

An Aging Germany in a Young World

Adapting to Demographic Changes

In most of the developed world, birth rates have been falling. Population decline results in economic and social strains and can even threaten national security. Germany is a particularly severe example of this trend. Germany has had an extremely low birth rate for decades. Its resident population is in absolute decline; its family policies have failed to restore birth rates to a replacement level. To what extent is this a problem? Can public policy make a difference? In this essay, we will present the experience of other countries that faced similar problems, examine whether their policies worked, and then assess whether they are applicable to Germany. We will conclude by asking what constitutes the best solution to Germany's demographic problems. Before going further, it will be useful to make reference to a key concept, the demographic transition, which provides the broad context for understanding the German demographic problem.

The Demographic Transition

For most of history, high birth rate coincided with high mortality, resulting in only slow population growth and occasional periods of decline due to disasters like plague and war. In nineteenth century Europe, there was a significant reduction in mortality due to improved nutrition, transportation, and public health. The result was rapid population growth. Some of the increased population was absorbed in the Industrial Revolution; many other people migrated. Over the course of time, birth rates adjusted down as a result of the conscious effort by individuals to restrict fertility. The same process occurred after World War II in East Asia. But in both cases, fertility tended to decline well below the Total Fertility Rate of 2.1 necessary for replacement. This was already occurring in many countries, including Germany, during the 1930s. After the postwar baby boom, birth rates plunged again. At the same time, life expectancy greatly improved, with the result that in many developed countries there was an increasing number of old people, fewer working age adults, and even fewer children. In parts of the less developed world, fertility has not yet adjusted down, resulting in massive population growth in Sub-Saharan Africa and countries like Pakistan.

What are the challenges of low birth rates? Low birth rates and aging produce a problematic dependency ratio that constitutes a threat to the survival of the welfare state and the inter-generational social contract. They threaten economic growth as well as innovation, which is usually sparked by younger people. They may promote rural depopulation and shrinking

cities. On a global level, low birth rates in developed societies may threaten national security, as “have states” appear like privileged gated communities vis-à-vis rapidly expanding “have-not states” with a weak economic base. Immigration might seem the solution, but immigration on such a vast scale is by its nature disruptive. Finally, declining birth rates tend to feed upon themselves, resulting in an accelerating fall of population. This is especially evident in a country like Japan, with a very low birth rate and almost no immigration.

If the problem of declining birth rates is so serious, why is it so frequently ignored? There is a widespread tendency to believe that demography is governed by beneficent natural law; somehow invisible hands will readjust birth rates to replacement levels. Moreover, many low birth nations were yesterday’s high birth nations and it takes a long time to realize that things have changed. Demographic change is incremental; there is never a sudden crisis. Consequently, it seems like a problem that can be put on the back burner. In addition, there are many reasons for reluctance to resort to pronatalist policy. Nations that experienced fascist or proto-fascist regimes that engaged in interventionist population policy to increase birth rates like Germany, Italy, Japan, and Spain are naturally reluctant to resort to any policies that recall those of the past. The same is often true of states that fell under communist rule. For example, in East Germany, the state provided full time child care to encourage women to join the work force. In Catholic countries, the Church has opposed social programs like day care that threaten the “traditional family.” Germany (or parts of it) has thus been marked by the Nazi and Communist past as well as by active Catholic opposition to child care, as reflected in the policies of the conservative CDU/CSU. It is no coincidence that generally birth rates are higher in historically Protestant countries than Catholic counties, with the exception of France, where the political power of the Catholic Church is much weaker. Finally, increasing concerns about the environment, particularly climate change, seem to make having fewer children a contribution to the survival of the planet.

Successful Approaches to Declining Populations: Sweden and France

What, then, can governments do? France and Sweden are models of successful pronatalist policies. The roots of their policies were different: Swedish policy was based on the recognition that birth rates were low because it was difficult for women to both work and have children and that those with children were poorer than those without. In the 1930s, the Swedish Social Democrats made demography part of their grand project for dealing with the Great Depression and sought pronatalism through gender equality. Gunnar Myrdal, who helped design economic policies to break with failed austerity and grow the economy out of the depression, also authored programs for demographic growth. These policies were fully realized after the end of the postwar baby boom.

French demographic policy responded to considerations of national security. France's birth rate was far lower than Germany's. After defeat in the Franco-Prussian War, this seemed to prejudice France's ability to maintain defense parity with Germany. But it was not until the Family Code of 1939, when France funded programs to support families with numerous children, that pronatalism was translated into practice. Family allocations began in the last days of the Third Republic, were continued under Vichy, and emphasized at the Liberation. Originally intended to strengthen the "traditional family," they were later transformed into instruments to promote gender equality and reconciliation of work and family.

In both countries, mitigating low birth rates was seen as urgent and part of resolving a systemic crisis of society. The economy was not self-regulating; nor was population. Just as the Monet Plan involved government intervention in the economy, so was it necessary for government to intervene in the world of demography. In both cases, population policy was tied to an expansion of the welfare state.

France and Sweden show that government policies *can* work and *have* worked. The question is whether such policies can be developed today in a neoliberal ascendancy and in a country like Germany with a different set of cultural values. There are serious reasons for doubt.

The Challenges in Germany

The basis for all pronatalist programs is that women generally express a desire to have more children than they actually have. If it is assumed that at least some of the reason for this discrepancy lies in the difficulties of reconciling work and family, then social programs like child care may diminish the gap between wish and act. The problem is that in Germany and Austria the desired number of children is well below 2.1. Under such circumstances, no policies will bring about replacement level birth rates; at best, they might raise birth rates from lowest low to merely low.

Why do Germans want so few children? There are various reasons. Many of them are rooted in mentalities and attitudes that have been established over the last decades. The most important reason is the decreasing capacity to establish tight human relations, especially between men and women. Two-thirds of singles aged between 30 and 44 indicate that they have no children because they have no suitable partner. In the present business world where men and women have to be independent, mobile, and flexible, it becomes more and more difficult to find a partner who is ready and able to commit for the long term. Together with a strong aspiration for freedom and a low willingness to restrict one's own needs, this creates an environment that is not appropriate for children. "My life suits me without children" is among the top reasons for couples and singles in their thirties and forties not to have children. They rather want to "enjoy life and live out

freedom,” than to center their lives around a family and children. Increasing job requirements and the high social status of a well-paid job in comparison to motherhood or fatherhood in the German society also contribute to low birth rates.

“Career is more important than children” is among the top reasons to stay childless. For many women, having a family is no longer a life objective. They decide to invest in a career rather than in children. This mentality is especially widespread among female academics. When they realize they do want to have both career and children, it is often too late. Childlessness in Germany is aggravated by the fact that there is a strong social consensus that children are a burden who should be—at least partly—compensated by the state. Furthermore, a society gets used to having fewer children. Individuals who were raised in a family with many brothers and sisters tend to have more than one child themselves, whereas individuals coming from a one-child family have one or no children at all. And finally there is concern in Germany about global overpopulation damaging the environment.

Germany: Finding a Strategy or Learning to Adapt?

Can Germany learn from other countries? And what should be done to meet the demographic challenges? The most obvious strategy seems to be to improve the German system of family benefits and child allowances along the lines of the French or the Swedish benefit system. However, with a federal budget of more than €200 billion for married couples and families, Germany spends more than most of the OECD countries. Per child German benefits are also among the highest in the OECD. According to a study by the Zentrum für Europäische Wirtschaftsforschung (ZEW), German families would benefit little if they introduced the French or the Swedish family benefit system. With the French system, low income families in Germany would be worse, high income families better off. Under the Swedish system, German families’ income would decline in nearly all income groups, but this would be compensated by a higher labor participation rate and higher earnings from labor.

The latter leads to an important issue: the work life balance for men and women in Germany. Compared to countries like Sweden, there is room for improvement, though many employers in Germany already offer various part time arrangements to allow parents to harmonize work and family life. However, many women in Germany still give up their career for a less demanding and lower paid job because working conditions are still so rigid that they cannot bring work and family together. But even if a better work life balance improves the situation of families, it will not raise the German birth rate to anywhere near replacement level. Non-material factors like mentalities and attitudes tend to be more influential than material factors; policies that seek to promote reproduction through monetary benefits are likely to be ineffective.

Because cultural norms are difficult to change, Germany sooner or later has to adapt to an aging and declining population. From the global perspective, a declining and aging population in Germany and other parts of Europe is welcome. The sooner the increase of world population comes to an end, the better. Today about 80 countries have a fertility rate below replacement level. Its number will increase further because more and more developing countries will adopt the Western lifestyle with its strong emphasis on individual and materialistic life goals.

From a national perspective, Germany has two strategies to adjust to demographic change which should be combined: implement an immigration policy and adapt social structures and institutions to an aging and declining population. Since the population in other parts of the world is still increasing, population gaps in Germany could be filled by migrants. The problem is that the vast majority of these migrants will not come from Europe (and therefore from the same cultural background), but from Africa and Asia where cultural norms and habits differ greatly from the European. This is aggravated by the fact that immigration does not take place in a country with a young and increasing population—like the U.S. or Canada—but in a country with an aging and declining population. Will the German population, whose median age will rise from 45 today to 54 in 2050, accept an annual net immigration of 300,000 or 500,000 people from third countries, which would be necessary to ensure the supply of qualified manpower in Germany? The rise of political movements like the Alternative für Deutschland (AfD) and Patrotische Europäer gegen die Islamisierung des Abendlandes (Pegida) show that there is a pronounced reservation against migrants with a different religious and cultural background. According to an opinion poll published early in 2015, nearly two-thirds of Germans were against the immigration of persons from outside the European Union.[1]

But even if migration numbers were smaller, this does not release German society from the obligation to strengthen its efforts to establish a policy of migration and integrate a growing number of migrants into the education system, labor market, and society as a whole. As there will be growing competition for qualified immigrants within Europe, Germany has to further improve its concepts of integration.

Though the demographic change was foreseeable, politicians and citizens did not want to see it. Many framework conditions and institutions are still made for an increasing and young population. Action is needed in the area of social security and infrastructure, for instance. Equally important is to invest more in the education of young and old. As the labor force decreases, it is indispensable that they get the highest possible qualification. This includes the expansion of further education. To ensure that the aging society stays innovative and productive, employers also have to invest more in the health, efficiency, and productivity of older workers. Studies show that older workers are more productive if they work in teams with younger colleagues, if their

workplace is equipped in a manner appropriate to age, and if their occupational activities exploit their specific strengths.

By adapting to the demographic change, Germany also has the opportunity to communicate the benefits of an aging and declining population: less CO₂ emissions, less ecological damage, less material consumption, deceleration of life, fewer resource-damaging activities, more life satisfaction, and probably even greater social cohesion. In a world where fewer old people have children or grandchildren to look after them, new networks will be established. Thus, population aging and decline can also have positive effects. This should be taken into account when dealing with demographic change. For a growing number of European countries, demographic change is reality. Public debate is often characterized by suspicion and resignation. This can be overcome if society as a whole not only tolerates demographic change, but also works to actively shape it. Of course, the likelihood of successful policies will be increased if the decline of birth rates is moderate, not extreme.

[1] European Commission, “Public Opinion in the European Union,” *Standard Eurobarometer 82* (August 2014), http://ec.europa.eu/public_opinion/archives/eb/eb82/eb82_anx_en.pdf

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