from academe, Nobel Prize-winning economist Gary Becker (1994) recommended that we "cut the graybeards a smaller slice of the pie" in order to address the federal deficit. He was joined by another academic two years later. In a *New York Times Magazine* article, MIT economist Lester Thurow (1996) strongly suggested that generous entitlements for the elderly at the expense of the young will produce the ultimate backlash: the birth of a revolutionary class." By the fall of 2000, more than 200 articles, books, and reports had been published on the topic of intergenerational equity and the debate continues - often framed as "young vs. old." For example, one day after winning his second term as President, George Bush announced that he would push for Social Security Reform in an effort to ease the burden on our children and grandchildren. However, this approach of discussing welfare spending in terms of intergenerational equity is not necessarily mirrored by events unfolding in other countries. A more detailed discussion of this issue follows below.

France

As a nation, France has been aging steadily for the last 50 years. A declining birthrate from 2.7 in 1950 to 1.7 in 2004, combined with an increase in life expectancy that will increase the average age today of 39 to 44 by 2030, has reshaped the nation's

demographic profile, gradually converting it from the classic pyramid to that of a pillar. Or, to put it somewhat differently, the dependency ratio of older people - those aged 65 and over as a proportion of those aged 20-64 - is expected to increase from its current rate of 25% to 50% by 2050. In short, there will be more retired people out of the work force than there will be younger people of working age to support them. By the 1990s this scenario became particularly problematic for France's pension system, which is based on a "pay-as-you-go" (PAYG) model in which those currently working pay for the pensions of those in retirement.

But the problem confronting France and other European countries extends beyond that of demographics. There are also major structural characteristics associated with the French pension system that exacerbate the dependency ratio. In a study of 11 OECD countries, Gruber and Wise (1999) explored the relationship between public pension program structures and the retirement decisions of older workers and reached three major conclusions. First, there is great disparity in the labor force participation rates of older workers across developed nations. Second, there is also much disparity across nations in incentives or disincentives for work at older ages. And third, perhaps most significantly, there is a strong correlation between retirement incentives offered by pensions systems and the actual retirement decisions of older workers.

With respect to France, it has one of the earliest official retirement ages at 60 and an income replacement rate of 91 percent for retirees, equaled only by the Netherlands, also at 91 percent. Also significant, there is an 80% tax on work past one's sixtieth birthday. Not surprisingly, the employment rate for France's 55 to 64 year-olds is 36 percent, one of the lowest in the OECD that averages 48 percent. And clearly, the fact

that at age 60, nearly 60 percent of France's workers leave the labor force cannot be explained by any means other than a pension policy that encourages and rewards such actions. Over time, and particularly during the 1990s, these two developments, a shifting demographic pyramid and a pension system that encouraged early retirement and burdened younger workers with higher taxes, changed both the content and tone of political debate in France.

Confronted with these realities in early 2003, Prime Minister Jean-Pierre Raffarin declared in an open letter to his fellow countrymen that "if we do nothing today, in 20 years our pensions will be reduced by a half. Our system no longer corresponds to the demographic reality" (British Broadcasting Corporation, 2003). Recognizing that the last attempt by a French government to reform the pension system in 1995 resulted in massive protests and a lost election two years later, France's center-right government moved forward with recommendations designed to force people to pay in more money over the years prior to collecting it in retirement. At the heart of the proposed reforms is a requirement that by 2008 public sector workers will have to pay contributions for 40 years instead of the 37.5 they pay now. Such a measure would bring them into line with the private sector, where the qualifying period was increased from 37.5 to 40 years in 1993. But by extending the qualifying period the government attempted to address two problems simultaneously: more revenues would be collected longer and less money would be distributed to retirees early.

This action in turn prompted a series of strikes and mass protests that crippled transportation, education, health and other public services. On May 13, 2003 between 1.1 and 1.8 million people participated in 115 demonstrations across France. On May 19th

700,000 French took to the streets again to protest the reforms. In June, 2003 Christophe Barbier in *L'Express* stated that France is suffering from "social malaria, a chronic disease that won't kill it but will sap all its strength." The reader should also be reminded that the summer of 2003 was extremely devastating for thousands of France's elderly who perished during a severe heat wave. Questions arose concerning the accountability of government and the responsibility of families in caring for the nation's elderly.

It is interesting to note that France's experience was fairly confined in comparison to the experience in the United States. In US it was framed as old vs. young and our debate has focused on social security and health care, France has concentrated on the affordability of pensions and the sharing of the costs. There's little evidence of intergenerational conflict. It has not been framed that way. The French have many universal programs, including health care and child allowances to name a few. Also, they have a long history of solidarity. So it appears this battle in France was in some ways a battle between the public and private sector. That's where the equity issue was fought, not between age groups.

Germany

As is the case in France and other OECD countries, Germany is aging and its future is gray. Today, every sixth German is 65 and older; by 2030, every fourth German will be over age 65. A steady increase in longevity, combined with a declining fertility rate, has produced a demographic profile that has spawned major political debates and economic challenges. For several decades, Germany has failed to maintain its reproduction rate. On average, German women of childbearing age have 1.3 children,

which is far below the 2.1 fertility rate that is required to maintain the German population at its current level. This continuing development has raised questions about the future viability of Germany's welfare system and focused greater attention on the allocation of resources across generations. Complicating matters further, and despite the nation's unification nearly fifteen years ago, significant discrepancies exist between the old East and West Germany. For example, a 10 percent unemployment rate in the former West Germany is doubled at 20 percent in the former East Germany.

Based on current trends, the United Nations predicts that Germany's total population could fall by nearly 14 percent by 2050 (United Nations, 2001). Put another way, the German population would be one-fifth smaller in 2050 than it is today. Among other things, such an outcome would have a massive impact on the economy, with the labor pool shrinking by 11 million or 27 percent, to just 30 million workers by 2040. If correct, the dependency ratio (those in the labor force supporting those who are not) will create a greater tax burden for workers and place more pressure on policymakers to reform a social welfare system that has been particularly generous to retirees. Compounding the problem was a history of early retirement in Germany (only French, Belgian, and Italian workers retire sooner), with a large majority leaving the work force prior to age 60. Consequently, by 2003, a new script was being written and the curtain was about to open for act one.

The major turning point came in March 2003, when Schroeder launched his "Agenda 2010" designed to revamp Germany's health, pension, and welfare system, as well as restructure its rigid labor market laws. Major protests by pensioners, near pensioners, university students, labor unionists, and the unemployed were organized

throughout the country. But despite one demonstration in Berlin that attracted more than 100,000 protestors, the Social Democratic Party (SPD)-Green Party coalition government sealed the fate of the German welfare state on December 19, 2003 when it adopted "Agenda 2010."

The reforms included three key components. First, to provide an incentive for people to keep working, taxes will gradually shift from taxing contributions made to the pension funds to taxing payouts that people receive in retirement. However, only half the payouts will be taxed at first, rising slowly to full taxation by 2046. Second, new incentives and disincentives were included to influence workers' retirement decisions. Although Germans can still retire early at age 60, those who do so will lose 3.6 percent of their pension entitlement for each year they retire before age 65. But for those who keep working after 65 they will be rewarded an extra 5 percent on their pension for each year they delay taking it. And third, in what may be the most radical reform of all, a "sustainability factor" was introduced. That is, future entitlements will be lowered if the system lacks the funds to pay for them. Actuaries will evaluate the system's financial status annually and calculate the amount individual beneficiaries can receive each year.

Three other components of the reforms include an effort to generate more flexible jobs for elderly workers, a plan to address the problem of a declining population by adopting an Australian-style immigration policy in which particular migrants are targeted and actively recruited, and a pilot scheme of creating all-day schools. Under the current system most children attend school half a day and/or are allowed a one-hour lunch break, which almost forces women to stay home and out of the labor force. This reform, combined with a major increase in the child allowance, are incremental steps that are

designed to encourage more women to have children and to leave home for work sooner after giving birth.

Similar to France and unlike the experience in the United States, Germany's "intergenerational war" appears to be on the periphery at this point. However, there is indeed growing concern about the flattening demographic pyramid and there is a legitimate fear that young and old generations may clash in the future. But for now, what Germany needs to do is to venture into areas of social policy where it has limited success in the past. For example, because of the Nazi legacy, family planning has not been embraced in Germany since the end of World War II. With respect to immigration, there too the success rate for integrating immigrants has been quite spotty to say the least. And finally, whereas many other countries have developed comprehensive family policies such as child-care and parental leave that enabled more women to enter the labor market, Germany has been a laggard. So, although Agenda 2010 may do its part to address Germany's current dilemma, other measures such as those discussed immediately above, deserve more attention.

Italy

Like France and Germany, Italy is trying to reform its pension system, which consumes about 15 percent of the Gross Domestic Product (GDP) - one of the highest in Europe. Also, as in France and Germany, pensions in Italy are financed through workers' wages. However, with a flattening demographic pyramid, produced by a collapsing fertility rate of 1.2 births, an increasing elderly population, and retirement laws that permit some workers to leave work in their forties, the system has become less and less

affordable. On average, Italians are now living 30-40 years beyond retirement, resulting in the shrinkage of the workforce simultaneously with an increase in the number of needy pensioners. If current demographic projections hold, 42 percent of Italy's population will be 60 or older by 2050. And, equally significant, Italy's total population is projected to fall from 57 million to 52 million by 2050. Although reforms in the 1990s linked pensions to contributions rather than salaries, the policy adjustments proved insufficient. Today, nearly 14 percent of Italy's national income is spent on pensions and the situation continues to grow worse, as the culture of early retirement persists. For men who have been contributing for at least 35 years, they can retire between the ages of 57 and 65.

More recently, the Italian government has attempted to address its demographic challenge on two fronts: boost the fertility rate and reform the pension system. With respect to the former, in 2003 cash bonuses were given to women who chose to have a second child. A year later the bonus was expanded to include the birth of the first child as well. Despite these efforts, skeptics continue to argue that cash is not the solution simply because many women do not want to assume the burden of working while taking on the responsibility of an additional child. Also, there is greater access to contraception and abortion and divorce is more common than it was just two decades ago. What is needed, critics argue, is a comprehensive family policy that is more sensitive to the demands of dual-earner couples.

The second strategy employed by the Italian government to address the nation's aging population was to reform the pension system. Prime Minister Silvio Berlusconi contends that Italians have no choice anymore and must be required to work longer. Otherwise, funding for state pensions will evaporate by 2030. Specifically, Berlusconi

has proposed that the legal retirement age be raised to 65 for men and 60 for women. He has also called for the work requirement for qualifying for a pension be raised from 35 years of work to 40 years and, to encourage employees to remain in the workforce longer, he offers a 30 percent bonus.

Similar to France and Germany, Italy's workers took to the streets to protest the proposed pension reforms, organizing two general strikes and threatening more. In October, 2003, the country's three largest labor unions orchestrated a national strike that resulted in planes idling on runways, trains not moving, schoolteachers playing hooky, and museum directors and thousands of others refusing to work - all united across generations in protest against the proposed reforms.

Undeterred, on July 28, 2004, Berlusconi won a vote of confidence in parliament for his reform plans with a convincing vote of 333 in favor, 148 opposed, and one abstention. The reforms are to take effect in 2008. The Prime Minister announced to the nation that not only would the reforms address Italy's pension crisis, but, combined with specific spending cuts, the plan would meet EU Stability Pact rules. Woven into the fabric of debate and often overlooked by outside observers was the fact that Italy was in the midst of a sluggish economy that also fueled labor unrest and brought many protesters into the streets.

Conclusions:

Discussed here were four countries that are confronted with major demographic challenges, all of which have had to wrestle to some degree with the emerging intergenerational conflict. However, the experience of each of the four countries differs.

In the United States, for example, where there is less of a history of national solidarity on social programs as is the case among European nations, the intergenerational equity issue was raised more blatantly. Framed in terms of "kids vs. canes," the debate to some was one more example of the United States being in the vanguard for addressing social problems while other nations, particularly those in Europe, chose to deny the demographic facts staring them in the face. But to others in the U.S. the intergenerational equity debate is little more than a skillfully produced smoke screen designed to gradually chip away at one more government program and ultimately destroy it. Social Security, once viewed as the "third rail of American politics" is now fair game for reform and is listed among the five goals to be achieved during George W. Bush's second term. Medicare reform waits in the wings.

In reviewing the experiences of France, Germany, and Italy, it was learned that the conflicts in each of these countries differ somewhat from that of the United States. For example, in France, rather than seeing an intergenerational conflict, we found instead a conflict between public and private pensioners. On the other hand, in both Germany and Italy, there was not so much a case of intergenerational conflict as there was opposition to the cessation of early retirement and dissatisfaction over sluggish economies. At times it is difficult to distinguish between the challenge of demographics and the malfunctioning of the economy that is both driving the reforms and explaining the reasons for them.

And lastly, it is clear that a major problem that must be overcome in three of the countries (France, Germany, and Italy) is an anemic fertility rate. Not surprising, in two of these countries (Germany and Italy) family policies are lagging in comparison to other European nations, thus offering few if any incentives for women who desire to have

children and also work. France is much better in this regard, thanks to a fairly generous child allowance policy and a very comprehensive and accessible child care program. Still, births are low even in countries that can be classified as "family friendly." But again, a dominant tradition in Europe that is lacking in the United States is a deep sense of solidarity. That is, whatever universal programs exist in the U.S. they tend to be geared to the elderly in the form of Social Security and Medicare. Such programs also become lightning rods for the opposition or for those who see major discrepancies between funding for the young versus the old. In Europe, however, where there is national health insurance, universal child allowance programs, and generous child care and parental leave policies, there is less fertile ground for intergenerational conflict to be cultivated.

Creating a Framework for Debate and Analysis:

The intergenerational equity question is steadily making its way onto political agendas throughout the world. Because of historical, political and cultural differences, and depending where nations may be on the continuum of economic development, the equity issue, if it emerges at all within a given nation, may take on a variety of forms. Therefore, it is difficult to design and apply a set formula to address it. However, in response to intergenerational conflict in the United States, Generations United (1992), an intergenerational organization formed to diffuse the divisiveness of the equity debate, has put forth seven guidelines and recommendations that other nations may find helpful. Each is presented and discussed below.

- 1. Avoid misunderstandings about the implications of population aging.* An aging society can create much anxiety. This anxiety, sometimes referred to as "apocalyptic

demographics," often revolves around the "dependency ratio," the number in the labor force compared to those under age 16 and those over 64. However, two points should be emphasized. One, this ratio is questionable because it fails to take into account the constantly changing labor force participation of women, the potential for the elderly to postpone retirement and work longer and the possibility of economic growth. And two, this ratio also tends to ignore the fact that policy makers can make a difference. Adjustments in monetary and fiscal policies, a shift in education policy that can affect worker productivity and a different focus on research can all help shape a different future than that projected. Demography need not be destiny.

2. *Recognize the diversity of the elderly population.* The elderly population in any nation is heterogeneous. They are rich and poor, strong and weak, "young old" and "old old," conservative and liberal, and at times burdens and contributors. Failure to recognize the heterogeneity among the elderly may lead to how social problems are defined and, therefore, ultimately determine how they are addressed. Stereotyping, particularly that which furthers certain political ends, such as a reduction of social programs, should be challenged.
3. *Be prepared to correct any misunderstanding about relations between generations.* Although examples of conflict between age groups can be found on occasion, even in the United States, which is in its second decade of debating intergenerational equity, such conflict is more the exception than the rule. In short, while there will always be some tension between various groups in society, the bonds between generations remain strong. For in the end, people understand that successive birth cohorts and generations (particularly within families) are interdependent. If the young generation

chooses to dismantle social programs for the old, it is also dismantling social programs for itself.

4. *Avoid using narrow and misleading definitions of fairness.* Although it may be desirable to achieve equity between generations, such an outcome would be fairly narrow in that it would not necessarily address other questions of social justice within a given society. For example, the idea that per capita public expenditures on children and the elderly ought to be equal sounds good, but it is probably not realistic. As Norm Daniels (1988) has argued, we all have different needs at different stages of our lives. Thus, to pit one age group against the other is not only unfair but it diverts attention away from other inequities that may exist. In the words of Robert Binstock (1985), the current preoccupation with equity between generations "binds us to inequities within age groups and throughout our society."
5. *Do not rely on limited measures to draw broad conclusions.* According to Generations United (1992), those who attempt to measure the various flows of resources between generations to determine the fairness to particular cohorts have set an impossible task for themselves (see Kotlikoff, 1992). Since each generation receives transfers from those that precede it and also gives transfers to those that follow it, to reach accurate conclusions about equity between generations would require finding answers to some very difficult questions. For example, how should the economic and social investments made by previous generations be valued? Should part of what is spent on the elderly be counted as a return on their investments in younger generations? Should part of what is spent on children be considered an investment in the future productivity of that society? And, even if one forgets about

the elderly, how should investments made in research, conservation, environmental protection and defense be allocated across age groups? Unless adequate answers can be provided for these questions, no major conclusions should be drawn about equity between generations.

6. *Avoid any misunderstanding about the common stake in social policies.* In the United States certain policy issues have been framed in terms of competition and conflict between generations. This way of framing the issue implies that public benefits directed toward the elderly represent only a one-way flow from young to old and that reciprocity between generations does not exist. Such an approach only fuels misunderstandings about the costs and benefits of programs directed towards the older population. An example of a policy that is intergenerational in structure is the Family and Medical Leave Act of 1993. Under the law, an employee may take time off from work to care for a sick child or a frail parent in need. For a nation to ignore the potential social and political benefits gained from carefully crafted intergenerational public policies is risky to say the least (Wisensale, 1988, 1991, 1993).
7. *Avoid participating in a zero sum game.* If the framework that pits young against old in a battle over scarce resources is accepted, it is assumed then that there exists a "fixed pie" from which only one slice can be cut - for either the elderly or the young. Such a zero sum game assumes wrongly that the limited pie cannot be expanded by economic growth or that slices devoted to military spending cannot be reserved for social needs, whether they be for the young or the old. Today, limited resources are a fundamental reality of all societies. However, it is important to remember that both

economic growth and various tradeoffs are still possible. "An approach to public policy that assumes that whatever resources are directed towards one age group diminishes the quality of life for another just does not square with reality" (Generations, 1992).

In 1999, the theme for the United Nations International Year of Older Persons was "Towards a Society for All Ages." Recognizing that the globe is graying rapidly, that this process is not confined to just the wealthier western industrialized societies, and that there is great potential for conflict between generations over limited resources, the United Nations adopted a plan of action designed to initiate and maintain a dialogue on this very important issue.

Meanwhile, the intergenerational equity question is gradually making its way onto the political agendas of nations throughout the world. Whether or not the discussion concerning this issue is always anchored in accurate information is, of course, another question. However, as nations attempt to shape their social welfare policies for the future, there are at least two fundamental questions that should be addressed. First, is intergenerational equity morally justified? And second, is intergenerational equity something towards which any society should strive?

It can certainly be argued that intergenerational equity is always morally justified. The real question, however, is whether or not it can be achieved politically at a reasonable price. Obviously, as has been discussed here in some detail, the fair allocation of resources between and among various birth cohorts and age groups is not an easy task. Nevertheless, theoretical models do exist and should be explored further. For example, Norm Daniels (1983) has developed a framework from the

work of philosopher John Rawls (1971) that could, in principle, justify age-based allocation or denial of resources according to an equitable distribution procedure over an entire lifespan.

With respect to the second question, intergenerational equity is definitely a goal towards which any society should strive. But equally important, the goal can also serve as a compass throughout the debate. To paraphrase Harry Moody (1982) in his discourse on ethics and long-term care, intergenerational equity should not be viewed as simply a code word for "smart politics" or "sound public policy" or become the latest buzzword of "politically-correct language." Instead, it should become a means to keep the debate going, to keep the dialogue responsible and, whenever possible, to guide us towards a better understanding of our societal principles and toward wiser decisions in our personal lives.

References

Becker, G. 1994. Cut the Graybeards a smaller piece of the pie. *Business Week*, March 28, 27-31.

Bengston, V. and A. Lowenstein 2003. *Global Aging and Challenges to Families*. Hawthorne, NY: Aldine de Gruyter.

Binney, E. and C. Estes. 1988. The retreat of the state and its transfer of responsibility: The intergenerational war.: *International Journal of Health Services*, 18, 83-96.

Binstock, R. 1983. The aged as scapegoat. *The Gerontologist*, 23.

_____. 1985. The oldest old: A fresh perspective on compassionate aging revisited. *Milbank Memorial Fund Quarterly Health and Society*, 60, 420-451.

_____. 1992. Policies on aging in the post-cold war era. In W. Crotty, ed., *Post-Cold War Policy, vol. 1: Domestic and Social*. Chicago: Nelson-Hall.

British Broadcasting Corporation. 2003. Europe's pensioners hit streets. London: BBC News, April 3, 2003.

Callahan, D. 1987. *Setting Limits: Medical goals in an Aging Society*. New York: Simon and Schuster.

Chakravarty, S. and K. Weisman. 1988. Consuming our children. *Forbes*, November 14, 222-232.

Daniels, 1983. Justice between age groups: Am I my parents' keeper? *Millbank Memorial Fund Quarterly*, Summer, 489-522.

_____. 1988. *Am I My Parents' Keeper? An Essay on Justice Between the Young and Old*. New York: Oxford University Press.

Ehrbar. 1980. The wrong solution. *Fortune*, August 17, 118.

Faor,oe. J. 1988. Talkin 'bout my generation. *New Republic*, 13, 19-22.

Flint. J. 1980. The Old Folks. *Forbes*, February 18, 51-56.

Forbes. 1982. The truth about Social Security. *Forbes*, December 6, 242.

Fortune. 1973. Social Security: The real costs of those rising benefits. *Fortune*, December 20, 80-82.

Generations United. 1992. *The Common Stake: The Interdependence of Generations: A Policy Framework for an Aging Society*. Washington: Generations United.

Hudson, R. 1978. The graying of the federal budget and the consequences for old age-policy." *The Gerontologist*, 18.

Kojima, H. 2000. Japan: Hyper-aging and its policy implications. In V.L. Bengston, K-D. Kim, G.C. Myers, and K.S. Eun, (eds.), *Aging in East and West: Families, states and the elderly*. New York: Springer.

Kotlikoff, L. 1992. *Generational Accounting: Knowing Who Pays, and When, and for What We Spend*. New York: The Free Press.

Lamm, R. 1993. Intergenerational equity in an age of limits: Confessions of a prodigal parent. In G. Winslow and J. Walters, eds., *Facing Limits: Ethics and Health Care for the Elderly*. Boulder, CO: Westview.

Longman, P. 1987. *Born to Pay: The New Politics of Aging in America*. Boston: houghton-Mifflin.

- Magnusson, P. 1995. Victims of the golden years: Are kids shortchanged as seniors reap vast federal benefits? *Business Week*, May 22, 16.
- Minkler, M. and C. Estes. 1984. *Readings in the Political Economy of Aging*. Farmingdale, NY: Baywood.
- Minkler, M. and A. Robertson. 1991. The ideology of age/race wars: Deconstructing a social problem. *Aging and Society*, 11, 1-22.
- Moody, H. 1982. Ethical dilemmas in long-term care. *Journal of Gerontological Social Work*. 5.
- Myles J. and J. Quadagno, (eds.) 1993. *States, Labor Markets, and the Future of Old Age Policy*. Philadelphia: Temple University Press.
- Neugarten, B. 1982. *Age or Need: Public Policies for Older People*. Thousand Oaks, CA: Sage.
- Peterson, P. 1993. *Facing Up: How to Rescue the Economy from Crushing Debt and Restore the American Dream*. New York: Simon and Schuster.
- Quadagno, J. 1990. Generational equity and the politics of the welfare state. *International Journal of Health Services*, 20, 4, 632-649.
- Rawls, J. 1971. *Theory of Justice*. Cambridge, MA: Belknap Press.
- Samuelson, R. 1988. The elderly aren't needy. *Newsweek*, March 21, 21.
- _____. 1990. Pampering the elderly. *Newsweek*, October 29, 61.
- Slater, w. 1984. Latest Lamm remark angers elderly. *Arizona Daily Star*, March 29, 1.
- Smith, L. 1992. The tyranny of America's old. *Fortune*, January 13, 68-72.
- Thurow, L. 1996. The birth of a revolutionary class. *New York Times Magazine*, May 19, 46-47.
- United Nations. 1999. The sex and age distribution of the world populations (1998 revisions). New York: United Nations.
- _____. 2001. *World Population Prospects*. New York: United Nations.
- U.S. Bureau of the Census. 2000. *International Data Base*. Washington, DC: U.S. Bureau of the Census.

- Wisensale, S. 1988. Generational equity and intergenerational policies. *The Gerontologist*, 28, 6, 1988.
- _____. 1991. An intergenerational policy proposal for the 1990s: Applying the Temporary Disability Insurance model to family caregiving. *Journal of Aging and Social Policy*, 3, 124-136.
- _____. 1993. Generational equity. In R. Kastenbaum, ed., *Encyclopedia of Adult Development*. Phoenix: Oryx Press.