

# **Employment and Social Policies for an Ageing Society**

## **Britain and Germany Compared**

London

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### **Introduction**

Hardly a week passes in Germany or in the UK without a newspaper headline referring to the 'pensions crisis' or the 'pensions timebomb', or without a claim that the cost of providing health and social care for the increasing numbers of older people is becoming too great for governments to fund. Has then the welfare state – the bedrock of German society since Bismarck's pioneering reforms in the 1880s and of British society since the 1940s – passed its sell-by date? Can, and should, governments abdicate from one of the core principles of the welfare state, to ensure that their citizens enjoy a reasonably prosperous and comfortable old age? Can each nation's intergenerational contract – whereby the economically active population funds, through taxation and other contributions, the needs of older generations – be maintained?

It was to consider these issues – and, more importantly, the complex demographic, economic, social and political realities that lie behind the over-simplified media treatments – that the Anglo-German Foundation brought together a wide range of experts from the UK and Germany. Academics joined with policy specialists from government, NGOs and social care agencies for two days of intensive and illuminating exploration of policies for an ageing society. While employment and social care were at the heart of the debate, the discussion ranged widely across other areas, including health and social and political participation, that play an essential role in ensuring that old age is a positive and enjoyable phase of life.

The conference was all the more pertinent because Germany and the UK are confronting similar political and economic challenges. The core problem is demography. In both countries, the post-war 'baby-boom' generations, many of whom have enjoyed a prosperous lifestyle during their working lives, have either retired or are not so far from retirement. Their expectations – of a good pension, continued good health, and an active

and stimulating retirement – are high. The cost to the state of fulfilling these expectations, particularly since medical advances now mean that retirement can last for 30 years or more, is higher still. And these costs have to be met from the wealth generated by a proportionately smaller working population. In the UK, for example, 40 per cent of the UK population will be in their 50s or older in 2021, and there will be 3 million people aged 80 or over, an increase of almost 1 million since 2004.

One danger is that younger generations, who are likely to have to work longer to secure a lower pension, will increasingly resent their taxes being used for the benefit of their parents and grandparents. Governments will therefore be tempted to individualise risk – to leave it to individuals to provide for themselves. This may be superficially attractive, but, as the increasing problems associated with private pension provision in the UK demonstrate, it can damage society as a whole and leaves many social groups vulnerable.

Both the British and the German governments are using a combination of carrots and sticks in an attempt to adjust expectations. But, as the conference agreed, largely economic short-term measures may have little impact on long-standing social attitudes and expectations, particularly since the force of the sticks is limited by electoral considerations. For instance, the UK is encouraging people to remain working for longer, and the German government's Agenda 2010 will pay reduced pensions to those who do not continue work until they reach full pension age. Nevertheless both governments continue to provide escape routes to early retirement, partly in order to keep unemployment statistics low and partly in order to meet the genuine desire of very many people to stop working.

From the rich discussion of these major topics, and of specific policies and practices in the two countries that contribute to the lives of older people, a number of interesting themes arose:

- Labour market policies remain largely inflexible in an age when individuals' life courses require increasing flexibility. Why work very hard and for long hours for an increasingly brief proportion of one's life span? Governments need to promote policies that do not penalise people if, for instance, they want to start work at a later age, or to go on working beyond the conventional pension age, or to work part-time, or to drop out of work for a few years and then resume.
- Age discrimination – at work and beyond – is a serious issue in both countries. In the UK the government's rhetoric about retaining older people in the workforce is not backed up by adequate commitment. Germany lags behind – age is not recognised as a discriminatory factor, a very high proportion of employers do not employ anyone over 50, and very little training is available for older people.
- By contrast, the German occupational health system supports the needs of older workers, while in the UK the issue of their health, and the steps that can be taken to ensure their employability, is ignored.
- In Germany, the system of long term care insurance introduced in 1995 pays the costs of residential and home care. In the UK, services of this kind are the responsibilities of different providers are generally (except in the case of very low income groups) not funded by the state.

- The UK has invested heavily in preventative and rehabilitation services designed to prevent or delay hospitalisation among older people or to get them home as soon as possible after a hospital stay.
- In both countries, geriatrics is seen as a second-class specialism. Financial incentives are needed to encourage more doctors to train as geriatricians, who can take a holistic view of the needs of older people, and doctors in every specialty need to be trained to understand the specific medical and social needs of older people.

Both the UK and Germany are striving to achieving equity and justice between generations. In the difficult and challenging task of translating ideals into policy – and subsequently policy into effective practice in health and social care that will improve the quality of life of older people – they have much to learn from one another through research and exchange.

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