

# Is Intergenerational Cohesion Falling Apart in Old Europe?

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## Introduction

As the United States undergoes a dramatic demographic transformation, the question frequently arises as to whether the United States can learn important lessons from Europe, which has aged ahead of America. Such lessons might be helpful in predicting social changes, as well as indicating which policies might be more or less effective for an aging society.

One particular area of interest relates to the concern regarding future tension between generations. Population aging changes the fabric of the entire society; it puts strain on pay-as-you-go-financed social security systems and is likely to lead to higher contributions and lower implicit rates of return for younger generations. At the same time, population aging moves the political power toward elders as the median voter's age rises. Will such strains tear the social fabric apart? Is the horrible vision of generational warfare coined by the media a realistic one?

Former U.S. Secretary of Commerce and Wall Street banker Peter Peterson (1999) asked, "Will global aging enthrone organized elders as an invincible political titan?" and pictures "retiring boomers, with inflated economic expectations and inadequate nest eggs, voting down school budgets, cannibalizing the nation's infrastructure, and demanding ever-steeper hikes in payroll taxes" (p. 209). Prominent MIT economist Lester Thurow (1996) has depicted aging boomers as a dominant bloc of voters whose self-interested pursuit of old-age government benefits (entitlements) will pose a fundamental threat to democracy:

"No one knows how the growth of entitlements can be held in check in democratic societies. . . . Will democratic governments be able to cut benefits when the elderly are approaching a voting majority? Universal suffrage . . . is going to meet the ultimate test in the elderly. If democratic governments cannot cut benefits that go to a majority of their voters, then they have no long-term future. . . . In the years ahead, class warfare is apt to be redefined as the young against the old, rather than the poor against the rich." (p. 47)

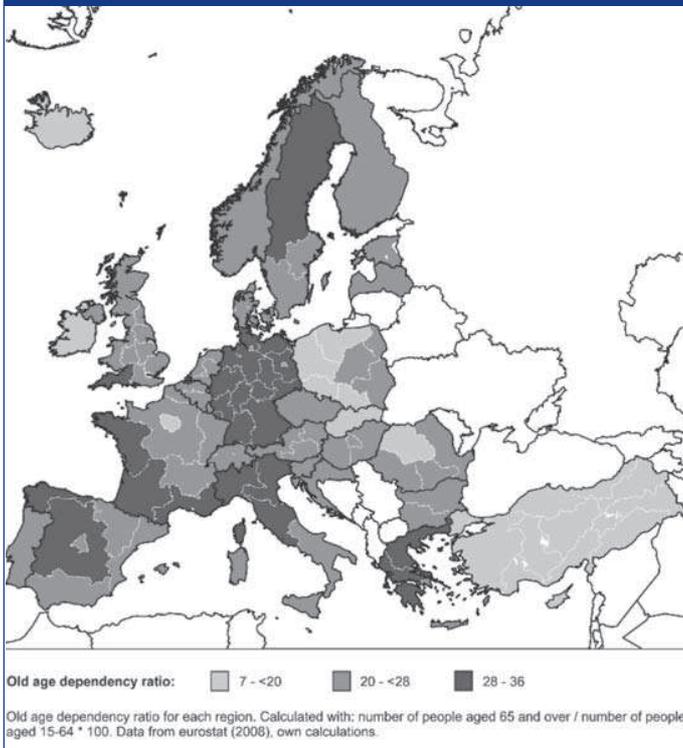
As Robert Binstock (2010) has pointed out, Thurow's statement that elders will be approaching a voting majority was a considerable distortion of the facts. Even when all boomers are age 65 and older in 2030, that age group will still comprise only about 23 percent of voting-age Americans.

This percentage is about the share of elder individuals prevalent in Europe these days. And because Europe is continuing to age, even at a faster pace than the United States, the social landscape there will look more like Thurow's horrified vision of a gerontocracy. The Italian median voter is 49 years old, eight years younger than the average age of retirement in Italy. In Germany, less extreme, the retirement age is four years later than in Italy and the median voter is two years younger, but most likely more concerned with pensions than child support. Sinn and Übelmesser (2002) in Germany, among others, warned of missing the last chance for pension reform because the median voter's age is changing rapidly. Less alarmistically, Kohli (2005) conjectured that future distributive conflicts over public resources will be played out less along lines of class, skill, or ideology but more between generations.

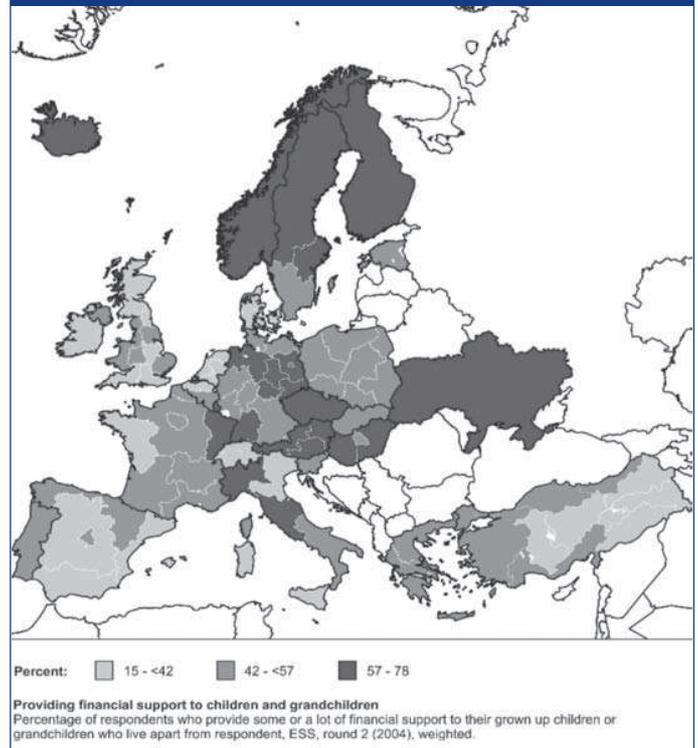
In order to test whether the horrible vision of generational warfare or a breakdown of intergenerational cohesion has at least some truth to it, we should be able to see it in Old Europe. Our approach was to investigate several dimensions of intergenerational cohesion—for example, family relations, non-family ties, values, and political preferences. We measured these dimensions through variables collected in the European Social Survey and the Survey of Health, Ageing and Retirement in Europe. We analyzed the relation between intergenerational cohesion and aging on the regional level in order to exploit as much variety as possible.

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**Figure 1. Old-age dependency ratio in European regions.**



**Figure 2. Financial support to children and grandchildren in European regions.**



Our findings suggest that intergenerational cohesion is not systematically and significantly related to the age structure of European regions. Both positive and negative interrelations between the old-age dependency ratio and our measures of intergenerational cohesion can be found. Some aspects of intergenerational cohesion, such as trust to older and younger family members and fewer people experiencing age discrimination, fare better in older societies. On the other hand, fewer people have young friends or meet socially in older regions.

We have concluded that although a general risk of intergenerational conflict exists, the fear about aging populations becoming gerontocracies in which the old exploit the young is highly inappropriate. The risk of conflict is not increased in older societies.

### The Regional Structure of Intergenerational Cohesion and Old-Age Dependency in Europe

Aging in Europe is not at all uniform, not even within countries. Figure 1 depicts the old-age dependency ratio, measured as the number of people ages 65 and older per number of people ages 15-to-64, multiplied by 100, based on the Eurostat database (European Commission, 2011).

Southeast Turkey has the lowest old-age dependency ratio, about eight older people per 100 younger ones. In

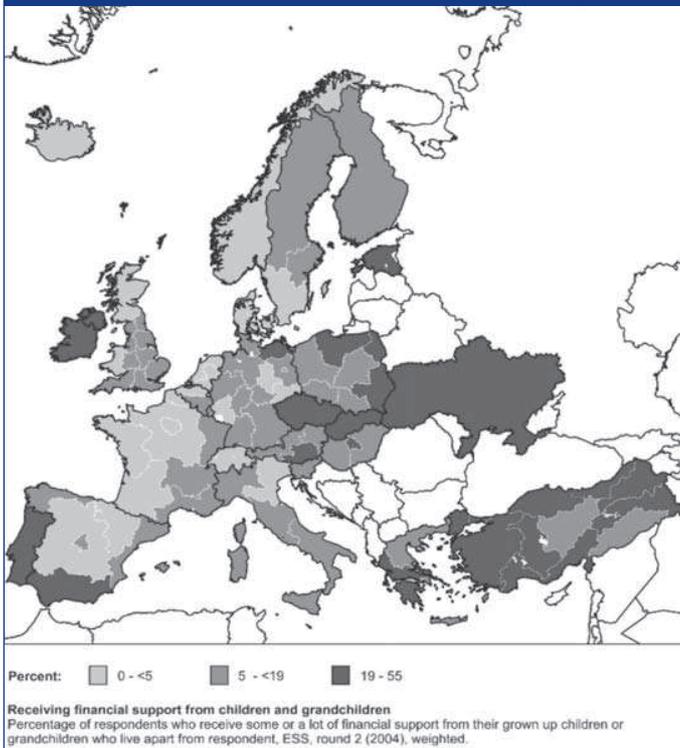
contrast, the German region Sachsen in eastern Germany has the highest old-age dependency ratio: 36 older people per 100 younger ones. Most regions with low old-age dependency ratios can be found in eastern Europe, whereas the Mediterranean regions in Greece, Spain, and Italy have high old-age dependency ratios.

The large variation of the old-age dependency ratios allows an analysis of whether a systematic relation exists between old-age dependency on the one hand and the extent of intergenerational cohesion on the other hand. From an analytical point of view, this approach is very important because cross-country analyses are often lacking due to the limited number of countries included (Busemeyer, Goerres, & Weschle, 2009; Goerres, 2008). If such a relation exists, maps that depict the extent of intergenerational cohesion should show a regional pattern in line with the age pattern visible in Figure 1.

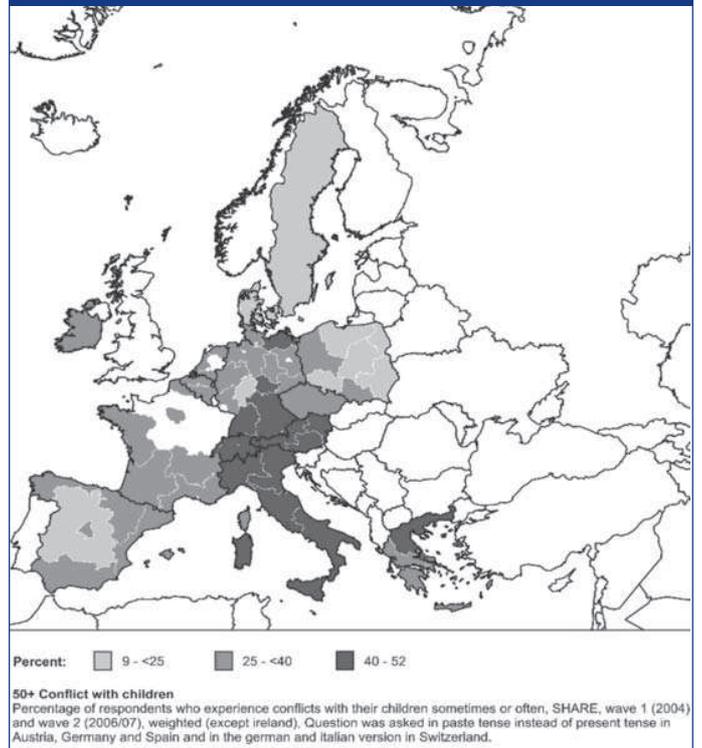
Figures 2, 3, and 4 follow this approach and focus on family linkages: financial transfers between generations and conflicts between generations. Figure 2 shows financial transfers from parents to children, based on data from the European Social Survey (2004).

Respondents were asked, "[P]lease tell me how much financial support you currently provide to your child(ren) or grandchildren who live apart from you?" Answer

**Figure 3. Financial support from children and grandchildren in European regions.**



**Figure 4. Conflicts with children in European regions.**



categories were “a lot of support,” “some support,” and “no support.” Only respondents who currently have children not living in their household were included in this survey. Figure 2 illustrates the percentage of respondents who provide some or a lot of financial support to their children or grandchildren outside the household. The range of the percentages is quite high, going from only 15.8 percent in Sicilia and Sardinia up to 77.6 percent in eastern Hungary. Regions with a high percentage of financial transfers are in Scandinavia and in a cluster around Germany, including Czech Republic, Austria, Hungary, and regions in France and Italy up to the Ukraine. Regions with a low percentage are mainly in Turkey, Spain, and the United Kingdom.

No pattern is visible that relates to old-age dependency. Scandinavia, central Europe, and western Europe have a relatively high fraction of parents who support their children. Remarkable are the big differences within countries that are sometimes bigger than between countries—they are positively related to old-age dependency in Italy, but negatively in France and Spain.

A similar lack of correlation holds for the reverse direction: financial transfers from children and grandchildren to their parents and grandparents (see Figure 3).

The patterns of transfers given and received differ considerably. Some regions, such as central Spain, have

few transfers in both directions, whereas in other areas transfers are high in both directions (e.g., Czech Republic). Some regions, such as southern Spain, have large unidirectional transfers, with few elders providing but many receiving financial support. The opposite pattern is visible, for example, in Norway and Sweden. None of these patterns, however, can be linked to old-age dependency in an unambiguous matter.

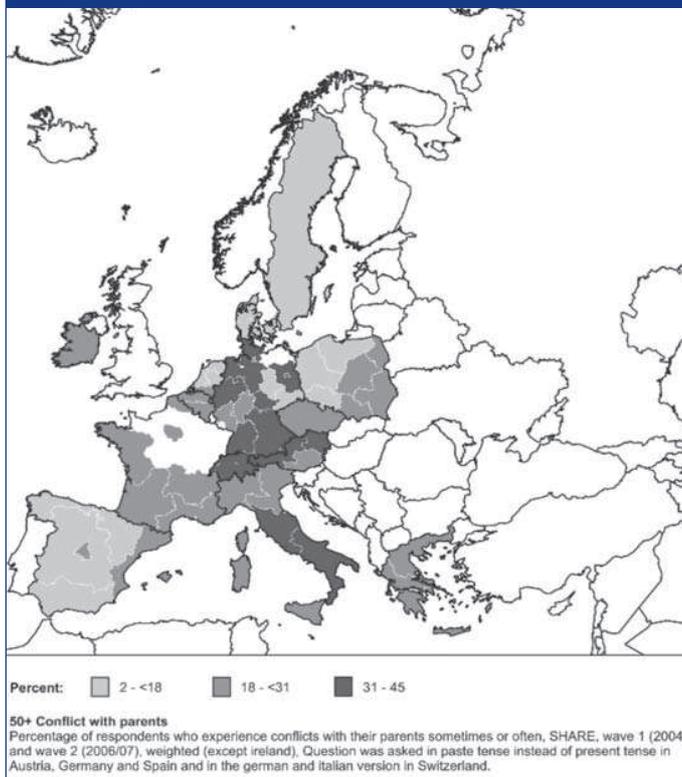
Figure 4 and Figure 5 show a more subjective dimension of intergenerational cohesion: the absence or presence of conflict, again seen from the older and from the younger generation, now based on two waves of the Survey of Health, Ageing and Retirement in Europe panel (cf. Boersch-Supan & Juerges, 2005).

Regions with a high percentage of intergenerational conflicts lie in Italy, Austria, Switzerland, and Germany. In turn, one region in eastern Germany, Sweden and Denmark, Poland, and Spain, have a very low percentage of conflicts. Sweden is relatively young, Spain relatively old. Again, there is no pattern related to population aging.

To be more formal and comprehensive, and in order to analyze a broader array of dimensions of intergenerational cohesion, we applied multivariate regression techniques. We regressed each dimension of intergenerational cohesion to the old-age

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**Figure 5. Conflicts with parents in European regions.**



dependency ratio and other variables that could explain social cohesion, such as the wealth of a region measured as purchasing power adjusted to per capita income, the welfare state regime (Esping-Andersen, 2003), and the public pension replacement rate. Including such other variables is important in order to adjust for interactions between private and public solidarity. Table 1 summarizes our findings and tests the hypothesis whether the old-age dependency ratio worsens intergenerational cohesion. If the regression result is in line with the hypothesis, the result is marked by a “yes.” If the hypothesis is rejected, we denoted the result by “reverse.” Of the 22 dimensions analyzed, only five were in line with the hypothesis. In eight dimensions, the opposite was the case: The older a region, the more intense were the respective dimensions of intergenerational cohesion. In nine dimensions, no statistically significant relation appeared at all (“none”).

### Conclusions

We find no evidence that the burden of population aging, measured by the old-age dependency ratio, is systematically related to a broad array of indicators for intergenerational conflict. Although Europe provides an

excellent laboratory for what might happen in an aging United States—due to Europe’s diversity of demographic states, some of them well advanced and comparable to the United States in 2030—we cannot find even in the oldest regions of Europe the picture that some writers have painted for the United States: exploitation of the younger generation by the older, due to their economic and voting power. If Old Europe holds a lesson for the United States, it is that no signs of gerontocracy exist even in regions as old today as the United States will be in 2030.

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**Table 1. Relation between intergenerational conflict and old-age dependency**

|  |  |         |
|--|--|---------|
| <b>Family relations:</b>                                       | Financial transfer provided to children  | reverse |
|  | Financial transfer received from children  | yes     |
|  | Conflict with children and grandchildren   | none    |
|  | Conflict with parents  | none    |
|  | Trust to children and grandchildren  | reverse |
|  | Trust to family members over 70  | reverse |
| <b>Non-family relations:</b>                                   | Having at least one friend who is younger than 30 (all respondents)              | yes     |
|  | Having at least one friend who is younger than 30 (respondents older than 64)    | yes     |
|  | Having at least one friend who is older than 70 (all respondents)                | reverse |
|  | Having at least one friend who is older than 70 (respondents younger than 30)    | none    |
|  | Meeting socially at least once a week (all respondents)                          | yes     |
|  | Meeting socially at least once a week (respondents younger than 30)              | none    |
|  | Meeting socially at least once a week (respondents older than 64)                | yes     |
|  | Felt age discrimination (all respondents)  | reverse |
|  | Felt age discrimination (respondents younger than 30)                            | none    |
| Felt age discrimination (respondents older than 64)            | none   |         |
| <b>Values and political preferences:</b>                       | Higher taxes and spending more on social services? (all respondents)             | reverse |
|  | Higher taxes and spending more on social services? (respondents younger than 30) | reverse |
|  | Higher taxes and spending more on social services? (respondents older than 64)   | reverse |
|  | Family or state responsible for financial support for older people               | none    |
|  | Family or state responsible for help with household chores for older people      | none    |
| Family or state responsible for personal care for older people | none   |         |

**Note:** "Reverse" means that the dimension of intergenerational cohesion is negatively related to the old-age dependency ratio. For instance, the higher the old-age dependency ratio, the more people provide financial transfers to their children. "Yes" means that the higher the old age-dependency, the less people receive financial transfers from their children. Results denoted by "none" showed no significant correlation between the old-age dependency and the frequency of conflict in the European regions. These results hold after controlling for wealth, welfare state regime, and public pension generosity.

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