



## A Strong Family.

### Report by the Commission for »Family and Demographic Change«

Commissioned by the Robert Bosch Stiftung

Kurt Biedenkopf  
Hans Bertram  
Margot Käßmann  
Paul Kirchhof  
Elisabeth Niejahr  
Hans-Werner Sinn  
Frans Willekens

Robert Bosch **Stiftung**

### **The Commission**

Professor Dr. Kurt Biedenkopf, Chairman  
**Former Minister President of Saxony**

Professor Dr. Hans Bertram  
**Humboldt University Berlin**  
**Chairman of the Expert Committee**  
**of the 7th Family Report of the German Federal Government**

Dr. Margot Käßmann  
**State Bishop of the Evangelical-Lutheran**  
**State Church of Hanover**

Professor Dr. Paul Kirchhof  
**Former Federal Constitution Judge,**  
**Director of the Institute for Finance and Tax Law,**  
**University of Heidelberg**

Elisabeth Niejahr  
**Deputy Manager of the**  
**Berlin Editorial Office of the weekly newspaper DIE ZEIT**

Professor Dr. Hans-Werner Sinn  
**President of the ifo Institute for Economic Research**  
**at the University of Munich**

Professor Dr. Frans Willekens  
**President of the Netherlands**  
**Interdisciplinary Demographic Institute**  
**NIDI in The Hague**

### **Contributors**

Günter Gerstberger  
**Department Manager »Education and Society«,**  
**Robert Bosch Stiftung**

Dr. Andrej Heinke  
**Secretary of the Commission**  
**Project Manager for »Family and Demographic**  
**Change«, Robert Bosch Stiftung**

Dr. Martin Werding  
**Department Manager »Social Policy and Labour Markets«,**  
**ifo Institute for Economic Research at the**  
**University Munich**

# A Strong Family.

## Report by the Commission for »Family and Demographic Change«

Commissioned by the Robert Bosch Stiftung

**The Robert Bosch Stiftung** (Robert Bosch Foundation) is one of the major German foundations associated with a private company. It holds a 92 per cent stake in the share capital of Robert Bosch GmbH and was founded in 1964 in order to serve the public good, in line with the philanthropic endeavours of its founder and patron Robert Bosch (1861–1942).

The work of the foundation focuses mainly on the areas of science, health, international understanding, education, society and culture. It runs the Robert Bosch Hospital in Stuttgart, the Dr. Margarete Fischer Bosch Institute for Clinical Pharmacology and the Institute of History of Medicine.

4	Preface Ingrid Hamm, Robert Bosch Stiftung
6	Summary
20	Family and Public Spirit – Solidarity and Subsidiarity
32	Life courses and children
58	Family policy as the policy of the future
72	Social Significance and Protection of the Family
82	The Family as a Benefit to Society – The Fiscal Effects of Children
106	Literature

# Preface

Twenty years ago, nobody took demographers' warnings seriously. Today, politics, industry and media have picked up on the theme, but so far there are no comprehensive concepts and possible solutions that could stem the unstoppable tide of demographic change. The decline of society and simultaneous aging of the population will have repercussions, whose impact we can hardly imagine, since the demographic developments currently taking place are without precedent in many industrial countries. The effects are particularly dramatic in Germany where the birth rate of 1.31 children per woman is steadily declining. Almost all spheres of life are affected by this: the social security systems, the economy and the working world, the local infrastructure, urban and regional planning, education and social integration. In part, these spheres have also contributed to this change.

Vladimir Spidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities, is therefore calling for a holistic concept to master the challenges ahead of us. Germany's President Horst Köhler has declared demographic change to be a core political and social task. In actual fact, we need a combination of all available social forces as well as farsighted and coherent policies to be able to master this difficult and multi-layered task. The simple effect of individual measures must be replaced by an overall concept, which finds differential solutions for this complex challenge.

Families grow when people have faith in the future, and families and children feel appreciated and needed by their immediate personal and social surroundings. In Germany, which has a low birth rate, we must succeed in trying to re-establish this faith and sense of appreciation.

In 2004, the Robert Bosch Stiftung initiated the "Family and Demographic Change" initiative. The political visionary Kurt Biedenkopf was appointed as Chairman of the Commission. In the early 80s, he and Meinhard Miegel already pointed to the urgent issue of demographic change. The following members belong to the Commission:

- :: Professor Dr. Kurt Biedenkopf, Chairman, Former Minister President of Saxony
- :: Professor Dr. Hans Bertram, Humboldt University of Berlin and Chairman of the Expert Committee of the 7th Family Report of the Federal German Government
- :: Dr. Margot Käßmann, State Bishop of the Evangelical Lutheran State Church of Hanover
- :: Professor Dr. Paul Kirchhof, Former Federal Constitution Judge, Director of the Institut für Finanz- und Steuerrecht (Institute for Finance and Tax Law), University of Heidelberg

- :: Elizabeth Niejahr, Deputy Manager of the Berlin Editorial Office of the weekly newspaper DIE ZEIT
- :: Professor Dr. Hans-Werner Sinn, President of the ifo Institute for Economic Research at the University of Munich
- :: Professor Dr. Frans Willekens, President of the Netherlands Interdisciplinary Demographic Institute (NIDI) in The Hague

The current report is the result of deliberations by the Commission for “Family and Demographic Change”. The Ifo Institute for Economic Research in Munich hosted the meetings. The Commission is clearly in favour of the holistic approach that is being called for and reflects this through the different personalities of its members and also in its recommendations. Naturally, the experts could not address all issues related to demographic change in depth and therefore focussed mainly on the principal cornerstones of active family support: life plans, legal position, taxes and pensions, and social networks.

Several expert reports were compiled following consultations by the Commission. The study on »The Fiscal Balance of Children in the German Tax-Transfer System« of the Ifo Institute for Economic Research, in which the discrimination against families becomes obvious, formed an important basis for these reports.

The coalition agreement reached between the coalition partners CDU/CSU/SPD in November 2005 demands that politics creates suitable framework conditions »so that young people can choose whether they want to have children and start a family« and states: »We want families to have more children and society to have more families. We wish to make it clear that Germany does not have a future without children.« We would be pleased if the report of the Commission for »Family and Demographic Change« would make an effective contribution towards this.

The Robert Bosch Stiftung thanks the members of the Commission for their work. I would also like to give special thanks to the Chairman for amalgamating the different positions of the Commission members, which has enabled the Commission to produce remarkable results.

**Ingrid Hamm**

Executive Director of the Robert Bosch Stiftung

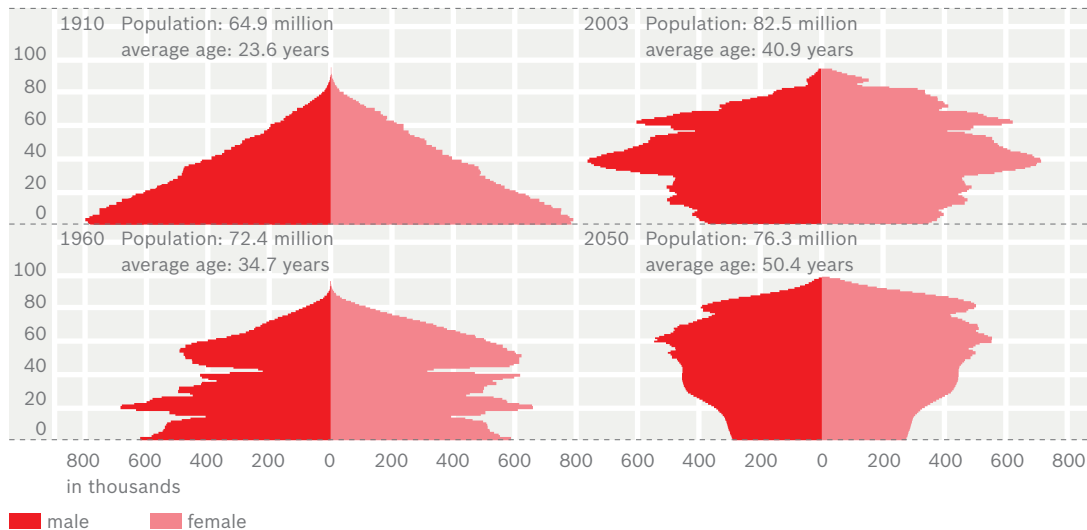
# Summary

Throughout its deliberations, the Commission has focused on two issues, in particular, that are seen to reflect the true magnitude of the phenomena we face today, regarding the declining disposition of young adults to have children and especially to have many children. The following charts illustrate this clearly.

These charts underline the urgent need of taking a new approach in family policy, of developing long-term strategies and changing our political and social behaviour of the past few decades. We need to change our way of thinking in order to succeed in these endeavours. Only a nation that listens to its ancestors and respects the rights of its children has a future. In this sense, children are the future of our country. The most important task of a state that wishes to secure its future is: to ensure that children are born, grow up in the care of their parents and social surroundings, are adequately prepared for adulthood and can thus, in turn, take responsibility for the future. With its work, the Commission aims to reinforce this intention.

## Age structure in Germany: The pyramid is toppling over and becoming urn-shaped

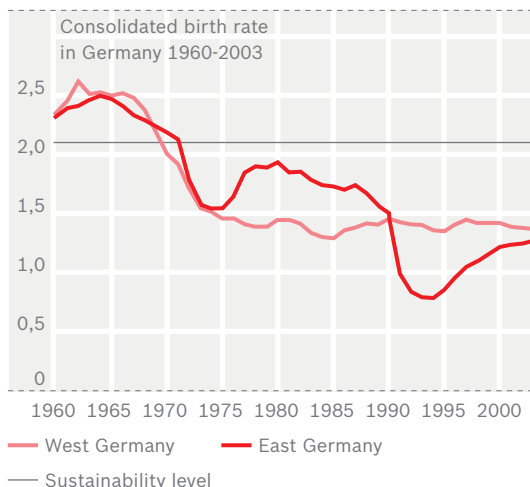
Despite immigration, the age structure in Germany, which still corresponded to the classic pyramid form at the beginning of the 20<sup>th</sup> century, has continuously been shifting upwards and is expected to turn into the shape of an urn by the middle of the 21<sup>st</sup> century



Forecast for 2050: Version 8 of the 10th Coordinated Population Estimate (Assumption: high life expectancy, medium rate of immigration). Source: Statistisches Bundesamt (Federal Statistics Office); Rostock Centre for the Study of Demographic Change (ZDWA)

## Declining birth rate in Germany

Since 1990, the number of births in Germany has been declining, albeit with strong fluctuations. Following extensive family policy measures in the 1970s, the birth rate ended up being higher in former East Germany than in West Germany. Yet it declined dramatically again after the German reunification. Today, the birth rates of former Eastern Germany approximate those of Western Germany.

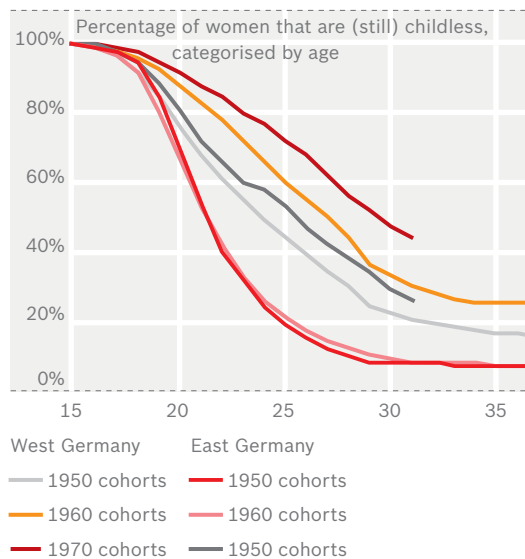


The total fertility rate (TFR) indicates how many children a woman would on average give birth to if the age-specific birth rates remain constant during the year under review.

Source: Statistisches Bundesamt (Federal Statistics Office); ZDWA

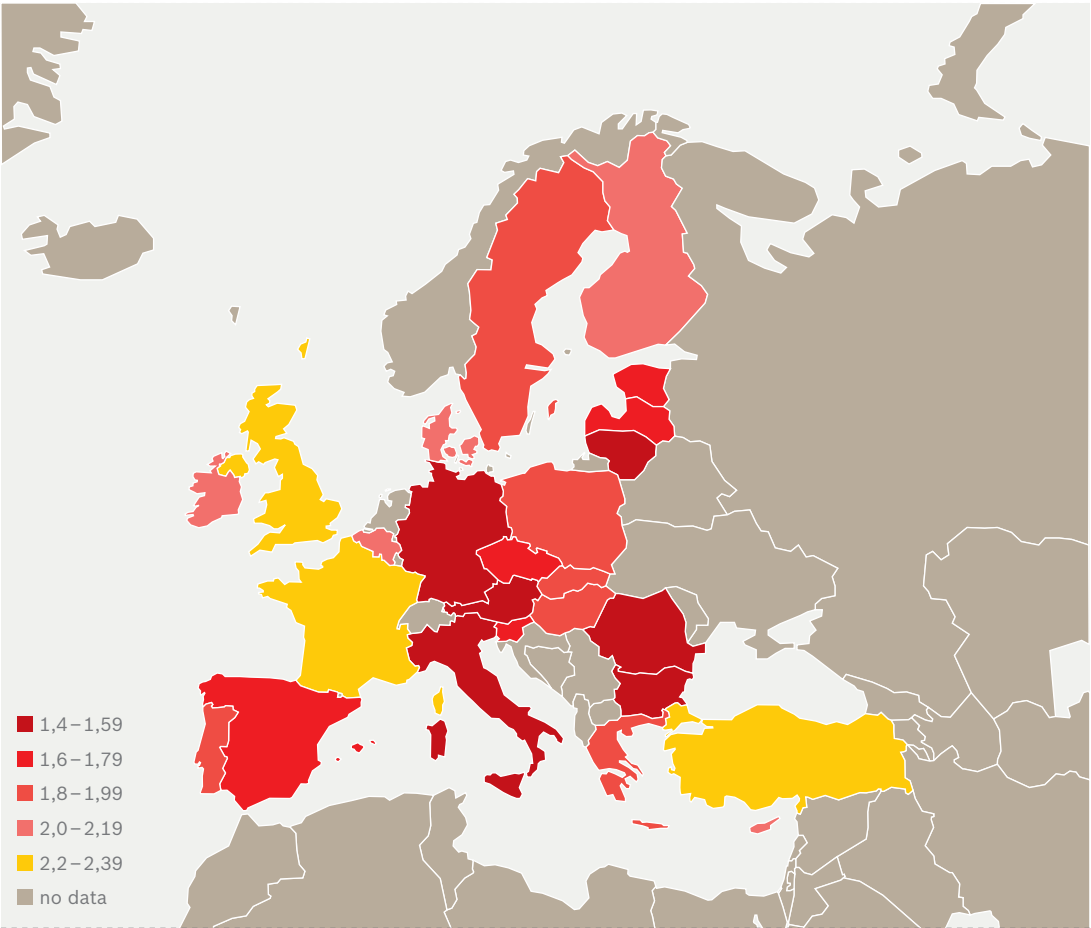
## Delays in starting a family in Germany

The percentage of women born in 1970, who do not have children, is significantly higher than with previous cohorts. In the 1970 cohort, 44 per cent of all 30-year old West-German women were (still) without children, in the cohort of 1960 it was only 33 per cent. Until now, childlessness has been much more widespread in Western Germany than in Eastern Germany.



Source: Microcensus 1998 and 2002 (ZDWA); German Federal Institute for Population Research (BIB); Kreyenfeld (2002)

Children actually desired in Europe 1999 / 2000



Source: Eurobarometer 1999 / 2000, 54.2  
Copyright: BiB 2004 – Dorbritz / Swiaczny

Childless couples' reasons for not having children



Basis: Federal Republic of Germany; childless 18 to 44-year olds  
Source: Allensbach Archive, IfD survey 5177

### 1. Content requirements of the assignment

Both theme groups, family and demographic change, address different issues, and although these may coincide in many areas, there are still plenty of common issues left to address. The Commission has mainly concentrated on those aspects associated with the interrelationship between the willingness to start a family and actually having children, family policy and the political and social consequences of the progressive aging of our population.

In its assessment of factors affecting the willingness to start a family and the decision to have children, the Commission has differentiated between economic factors of influence and those that have their origins in our values and belief systems, culture, the general social setting or “social climate” and the role perceptions of society and the parties concerned. Clearly, these areas cannot be neatly separated. Nevertheless, it is necessary to identify them as such. Political and social strategies will have to take into account all chief aspects of the effects of these two dimensions, the primarily “economic” and the primarily “non-economic”, on the behaviour of those involved as well as the mutual effect of these two dimensions on each other. In practice, this means that meaningful economic incentives can easily be eclipsed by non-economic influences or that their effects may be positively or negatively influenced by them. One will have to take such interactions between economic and socio-political measures into account in future if one wishes to assess the overall impact of a set of measures more accurately.

1.1 When addressing aspects of family policy, the Commission has focused on issues, such as how to strengthen the family by improving the framework conditions and which preconditions need to be in place in order to stem birth deficits in future. Family policy issues are seen in this context by the Commission and it therefore does not want its treatment of the issue to be understood as a comprehensive review of family policy.

1.2 Of the changes comprised under the collective term “demographic change”, the Commission has been particularly concerned with the decline in birth rate and increased life expectancy. By contrast, issues of immigration and the integration of foreign citizens play a subordinate role when addressing the subject and were not pursued any further. The Commission is of the opinion that existing and future demographic deficits can only be remedied to a limited extent, if at all, by immigration.

## 2. Family policy

2.1 The state's support of families is primarily directed to the legally constituted family. Yet children are increasingly born and raised outside the legally defined family without this being viewed negatively by society. The state's support of families must take this relativisation of the family institution into consideration and must extend its protection to families who are not included under common law in order to fulfil its constitutional mandate. Wherever there are children, there is a family. Consequently, from a family policy point of view, it is ultimately irrelevant whether a family is included under common law or whether we are talking about a single-parent family. In view of the extraordinary burden faced by single parents, these issues deserve to be given special consideration in family policy when trying to improve the compatibility between having a family and pursuing a profession.

If there is no foothold in family law to provide family support for this, then support should be granted to the parent who has custody of the child or children. A partnership without a legal foundation only qualifies for state subsidies to a limited extent. This particularly applies to the needs-based community within the meaning of the Social Security Code (SGB) II. This community need not necessarily be based on family law. Its interpretation is largely at the discretion of the parties concerned.

2.2 Family policy is currently being discussed and evaluated in the light of demographic considerations, in particular. This specifically involves addressing what framework conditions are necessary to encourage 20 to 45-year olds to start a family and have children. In terms of the long-term development of the age structure of our population this question is undoubtedly of great significance. Within the next 20 to 30 years, however, family policy measures are only expected to have a very slight positive influence on the future age structure. This is why we need to start implementing long-term strategies as quickly as possible. The first step is to stabilise the current birth rate and to establish the conditions for increasing it in the long run. However, one should not expect birth rates to rise in the short term.

2.3 The actual justification for our family policies does not arise from demographic necessity, but from principles of justice and the constitutional mandate of Art. 5 GG, which places marriage and the family under the special protection of the state. This protection mandate obliges the state to protect and honour the institution of marriage and family by law by promoting appropriate measures and protecting these institutions against adverse effects and encumbrances. It also obliges the state to provide protection for those families where either the mother or father is a single parent.

The duty to provide protection against adverse effects and encumbrances also coincides with the general principles of justice, which also belong to a state's obligations. The Commission is convinced that these principles have not been sufficiently met in the prevailing family policy and political framework conditions. This is the case for both the economic situation of a family, in the broadest sense of the term, and for its political and social position and role in society as a whole.

2.4 The state's subsidisation of the family is primarily justified – from the stand-

point of justice – through the benefits that the general population gains from a family’s investment in children. Hence, it is a response to the present situation, whereby the state invests only a small proportion of the costs in educating children, but gains considerable benefits through their subsequent life-time achievements. This benefits the population as a whole and hence all those people who have not invested in children. Hence, the statement is apt that the costs of children are privatised, yet their subsequent benefits are socialised.

2.5 In relation to family support, the Commission also recommends improving the tax advantage of families by switching from “marital splitting” to “family splitting”. Yet neither option offers a real alternative. They are based on different considerations. Marriage is also an “acquisition community”, in which the state has a vested interest for the sake of its own future. Independent of their respective material contributions, both partners are entitled to half of the acquired income. The fiscal consequences of this distribution cannot be seen as a subsidisation. Instead, the character of the acquisition community and the parity of the benefits this brings with it are acknowledged: i.e. the income from gainful employment and the value of services rendered gratuitously within the acquisition community.

The Commission is therefore in favour of including children in the acquisition community through a family splitting arrangement. If the matrimony is enlarged by children into a family, then the children should be taken into account in the acquisition community through a family splitting arrangement. The expenses borne by the spouses for raising their children – and thus the investment made in children – should be accounted for through a corresponding distribution of income of the acquisition community. With low tax or income tax-free income, the negative income tax or other forms of transfer income compensate for the tax relief gained through family splitting.

### 3. The economic framework conditions of family policy

3.1 One of the most important conditions for a just family policy is that there is an appropriate balance between private burden and public gain for each investment made in children.

With the help of the ifo Institute for Economic Research in Munich, the Commission ascertained the following: A child born today that is deemed to be average, in terms of its employment behaviour, income and numerous other factors, produces a noteworthy »positive fiscal externality«, under the framework conditions of the present German tax and social system, which brings the state more benefits than it actually costs it. Over his entire life cycle and taking into account the effects of all descendants that he is expected to have on average, this externality will amount to around 77,000 euros.

3.2 The main reason for this effect, which is favourable for all tax payers and recipients of public services, is the pay-as-you-go financial system of the German social security system, which primarily includes the state pension fund. The statutory health insurance and the general financing of the state budget through taxes and

contributions also come into play. Thus, the German tax and welfare system ensures that there is a continuous redistribution of wealth from young and future generations to middle-aged and older generations. At the same time, it leads to a redistribution within each generation from families with an average or above-average number of children to ones with few or no children.

Although this fiscal effect provides no evidence on whether this redistribution at the family's expense has an impact on the birth rate, such effects are likely. However, what is more important is that these effects seriously discriminate against families in economic terms. Even if this discrimination cannot be proven to have any direct or indirect impact on the birth rate of the current family founding generation, justice and political logic dictate that it should be overcome by re-establishing the balance of the family burden.

3.3 The heart of the problem is that the tax and welfare system, and especially the statutory pension scheme, to a large extent socialises possible returns from raising children and does not take into account the assumption of child costs by the individual. This means that the benefits are shared by all members of the parent generation. When making a decision regarding children, parents therefore lose sight of the benefits of raising another child as a provision for old age and choose a smaller number of children. The socialisation of »child benefits« ultimately creates the illusion that, thanks to the social security system, one is financially secure in old age, even without having children of one's own. Meanwhile, this illusion has become a general vested political right. This not only explains the resistance shown to any change made to the existing system. It also explains the growing sense of exploitation felt by those, who dedicate part of their working lives to raising and educating children, thereby renouncing full-time employment and instead performing unpaid parental work and for this reason are downgraded from the prevailing pension scheme to a retirement annuity, which in the medium to long run will frequently lie below the current social security level. The prospect of being »penalised« in this way for a job that is not regarded very highly, although it is indispensable for the future of the country and the survival of its social order, will reinforce the already existing tendency to decide against having children.

3.4 There are a series of measures that can be taken to avoid such externalities. These include lowering the level of pay-as-you-go public provisions for old-age, and especially the pension scheme, expanding family policy benefits granted to a child or its family during childhood or adolescence – even if it isn't possible to completely offset the negative effects of state intervention through positive intervention. A further measure would be to reorganise the pay-as-you-go social security system, including the pension scheme in particular, so that there is a stronger differentiation of the pension based on the number of children. In addition to a general, pay-as-you-go basic pension, parents would also be entitled to receive an additional pension, financed through taxes or separate contributions. Childless couples would have to accumulate savings for supplementary old age provisions themselves.

The economic framework conditions, infrastructure measures aimed at the care of children are assigned special importance. Yet these measures should not be limited

to taking the strain off parents by providing supervision for children. Already in view of the growing proportion of single children among their respective peers and the insufficient socialisation of children within large families, child carers must increasingly also take on child-rearing tasks, which have a much greater significance than they used to.

3.6 In the context of shaping employer-employee relationships, the Commission has also dealt with the issue of protection against unlawful dismissal. With regard to occupational dismissals this particularly concerns the choice of social selection criteria. The Commission recommends that special attention be given to single mothers and fathers in need of protection when examining this issue. Protecting them appears to the Commission to be more important than protecting older employees. It is also unclear what the effects of the currently envisaged possibility of agreeing on a two-year trial period will be. Due to the insecurity associated with such an agreement, this settlement could hamper an early decision in favour of children. The parties to the collective wage agreement can also help to avoid such uncertainties. Not only should they see to it that there are family-friendly working conditions in place. The Commission also expects them to make a decisive contribution towards improving the compatibility of family and work. Thus, they not only fulfil their social duty, in the broader sense, but also the general obligation to exert all possible efforts, as a society, to promote the decision to have children.

#### 4. The non-economic aspects of family policy

4.1 The Commission assumes that there is no direct causal link between improving the material situation of a family and them having children. One glance at the average purchasing power of parents born in the baby boom years of 1955 to 1965 compared against today's parent generation shows that the actual average purchasing power of a two- to three-person household in 1965 corresponds to a comparative household living on social security today. The actual purchasing power of a four-person household was less in 1965 than that of a comparative household living off social benefits today.

4.2 The financial options for having children have actually significantly improved, not worsened, compared to the baby boom years. What has changed, apart from the mentalities and attitudes to family law institutions, is the extent and attractiveness of alternative options that members of today's parent generation can and must choose from. As a consequence of higher living standards, the wish to have children now has to compete against a large number of alternative life options. This explains why the desired number of children ascertained in the demoscopic survey was higher than in reality. This also enables conclusions to be drawn on the reasons why more men than women choose not to have children and why men and women with higher salaries have fewer children on average than those with lower salaries.

4.3 Apart from financial reasons and what are perceived to be unjust disadvantages there are also non-economic hindrances to be overcome, which often prevent people from having children. In connection with this, it is important to note that mentalities, ingrained habits, values perceived in one's own social environment and also worries

and fears can be influenced by political measures. Those who wish to change a particular social consciousness, must change the causes which justify or give rise to it. If a social institution is discriminated against by the law or legislation, then society also begins to discriminate against it: for instance, by refusing to let property to a family with many children or by no longer tolerating them in a piece of rented property.

4.4 During its deliberations, the Commission identified a number of measures, which they are convinced will help to reduce the low acceptance of the „conventional“ family and its value for the community and promote a family-friendly environment. Employers play a decisive role in this respect, so they will have to change their ideas about careers and professional biographies. Raising children is not tantamount to taking leave from one's professional life, but simply involves taking time to acquire an additional skill. Parents, who are not able to master the task of raising children by themselves deserve our support. However, in many families there are educational shortcomings. Especially in Germany, there is a verifiable correlation between social background and level of education achieved. This is why the state has to make a concerted effort to improve the level of education by offering sufficient educational facilities. It should also offer parental support, parenting courses, counselling and an introduction to the basic principles of child-rearing.

4.5 The Commission considers it to be particularly important to bear in mind the principle of subsidiarity in this context. Social consciousness cannot be changed by command. Change must evolve from the bottom up. It has its roots where the disadvantages of the existing consciousness become apparent. The wider the gap between cause and effect, the less likely it is that a connection will be made. The state pension system is a good example of this. Therefore, family policy initiatives aimed at reducing families' non-material disadvantages should primarily take place at the communal level. In the interests of their own future, cities must invest more heavily in families and children and become more attractive for them. Campaigns and competitions such as – »The most family-friendly city« – are appropriate means of achieving this. Successful examples – such as living in multi-generational households, family patronage for single parents, nannies, exchange services for childminders, must be publicized and actively promoted. Urban planning offices, architects and builders of residential buildings must establish sympathy for children as a benchmark and as far as possible allow families to participate in decision-making on the municipal infrastructure.

4.6 The same applies for schools and education. The family as the nucleus of a small community, in which the most important aspects of human life unfold, can only fulfil its task if it receives long-term support from nurseries, schools and further education facilities. The duty of a state to grant married couples and families special protection under its legal system is perhaps its most important test.

## 5. An aging population

The concurrence of a persistently low birth rate and the continuous prolongation of life expectancy leads to a social paradox: For the individual this higher life expectancy is a gain. Yet at the level of society, this gain induces serious problems. With the expanding structures of our economic, social and societal order, these problems

can no longer be mastered. The root cause of the pressure to reform, which has been growing since the 1970s, lies in this paradox. Its urgency can be attributed to the fact that changes, which started in the 1970s, were largely ignored, tabooed or considered to be easily solvable until the end of the last century. Despite growing evidence to the contrary, one was convinced of the long-term stability of social security systems, and especially of the statutory provisions for old age. A political debate about the consequences of dramatic change to the population's age structure, which would have been merited, did not take place.

In principle, these changes only gained political recognition at the turn of the millennium. They thus encountered a population, which was just as unprepared for change as for the inevitable consequences thereof. This explains the resistance from the population and different social groups to all political attempts to respond to this seemingly sudden need for action and to establish social structures that are suited to these new, long-term conditions. The time horizon for political action is not only determined by the political actors themselves but, above all, by the changing reality. As former German President Roman Herzog once stated, demographic developments do not wait.

The Commission has studied the consequences of aging on people's lives in-depth as well as its effect on the working world and on the social systems. Once again, its main focus here has been on the interdependencies between these consequences and the role of the family. Both distinguish themselves, among other things, through the fact that the effects of family policy measures will only come to fruition in the long run, while the aging process will have an impact on all spheres of life and the state and social structures much earlier on. Conversely, these measures, which are meant to address the needs of an aging population, will have an impact on people's perspective and outlook on life, which will in turn influence their willingness to start a family and have children.

5.1 The Commission finds it imperative to find an intelligent way of reorganising the lives of younger and older people in order to make the gain in life time into a gain for society as a whole – and thus possibly enabling the birth rate in Germany to recover. Its reflections were based on an occupational life cycle model. The model is marked by the reorganisation of work, greater flexibility, life-long learning processes, new ways of combining work and family, new forms of solidarity between the generations and a restructuring of the transition between active working life and retirement. People's lives should no longer be forced into a rigid division of three parts. Rather, the life course should be shaped in such a way that the different tasks can be combined between the individual phases.

5.2 This requires the willingness to give up rigid and fixed age limits in society, to renounce such limitations in the long run and to establish a set of incentives to ensure that society can make productive use of those among the elderly, who still can and wish to work. Education, work and further advanced training offer a diversity, which opens up a variety of options. What we aim to achieve is flexibility in life planning, which the next generations can also make use of. The basic principle behind this is to provide this flexibility in old age, so that the rigid divisions across

the life course that define our social systems can be overcome.

This could entail a range of provisions, including raising pensions for the remaining years of retirement, reorganising life so that, in the context of an optional model, one can make use of work-free periods earlier on in life, e.g. to dedicate oneself to one's family or pursue social commitments. The free time taken can and must be worked off later on.

5.3 The state's monopoly in education and vocational training must be restructured to make life courses more flexible. This is especially the case for all regulations which make it more difficult or even impossible to change jobs. Instead of propagating job profiles, whose schooling requires that one commit oneself to one particular career path, we should emphasize the possibility of taking postgraduate studies and supplementary training options. Elderly people are also in a position to acquire qualifications, which, even in a dramatically changing world, will enable them to play an active role in economic life.

Independent of the need to make people's life courses more flexible, the education system also needs to be reformed in order to adapt it to the requirements of demographic change. In an aging and shrinking society, one needs to make more intensive use of existing human resources. New ways need to be found to maintain the innovative capacity of an aging population. The concept of lifelong learning and the introduction of a quaternary education phase must be part and parcel of the professional and educational system. We must make a concerted effort to improve our education system and to integrate those groups in society who have poor access to education. The period of education must be shortened and the school entry age must be brought forward. The apparent irreconcilability of job and family can be significantly reduced by facilitating access to affordable nurseries, pre-school facilities and all-day schools. A tiered and flexible system of university study and education enables one to plan life in a way that better corresponds to individual life courses. Regional differences need to be taken into account when reorganising the education system. Hence, it is necessary to specifically direct funding to structurally weak areas. New educational structures can be tested at the federal state level first. We know from experience that new challenges, which cannot be mastered through past experience, are best resolved through a competition between various solutions.

5.4 Only if life courses, in the sense of one's occupational life cycle, become more flexible, and there is a clear and generally understandable allocation of costs for the positions they are incurred in, will the additional years of life be interpreted by society in future to be more than just years of consumption and leisure. This greater flexibility not only requires that the state's de facto monopoly is relativised when it comes to defining professional careers, particularly in the public sector; one will also have to change the training periods and prerequisites for pursuing various careers as well as the regulations for higher educational qualifications and the retirement age. Making the occupational life cycle more flexible also allows one to alleviate the „congestion of life” which occurs between the 25th and 35th year of life. Today's organisation of this stage of life with its specific constraints and fixed

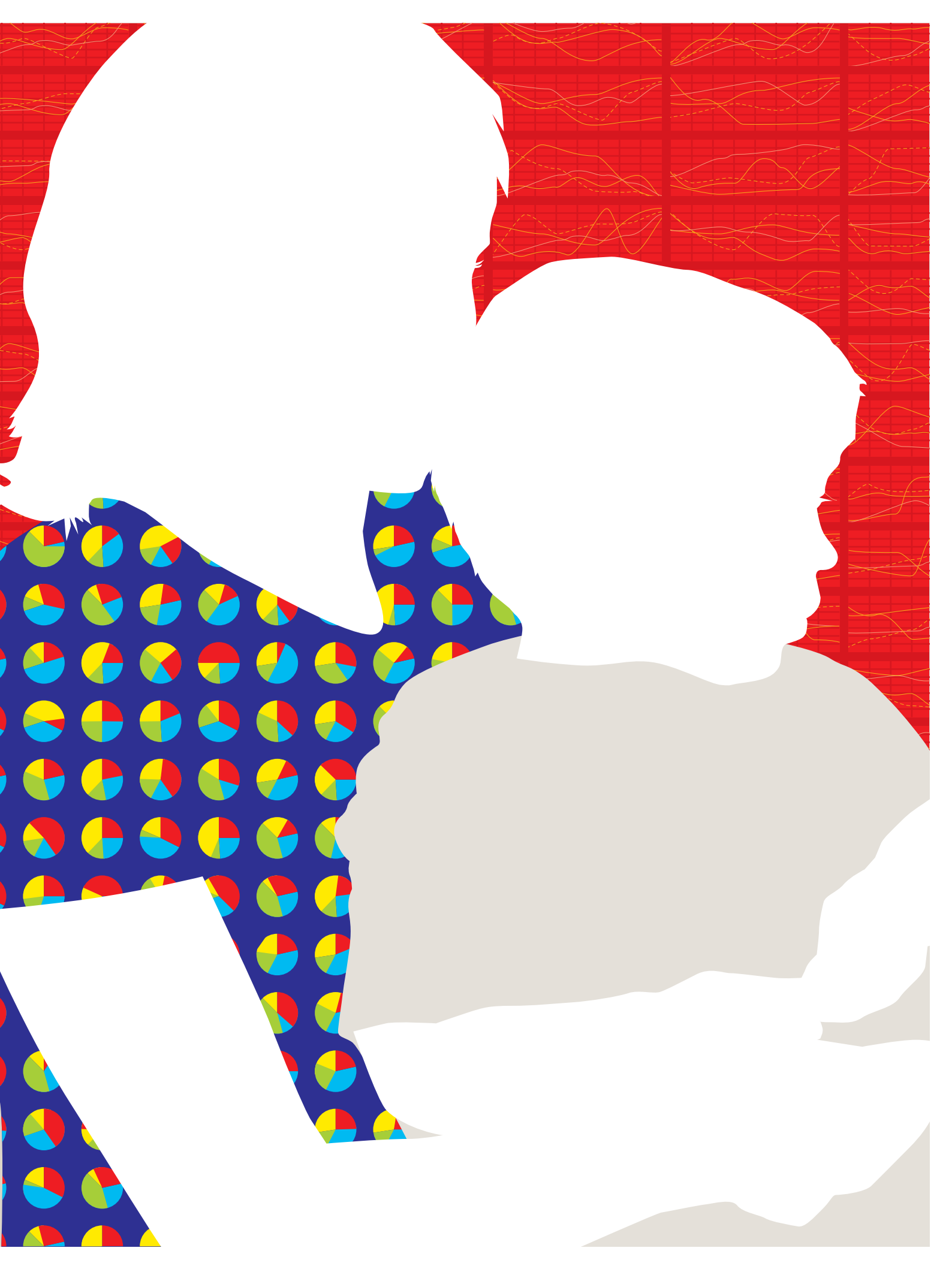
education periods, defined by the state or society, are not conducive to maintaining a partnership or developing a trustworthy, long-term relationship on whose basis families can be founded. Only by overcoming the “rush hours” of life and making this stage of life more flexible can we encourage younger age groups to make partnerships, marriage and family a firm part of their life plans.

5.5 Flexibilisation strategies of this kind require that the industry, trade and the service sector do not orient their working time models merely to the needs of their companies or administrations. They must also be prepared to provide time for welfare, childcare and the more general care of families as an essential part of the company’s working time policies. What applies to companies and administrations also applies in equal measure to the parties of the collective wage agreement. They can make a major contribution to making life courses more flexible.

Time and infrastructure policies are further complemented by CV-based transfer options for families. The income-dependent family allowance that has long been paid in Northern Europe and – according to a recently concluded coalition agreement – is also supposed to be introduced in Germany, enables young parents to actually take parental leave in practice. They can then choose to have a child even if their income is relatively low and this would normally significantly reduce their financial possibilities if they didn’t receive family allowance.

5.6 By making parental time and working time over a lifetime more flexible, and by ensuring that both are firmly rooted in a solid infrastructure and have a clearly calculable economic basis, we can succeed in giving men and women more alternatives so that they can organise their lives with children to be more in tune with their own needs. This will also lead to us seeing career and family care, not as contrary alternatives, but as different elements of life that sometimes occur in succession and sometimes run parallel, but even then can be united with one another.





# Family and Public Spirit – Solidarity and Subsidiarity

What it means to have children and how life is shaped with several generations living together are social aspects that cannot be captured by fiscal calculations or demographic forecasts. Family support may encourage couples to have children and start a family. And the economic benefits families bring to a country should be calculated and stated in a way that grants parents recognition for having children. Choosing to have children presupposes an underlying philosophy of life. The decision to have a family testifies to a certain attitude. It is a basic decision in life that is not based so much on economic or intellectual reasoning, but motivated by emotions and values. The decision to have or not have children is all the weightier these days, because it is left to the individual. The pill and other contraception methods render the assumption that »people always have children« obsolete. And 130,000 abortions per year in Germany make it clear that even if one is pregnant the decision to have children is not an easy one.

The decision to have children is a decision that affects one's whole life. No other relationship is as non-negotiable as this one. Children take up time, they represent a challenge, they cost money and they dictate the everyday lives of their parents. Children can be a burden. And yet, at the same time, children are a great treasure, they bring true happiness, which is difficult to describe without a sense of pathos. Living with chil-

dren is incredibly enriching. They imbue life with a deeper meaning, broaden one's perspective and open up completely new, and often unexpected, horizons. Yet children also challenge their parents. They ask and call things into question. By living with children, you learn more about yourself.

The benefit of families for civil society:  
solidarity

Families establish a network of relationships that transcends all generational barriers. Life is passed on from one generation to the next. It is therefore all the more significant that the number of children per family has declined so drastically. Large families are social networks that absorb a lot, which the state could never afford to offer. This is where true solidarity is experienced, which cannot be regulated by law. Even today, as Shell's youth study confirmed, most Germans see the ideal family as consisting of the biological parents and several children. But the concept of family is also being redefined to include various patchwork constellations such as single parent families or flat-sharing communities. It is encouraging to see an increasing openness towards new forms of living.

At the same time, there is the risk that the traditional family is not valued highly enough and that the stability of marriages is not sufficiently heeded in a society fixated on flexibility. Trust, reliability, solidarity are

The decision to have children is a decision that affects one's whole life.

Children are a great treasure, they bring true happiness, which is difficult to describe without a sense of pathos.

Families establish a network of relationships that transcends all generational barriers. Life is passed on from one generation to the next.

values that are conveyed in families. Families who live by these principles may be role models for others.

The task of raising children is not valued highly enough in Germany. Women, who choose to quit their jobs in order to raise children, do not receive enough recognition for doing this. Even the term »maternity leave« is deceptive. If they return to work, one speaks of »reintegration«, as if they had been hived off. And one often tends to overlook that childcare and child-rearing are not the same thing: Even those parents, whose children are sometimes taken care of by others, are still responsible for the actual job of raising their children.

Respect and appreciation for the task of raising children is an essential prerequisite if the decision to have children is not to be understood as a professional, economic and social step backwards. But for this to happen, we must first change our ideas about careers and professional biographies. Raising children is not tantamount to taking leave from one's professional life. It is simply taking time to acquire an additional skill. After all, new skills are acquired in family life that are highly regarded in the business world: Strong organisational skills, the ability to maintain good social relations and other »soft« skills are also the prerequisite for managerial competence. This is particularly important with regard to fathers. Various studies have proven that it is not women, but primarily men, who exclude children from their life plans. In the internationally comparative Population Policy Acceptance Study (PPAS), conducted by the Bundesinstitut für Bevölkerungsforschung (Federal Institute for Population Research) and the Robert Bosch Stiftung, the average number of children desired by German men was 1.59. This is by far the lowest figure for any of the 13 European countries investigated. For many women, the decision to have children clearly fails due to the difficulty of finding

the right partner. It is therefore particularly important to show (potential) fathers how to reconcile family and career, to appreciate the value of children and to inspire their respect and admiration for the task of raising children.

It is crucial, however, to also give qualified women, in particular, whose share of children is the lowest among women, more opportunities to combine family and profession. More imaginative working time models can contribute to this as well as the possibility of maintaining contact to working life during maternity leave. Childminding qualifications, better child caring services for the under-3 year olds and expanding the range of family support services may contribute towards this.

State action is required for this. But people's perceptions also have to change.

Reducing a mother's purpose in life to merely having a family appears to be a very German phenomenon. Those who force women to make a decision between having children and pursuing a career will find that, in times of high unemployment and employers' expectations to be mobile and flexible as well as the high regarded value of earning a good income, the decision is more likely to go against having children. In Germany, a woman who is labelled a »mummy« is not held in high esteem. This has to change. Women should be able to have several life opportunities and live multiple ways of life at the same time: but children should always be an option in this too, one that can co-occur alongside all others.

Families have a special significance, especially with regard to the question of education. Education is a comprehensive process that not only involves the conveyance of reading and writing, and arithmetic and analytical skills, but also being taught emotional, spiritual and social skills. Thus, the contribution families make to society cannot be valued

Trust, reliability, solidarity are values that are conveyed in families.

The task of raising children is not valued highly enough in Germany.

In Germany, a woman who is labelled a »mummy« is not held in high esteem. This has to change.

highly enough. The ability to maintain social relations and values is taught in the family context. Here behaviour patterns are tested that shape one's whole future life. However, in many families today there are educational shortcomings. Especially in Germany, there is a verifiable correlation between social background and level of education achieved. This is why the state has to make a concerted effort to improve the level of education by offering sufficient educational facilities. It should also offer parental support, parenting courses, counselling and an introduction to the basic principles of child-rearing. The degree of public interest in television programmes involving 'super-nannies' is not coincidental. The basic principles of child-rearing are no longer a matter of course in an individualised and anonymised society.

Particularly families with many children are increasingly being pushed to the fringes of society. For financial reasons, increasing numbers of children can no longer participate in »normal« life and grow up without any future prospects. Children are quite rightly considered to be most at risk of experiencing poverty. The degree of child poverty in Germany is already more than 30 per cent. Political concepts must be implemented to ensure that a generation doesn't grow up without any chance of being integrated into working life or in society as a whole.

Early childhood education in nurseries must be improved, especially as it is not possible for all parents to ensure that their children receive all the attention and encouragement they need. Families who are financially and culturally better off also benefit from this. Public investment in this area specifically helps to improve equal opportunities across social classes. This also includes expanding the range of day-care facilities for children below the age of three. This is necessary to help women to establish a better work-life balance. One must also take into account that home-

based childcare is not always the best solution. Services also need to be streamlined. In some regions, childcare facilities complain that they can only provide childcare facilities for working mothers. Consequently, children are neglected and staff members have to seek new employment. Early childhood development must repudiate the allegation that children are shuffled off to the state in Germany. It is essential to give mothers a freedom of choice. Yet this freedom cannot exist without sufficient childcare facilities being in place.

Investments are also needed for the training and qualification of staff members in childcare facilities. However, the same applies for the range of training opportunities available for the growing number of elderly people who wish to and will get involved in this area in future.

Furthermore, attendance at day-care facilities should be free of charge. There is evidence that children's future educational achievements are already founded in early childhood, before primary school. It therefore makes little sense that higher education in Germany is typically free of charge, while fees have to be paid for attending a day-care centre. In order to include all children and to enable them to develop their social and linguistic skills before enrolling in primary school, a prerequisite for attending school, it should be obligatory – and free of charge – to visit a day-care centre one year prior to starting school. At the same time, it would be useful to make the medical check-ups for children (U1 to U9) mandatory to ensure that any negligence is detected early on.

The PISA study revealed that those countries that are particularly successful are also those in which the schools, parents and public institutions work hand in hand. In Germany, this is not a matter of course. If a pupil is seized by the police on Saturday for drug consumption, the school isn't usually

Furthermore, attendance at day-care facilities should be free of charge.

Early childhood development must repudiate the allegation that children are shuffled off to the state in Germany.

informed. It often takes far too long before parents find out that their child is playing truant. If »a child is not to go astray« then there needs to be a better network, within the dual meaning of the motto »this child needs Germany and Germany needs this child«.

The benefit of civil society for families: solidarity

Friendliness towards children can take many different forms. It starts in the mind and heart of the individual and extends beyond the closest family members. Concrete and tangible successes can be observed in many areas: for instance, in designing and monitoring playgrounds, in restaurants, road traffic or the design of buildings. But it is not just up to the state to make the country more sympathetic towards children. On the contrary, it is precisely here that the principle of subsidiarity applies. Civil society must take the initiative. Subsidiarity should be seen as a political and social maxim to take decisions at the lowest possible level, as far as they are in a position to solve the problem themselves.

Children need to grow up in social relationships, where they can learn the rules of the game by association and have experiences with different role models. This is the only way they can develop their own values, after these have been tried and tested in social relationships with others. Conversely, living with children can be an enrichment for many, not only for the parents. Everyone can contribute to developing a more child-friendly atmosphere: Grandparents or neighbours, friends or godparents, acquaintances or sports and private teachers – all are called upon to make a difference. Even many childless couples are willing to contribute to a more child-friendly atmosphere. Many of them can help to draw public attention to this issue and to raise the profile of families. Even if, at first sight, this does not appear to be in their immediate financial

interests, people are well aware that it is in fact in their own interest, since, in old age, they too will depend on receiving support from other people's children. It is still unclear whether the material conflicts arising from these demographic developments between parents and childless couples, young and old, nationals and immigrants will escalate or whether consensus-based solutions can be found. Family-oriented policies should focus on establishing alliances for families across broad sections of the population and to acknowledge various contributions. The more diverse the circle of supporters, the better.

The role of the local authorities

The federal government may be responsible for creating the institutional framework, with its taxes and social policies, which will either facilitate or make it more difficult to have a family. And parents have a direct responsibility for their children, which nobody can absolve them of. Yet families' daily lives are also strongly influenced by their environment – by their neighbourhood, schools or church services, through the infrastructure and the public services available in their suburbs or villages as well as through the local social climate that prevails. It is in their local neighbourhoods that young fathers and mothers feel most acutely whether they are welcome or not.

Whether pavements are wide enough for prams, whether there are quiet roads with low traffic and at what times public facilities close are aspects that dominate the daily lives of many families. The general lifestyle of the immediate neighbourhood also plays an important role. There is nothing more persuasive for starting a family than happy parents within the family, the circle of friends or in the neighbourhood. Since fewer children are born and many marriages break up, it is important that those existing families that are intact are not only perceived to be so in the private sphere but also in public.

It is still unclear whether the material conflicts arising from these demographic developments between parents and childless couples, young and old, nationals and immigrants will escalate or whether consensus-based solutions can be found.

It is in their local neighbourhoods that young fathers and mothers feel most acutely whether they are welcome or not.

There is nothing more persuasive for starting a family than happy parents within the family, the circle of friends or in the neighbourhood.

Cities and communities have reacted very differently to these demographic challenges. In some areas, the demographic debate has hardly had any effect on the local policies in practice. In many areas, an additional traffic island still takes priority over equipping new playgrounds or improving the childcare facilities in municipal budget decisions.

#### Civic commitment

Numerous municipalities have gone to great lengths to support families – involving support measures that go far beyond the obvious expansion of day-care facilities. Some towns have introduced child-minding agencies, others have established child and family councils in order to allow families to become as actively involved as possible in decision-making processes, while others have tried to promote new forms of family life by building multi-generation houses. Smaller towns such as Ellern in Hunsrück or Tiftlingerode near Duderstadt have introduced a premium for newborn children: In Ellern, a savings account is opened with 250 euros in credit for every newborn child. In Tiftlingerode, the community covered the cost of nappies for an entire year for its 1000th inhabitant. These initiatives alone cannot persuade a young couple to start a family, but they certainly convey a clear message: we want children!

At the municipal level, friendliness towards families is not, in the first instance, a matter of the state. The 190 local alliances for families across Germany – which are supported and coordinated by the local administrations when necessary – have proven to be particularly effective. Various social actors have joined hands in these alliances in an attempt to improve the living conditions for families. Companies, church congregations, parent representatives, associations, works councils and chambers, clubs, independent welfare organisations, schools, nursery schools and neighbourhood centres have all contributed to this – and generally with a lot of success.

Depending on the local requirements, the results have been very diverse. Thus, a »family service for flexible childcare« in Jena has, for instance, organised additional childcare facilities outside the usual day-care opening times, and a mini nursery school for children of 7 months and older for those families who find themselves in an emergency or crisis situation. In Weil am Rhein, companies and municipalities have agreed that parents who have to commute to Weil can send their children to the nursery school there and not at their place of residence. In Nuremberg, various businesses and public institutions offer family services at reduced prices.

However, such initiatives are only one response to the financial crisis of the municipalities, which in turn has affected the range of services available for families.

For the childcare situation to improve locally, certain parts of the Hartz IV reforms (which involved amalgamating unemployment benefits and social welfare benefits) must be implemented, which envisage granting the local administrations an additional 1.5 billion euros in order to provide for childcare facilities. Unfortunately, the German government, federal states and communities are still fighting about this sum – which will be generated by unemployment and social benefits. As a result, the number of childcare services on offer has hardly increased. The problem is further exacerbated by the fact that the existing childcare places are granted on the basis of controversial criteria. In Brandenburg, for instance, the children of working parents are given preference. Although this might at first appear to make sense, this provision is in fact problematic considering that children from families with a poor educational background – who are also particularly prone to unemployment – require special support. Various cities and communities have defined their objective as the desire to be particularly »child-friendly« or »family-friendly«.

Here, one often overlooks the fact that the consequences of demographic change could also be mitigated by making certain areas of town more »parent-friendly«. Young adults are probably more likely to start a family if this does not entail having to start their lives from scratch.

In some large cities – such as in the boroughs of Prenzlauer Berg or Friedrichshain in Berlin – one can observe that young families will not necessarily move from the inner-city area to the outer suburbs if the infrastructure of this traditionally trendy part of town is acceptable. Young families shape the street life in such areas. The stairways are full of prams, in restaurants there are special playrooms for children and in open-air bars, children play on piles of sand, while their parents drink beer in the evening sun. In such parts of town, a certain social milieu exists that views moving to the suburbs as a loss of quality of life and that can easily unite parenthood with metropolitan lifestyles. This may only concern a small target group but could set a sign and encourage others who are undecided about starting a family. Many new forms of life first evolved in such metropolitan settings before becoming commonplace in other parts of the country. In certain parts of Berlin and other large cities, people do away with the social prejudice in a highly visible way and successful way that family life has to be oppressive and narrow-minded.

#### Solidarity between the generations

»Family friendliness« is not identical with »child friendliness« for a further reason: Family life that merits public support does not only take place where there are young children. Urban planning and neighbourhood initiatives can also contribute to adult children taking care of their elderly parents – and who in turn are ideally there for their own and other people's grandchildren. Here urban planning authorities and housing associations are called upon to take action: If

pathways, driveways and stairways were built in such a way, so that old people could move around freely, despite any health constraints, this would enable many more people to live longer in their familiar local environments.

Since most of them don't live far away from their children and grandchildren, this would also facilitate the social cohesion and mutual solidarity within families. Often only small changes are necessary and no great investments are needed – what is important is that demographic change is taken into account in urban planning. This would alleviate the municipal budget considerably in the medium term. The number of old people in need of care will increase by at least 20 per cent over the next thirty years. In the years after that an even greater increase is expected. Thus, experts expect the number of Alzheimer patients, for instance, to increase by two million by 2050. This may appear a long way away for many local politicians. However, the rising number of working women of the baby boom generation means that the classic support structures, where the daughter or daughter-in-law naturally tends to the old father or mother, can no longer be taken for granted. With the rising retirement age and increasing pressure on many young pensioners it will be even less likely in future for spirited sixty-year-olds to take care of their eighty-year-old parents. Many of tomorrow's sixty-year-olds will have to earn their own living. Many municipalities face rising costs for nursing homes, since relatives can often not cover the expenses of full-time professional care in nursing homes.

It is therefore all the more urgent to find low-cost but high-quality ways of living, which offer an alternative to nursing homes. One option is to have private flat-sharing communities, also for people in need of care, who are then jointly looked after by both relatives and outpatient nursing staff. In Berlin, there are already more than one hundred so-

Young adults are probably more likely to start a family if this does not entail having to start their lives from scratch.

Parenthood and metropolitan lifestyles can be easily united.

With the rising retirement age and increasing pressure on many young pensioners it will be even less likely in future for spirited sixty-year-olds to take care of their eighty-year-old parents. Many of tomorrow's sixty-year-olds will have to earn their own living.

People are currently becoming aware of the fact that the housing supply and urban planning must be tailored to the needs of an aging population.

called »Demenz-WGs« (flat-sharing communities for the senile), the oldest of which have existed for nearly ten years. They often offer the residents a higher quality of life and living than many residential homes. Municipalities provide information about such living facilities, advise interested parties and grant subsidies for modifying such living spaces according to the needs of the senile.

Furthermore, many cities promote the formation of cross-generational living communities. In Stuttgart, a so-called multi-generational house is supposed to bring old and young together through spatial proximity. Four different facilities have purposefully been integrated under one roof: a city day-care centre for 120 children, a parent-child centre, an outpatient nursing service as well as twenty apartments for old people. Behind this initiative lies the appropriate belief that, while children and young families may receive support from older relatives, there is also a growing number of sprightly young senior citizens who may be persuaded to support families too.

Especially in the cities, multi-generational houses and living spaces are an answer to the disappearance of extended families.

Especially in the cities, multi-generational houses and living spaces are an answer to the disappearance of extended families. They can help make everyday life easier and increase the quality of living for both children and old people as well as for single parents and parents alike. Projects with modest goals, such as the »Mobile House« in Cologne, in which old people and families live together in publicly funded homes, have the best chances of being successful in the long run. Here, there is a positive attitude towards solidarity between neighbours. Older people often offer to baby-sit while young parents return the favour by taking down their curtains and carrying heavy shopping bags. Often this living together as a community has less to do with flat-sharing, such as in conventional student accommodation, than with providing support structures, which are still in place in many rural areas

but are no longer common-place in the cities. In an aging population, it is becoming increasingly important to create such facilities.

#### Urban planning

People are currently becoming aware of the fact that the housing supply and urban planning must be tailored to the needs of an aging population. The so-called »barrier-free living« belongs to the standard requirements for many residential housing projects.

However, the needs of children and families often only play a role with the construction of new buildings. Yet in cities and federal states with stagnating or declining populations the importance of adjusting the housing supply to the needs of the population will become increasingly important in future. The experiences of families in the construction of new buildings could be usefully applied to this area too. Many apartments could be retrospectively fitted with balconies and loggias, for instance. In apartment buildings, it may be useful to install storage rooms and spaces for bicycles and prams. Improved noise insulation can reduce potential conflicts between neighbours and installing communal guest rooms and flats in larger building complexes can help alleviate tension caused by illness, confinement after childbirth or exam periods. In addition, small, inconspicuous architectonic measures can be taken: In child-friendly residential housing projects, doorbells and intercoms are installed at the height of pre-school children, front doors can be easily opened and handrails on the balustrade designed in a child-friendly way. As simple as such measures may appear – they increase small children's scope of movement and thus save parents a lot of unnecessary trouble.

The challenge in building new flats is to move away from standard apartments for the conventional nuclear family and to create new rooms with variable and multi-

ple possibilities for use, which can accommodate families' different ways of living today. Ideally, architectural design should enable communal ways of living that offer both private quarters for retreating, on the one hand, and common rooms for children and adults, on the other.

When city planners wish to create a child- and family-friendly environment, this often results in more than the creation of playgrounds for pre-school children. Experts subsequently rate the city's overall facilities as good. Aside from this, public areas in cities have many zones that are dangerous for children. City planners can counteract these in a number of ways: The use of short-distance public transportation can be made much more child-friendly, the safety of cycling paths and pedestrian crossings could be improved. Backyards could be cleared up and access to unused property improved, in order to create a space for children to move in, which is pedestrian only. This makes it easier for growing youths to claim a piece of their environment for themselves.

Including children, not only their parents, in planned projects has generally proven to be a great success in urban planning. Although this is by no means standard practise, this measure can help to gain new insights in identifying dangers and difficulties and increase the chances of leisure facilities fulfilling their intended purpose, as well as making it more likely that people will identify with the newly built facilities.

#### Services for families

Many family-supporting services have a hybrid status between public and private services for families. Perhaps it is due to this status, that one seldom talks about them in public, although the question of whether and how well a family masters everyday life is heavily influenced by this. Such services also include semi-private day-care services, as well as many cleaning, handyman, shopping

and transportation services that are particularly tailored to families' needs.

The fact that there are few services of this kind in Germany and at the same time a low birth rate may indicate a correlation between the two – although it is difficult to tell whether there are few services, because few children are born and more German mothers are in full-time employment than in Scandinavia, for instance, or whether the employment and birth rate is also a response to the poor level of services offered. Anyhow, it is clear that there are fewer incentives for making use of private services in Germany than in France or in the UK, for instance.

The range of services on offer could be significantly improved by having a specialist service agency. A service agency can offer various services, ranging from shopping to babysitting, and is directly responsible for the trustworthiness of its employees. However, service agencies may also act as an agent for the provision of different services. The family service pme is an example of this. It offers mediator and counselling services for childcare, trains staff and has set up a childcare hotline for emergency cases. Potential customers are not only families but also companies who wish to improve the work-life balance of their employees. But municipalities could theoretically also become mediators for such services. Local centres could collect offers and take orders from the citizens. Some municipalities have already attempted to do this. Yet the costs of family support services will have to be reduced if the range of services is to be expanded. Attempts at doing this can be seen in former projects – although the term “Dienstmädchenprivileg” (literally meaning “housemaid privilege”) has now gained a bad reputation – as well as in the most recent considerations to reduce the cost of such services through the reduction of ancillary wage costs or through so-called combined wages. Yet, as we have seen, the increasing number of women in gainful employment does not

Ideally, architectural design should enable communal ways of living that offer both private quarters for retreating, on the one hand, and common rooms for children and adults, on the other.

Yet it is undeniable that countries, in which there is a high proportion of women in the labour force, also have higher birth rates than in Germany.

necessarily result in a rising number of children and opinions differ on the effects of this on raising children. Yet it is undeniable that countries, in which there is a high proportion of women in the labour force, also have higher birth rates than in Germany – namely in countries with such distinct economic systems as Sweden and the United Kingdom. At the same time, both states have a low unemployment rate, which runs contrary to the argument that the strong labour participation of women necessarily reduces the labour market opportunities for men. In the U.K. alone, the employment rate of single parents has risen from 48 per cent to currently 55 per cent since the Blair government launched its »New Deal«, without this having had a negative impact on the gainful employment of other population groups. This means that approximately 300,000 parents have taken up employment.

There were never as many young, enthusiastic and capable people in retirement age who would be willing to help – but we often don't make use of their willingness to help.

The general acceptance of such offers will probably only change gradually and through concrete political measures. According to a study conducted by the German Institute for Economic Research (DIW), over thirty per cent of nursery age children are looked after by their relatives, mostly their grandparents. However, in the medium term, this model of childcare is fragile – since the foreseeable extension of grandparents' employment time will make this more difficult and it does not allow mothers with high professional demands much safety in planning. Especially on the subject of childcare the attitudes of all participants play a part – the attitudes of employed mothers, the preferences of childminding grandparents, and the social acceptability of children being taken care of by strangers. In a study on the availability of home-bound services, the DIW presumes that German families, in particular, are comparatively hesitant in allowing »strangers« into their homes to work for them. They also have little experience in registering employees and generally wish to avoid red tape. Hence, a considera-

ble proportion of the services provided so far, are probably illicit. Hence, changes in this field will not only take the burden off families and possibly raise the birth rate, but also help legalise existing employment relationships.

#### Summary

There is an African proverb that says: »In order to raise a child, you need a whole village«. This is also the case in Germany. The task of improving the living conditions for children is not only the parents' duty, nor is it solely the government's duty. Nonetheless, the government can establish the political framework conditions in order to promote, facilitate and improve the range of childcare services that are offered to the public:

:: Although much lip service is paid to families, cities and apartments are not always built in a family-friendly way. This applies less to new buildings than to the existing housing stock.

:: Multi-generation projects can help to improve the quality of living of old and young and take the burden off public services. There were never as many young, enthusiastic and capable people in retirement age who would be willing to help – but we often don't make use of their willingness to help. Families and especially single parents as well as children from underprivileged backgrounds could be helped in this way – through reading initiatives, private tuition groups or, in real problem areas, even soup kitchens.

:: Local governments can often be mobilised to become mediators for such services. They can bring together companies, service providers, social organisations and provide information about lucrative forms of cooperation.

:: The reconcilability of job and family could be significantly improved by introducing

tax concessions for family-supporting services. This may improve the birth rate, but it will, in any case, improve the quality of life of many families.

:: Families need to be supported by civil society, on the one hand, and yet they, and particularly extended families, generate material benefits for society that are difficult to measure, on the other hand. It is the government's duty to repeatedly emphasize this point. Parents are not given sufficient credit for raising children.

The most difficult task will probably to change society's basic attitude towards children, in a society that is no longer used to children. Living with children is enriching. To make this clear to people at a time when money and profit considerations predominate represents a particular challenge. The likelihood of a couple deciding to have children will be influenced by economic, fiscal, architectural and other factors. But, ultimately, a family-friendly society requires a specific set of values which are oriented towards the future, relationships, solidarity, love, attachment and commitment.





# Life courses and children

## The demographic paradox

Today, there are around 82.5 million people living in Germany. Thanks to the continuous flow of immigrants, this figure could still be close to 80 million in 2030.

The population will only start to decline heavily after the current forty-year-old baby boom generation die. In 2050, the German population will only comprise 70 million people, of which 10 million will be new immigrants. Although the decline of the population will take place over a long period of time, the changes this implies for the age structure of the population will be considerable. Thus, the ratio of over sixty-year-olds to the younger generations will nearly double over the next thirty years. The collapse of the social security systems is certain. It has long been predicted on the basis of sound analyses and forecasts, yet politicians have failed to take these warnings seriously. The state's share of public expenditures will increase due to the ever increasing proportion of people who live or will have to live on state transfer payments, as a number of analyses have stated. While predictions on Germany's future social and economic development indicate serious problems, the demographic processes that have caused these (negative) developments are seen in a very favourable light, by the citizen.

Thus, while a 60-year old man could expect to live for another 15 years in 1960, his life expectancy has risen to nearly 20 more years today. This trend is not unique to Germany,

but applies to the whole of Europe. According to an appraisal by the EU Commission, 65 to 79 year olds, in particular, will be healthier and more active than their parents' generation. Most empirical analyses on life goals point to the fact that leading a healthy and long life belongs to people's highest objectives in life. For the individual, the aging of the population is therefore very positive.

The same goes for the decline in birth rate, which is the main cause of demographic shifts. At the beginning of the 20th century, many women writers who fought for equal rights and the active participation of women in public and professional life, pointed out that this kind of participation would imply having a smaller number of children. In connection with this, we need only remember Alva Myrdal, one of the key founders of the Swedish women's and family policy in the 1940s.

Even today, there is not doubt that investing in the education of women and allowing them to actively participate in public and professional tasks is a central prerequisite for the emancipation of women, and also for the reduction of births in the third world. In the late 1950s and 60s, an immense effort was spent in the United States and in Europe to improve the educational opportunities of the population and to achieve the transition from an industrial society to a fully differentiated knowledge-based society. In most of these countries, young women

took advantage of the new opportunities. There is probably no country today that is not proud of this development and does not do everything to try and promote the development of human capital in its own society. All European societies have appraised the possibility of safe contraception as an opportunity, making it possible to and do not to yield to the dictates of cultural convention nor leave the decision about having children to chance or established norms, but instead to be driven by one's own preferences and those of one's partner. Strengthening the freedom to choose one's own course in life by investing in one's own abilities and the ability to influence one's level of education is an equally important prerequisite for the development of knowledge-based societies as is the freedom of choice in terms of marriage, one's partner and having children.

If one follows the analyses on Germany's future development or even that of the entire Western world, then one soon realises that the combination of having a healthier and longer life, better education and more freedom of choice for young adults to shape their lives will generally have a negative impact on society, since longer life spans generate more costs, yet not enough children are born to bear the costs later on.

The opportunities and risks posed by the parallel demographic processes of rising life expectancy and the low reproduction rate of the next generation, should be analysed and their consequences evaluated separately from one another. Only after doing this, can one ask which links can be established, in a knowledge society that depends on the development of human capital, between both these processes at a social and at an individual level. This is the only way to develop new perspectives.

By reorganising the life courses of young and old people in an intelligent way can individual gains in lifespan also be a gain for society

as a whole. Perhaps the birth rate in Germany will then start to approximate that of the other European countries, such as the UK, France, Denmark or Sweden. The paradox that individual gains in lifespan and the development of human capital is clearly linked to rapidly rising social security costs for society as a whole and a significant reduction in the number of births, is a consequence of Germany having failed so far to reorganise the life courses of its citizens in such a way, so that very positive individual developments benefit society as a whole.

The life courses of most people today are constrained by the relatively rigid time frame defined by the state. Not only does the state determine the pension age but also stipulates in detail how long one should train and study and when one should start working.

It also defines very clearly for what length of time one may take leave from work. Yet the regulation of life courses corresponds to the life course sequencing of the 19th century when time frames were established for the duration of public education as well as for pensions. These time frames have continued to be used in the 21st century, although the requirements for job qualifications and the life expectancy of each individual no longer coincide with these structures. The failure to adapt this model to current circumstances or the refusal to produce a new occupational life cycle model can be seen as the main reason why individual gains in lifespan and the variety of options open to the next generation cannot be benefited from by society as a whole.

Dividing life into three parts with a relatively strict age limits and the tendency to terminate the occupational phase earlier on, inevitably leads to the resources of the older generation not being used and the pressure on the younger generation to achieve more in a shorter period of time increasing drama-

By reorganising the life courses of young and old people in an intelligent way can individual gains in lifespan also be a gain for society as a whole.

This has a negative impact on society as a whole, since a longer life expectancy generates more costs and not enough children are born to bear those costs.

Dividing life into three parts with a relatively strict age limits and the tendency to terminate the occupational phase earlier on, inevitably leads to the resources of the older generation not being used and the pressure on the younger generation to achieve more in a shorter period of time increasing dramatically.

Between 2010 and 2030, the percentage of 65 to 70 year olds will rise by 37 per cent and the percentage of 80 year olds by 57 per cent in all European countries.

tically. A life cycle-adjusted model for education, family, work, voluntary work and flexible age limits can help to permanently resolve the paradox described above. This would generally result in the development of favourable effects of aging in society and also have a positive effect on the decision of young adults to shape their lives in various ways, choose different types of partnership and, of course, also to have children.

#### Making life courses more flexible

If we maintain today's practise of annuitisation, the ratio of potential beneficiaries to contributors would increase from 42 per cent to 78 per cent in 2030. The consequence would be that the pension scheme contributions would be at 28 per cent, nursing insurance at 3.5 per cent, health insurance at 17.5 per cent and unemployment insurance at 6.9 per cent. This would claim 30 per cent of the GDP.

The public share for 2030 is estimated to be around 65 per cent of the gross domestic product. This will create considerable political challenge and unpredictable budgetary risks.

The public share for 2030 is estimated to be around 65 per cent of the gross domestic product. This will create considerable political challenge and unpredictable budgetary risks.

Our relationship with the elderly is an important part of this development. Between 2010 and 2030, the percentage of 65

to 70 year olds will rise by 37 per cent and the percentage of 80 year olds by 57 per cent in all European countries.

Höpflinger, a Swiss researcher on the effects of aging, saw the central problem to be that people went into retirement increasingly early and fewer were willing to work past the age of 65. Thus, the labour force participation rate in Switzerland for elderly men aged 55 to 64 was 86 per cent in 1991, which is 7 per cent higher than in 2003. Among the over 65 year olds, 20 per cent of men and 11 per cent of women were still working in 1991, while in 2003, only 14 per cent men and 6 per cent women were still employed. The labour force participation rate for the 55 to 64 year olds in Germany is only 43 per cent, which is far behind Switzerland and cannot by any means compete with Sweden with over 65 per cent, Denmark with over 55 per cent or the United Kingdom with 50 per cent. One can therefore speak of an increasing level of underemployment among the over 55 year olds in Germany. Most people in this group are not only extremely capable and healthier than older generations, but also have strategies to compensate for shortfalls in performance as they grow older.

## 1 | Anticipated distribution of the Gross Domestic Product (GDP) in 2030

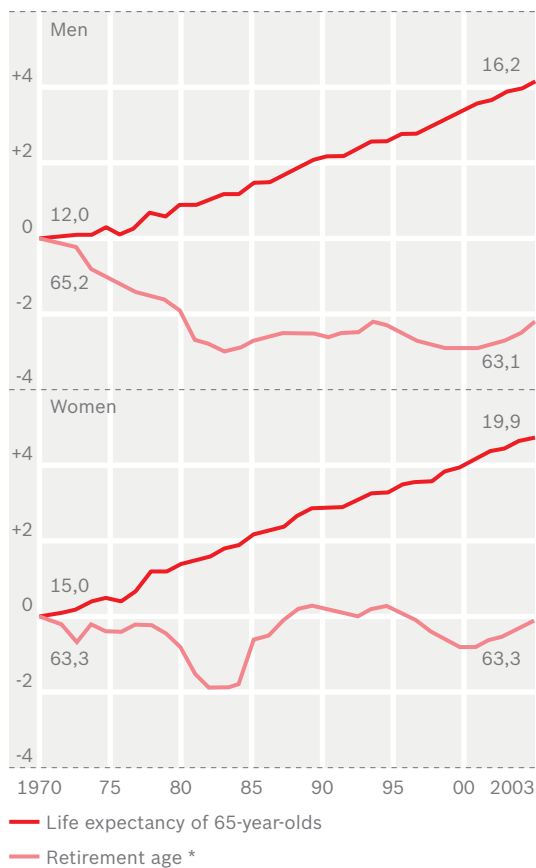
	1999	2030
Contribution rates		
Pension scheme	19,5 %	28,0 %
Nursing care insurance	1,7 %	3,5 %
Unemployment insurance	6,9 %	6,9 %
Health insurance	13,6 %	17,5 %
<b>Total</b>	<b>41,7 %</b>	<b>55,9 %</b>
in % of the GDP	22,6 %	30,3 %
State expenditures on personnel	10,5 %	16,5 %
Primary surplus	1,0 %	2,4 %
Other public expenditures	15,9 %	15,9 %
<b>Public share</b>	<b>50,0 %</b>	<b>65,1 %</b>

Source: Sinn, Thum (1999), Börsch-Supan (1997), Färber (1995), Dt. Bundesbank (1997), SVR (1998) empirica

The Europe-wide trend of sending older employees into early retirement is a dead end. Neither has this helped prevent youth unemployment, nor is it an appropriate response to the combined phenomena of a higher life expectancy and better health. On average, over 65 year olds spend roughly three quarters of their lifetime without or with very few physical restraints.

## 2| Life expectancy and retirement age

Changes compared with 1970



Figures in years

\* for the first pension payment, figures for West Germany, German Bundesbank 2004.

Source: Verband Deutscher Rentenversicherungsträger (Association of German Pension Insurance Funds), Federal Ministry of Health and Social Security

If one follows the German Bundesbank's statistics for 2004, one can see why problems associated with an aging population cannot easily be solved in the short term by raising the birth rate. In 1970, the average retirement age for men was 65.2 years; in 2003 it was at 63.1 years. The life expectancy of 65 year olds today is 4 years more than in 1970 and the trend is on the rise.

When the dynamic pension scheme was introduced in 1957 / 1958, there were a total of 5 million people living in Germany who were aged 65 and over. At the time, there were 72 million people living in both parts of Germany. In 2000, there were 83 million people living in Germany, of which 13 to 14 million were older than 65 years. At the time, the population's share of over 65-year-olds was roughly 7 per cent; today it is approximately 17 per cent. If one were to re-establish the age ratio of 1957 / 60 by promoting population growth through immigration, Germany would have 160 million inhabitants today.

The tendency to go into early retirement can be seen as a systematic means of prematurely bringing human resources to a standstill in a society, in which people are already complaining about the fact that the next generation is not producing enough children to adequately finance the additional life years gained by the older generation. Politicians and academics must deal more intensively with the question if the social and economic participation of elderly people in public life is to have positive social and economic consequences for society as a whole. A longer life span after the age of 65 also means a greater diversity of life-style options following retirement.

Yet the main challenge for future developments is not only to develop strategies for integrating over 55-year-olds more effectively into the labour market. The aging of our society will also bring with it a complete set of challenges for the young elderly. As the illustration »Development of parents sup-

If one were to re-establish the age ratio of 1957 / 60 by promoting population growth through immigration, Germany would have 160 million inhabitants today.

The relative ratio between 80-year-olds and those between 50 and 64 years, i.e. their children's generation, was 6 per cent in Germany in 1950; in 1990 it was 20 per cent and in 2025 it will be 34 per cent.

The next generation can no longer expect career patterns to be as linear and predictable as those of their parents' generation.

port ratios« shows, the relative ratio between 80-year-olds and those between 50 and 64 years, i.e. their children's generation, was 6 per cent in Germany in 1950; in 1990 it was 20 per cent and in 2025 it will be 34 per cent.

This is not merely a German trend but a European one. As yet, society still has no solution for how to best manage the imbalance of ratios between the generations of elderly people and support services. In order to find productive solutions, there must be a basic discussion about whether it makes sense at all to set fixed and rigid age limits in society or whether it would not be more useful to do away with such limits and to create a system of incentives, which ensures that society can make use of the human potential of those still able and wishing to work.

The next generation can no longer expect career patterns to be as linear and predictable

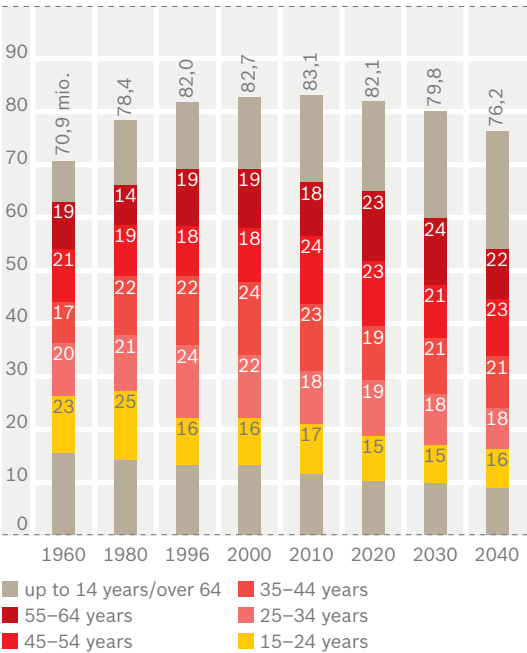
as those of their parents' generation. Hence, the basic objective is to establish more flexibility also for the older generations. A good example of this is the university sector. Unlike in the United States, Germany has a fixed retirement age. In the state of Berlin, the pensions must be provided by the respective institution where the functionaries were employed. The rigid retirement age can lead to a situation where, with the extension of the retirement age, each retired professor will cost a university 170 per cent of his previous salary, since the university has to pay both the salary of a new professor as well as his pension. With regard to the current advancement of a relatively healthy group of elderly, it would make more sense to change the part-time pre-retirement schedule for elderly employees prior to retirement and to offer new incentives that make it more attractive for older employees to continue working.

This could include a multitude of regulations, ranging from a higher pension for the remaining years to a reorganisation of life courses, in which an option model could enable one to take time off in earlier years instead of at the end of life, for instance to pursue family activities, training or further education and social commitment. Those who did not pursue such activities previously would be able to or would have to catch up on them later on.

Being in a knowledge-based society, we can assume that the proportion of employees working with information will increase and that they will generally have to rely on their cognitive competences, whereas craftsmanship skills will become less important. New types of vocational training would enable people to exercise various highly qualified professions over the course of their lives. Today, teachers in many schools, especially in the cities, face challenges that can cause significant stress and make it nearly impossible to reach normal retirement age. Why

3| Population in Germany categorised by age groups

from 1960 to 2040 in millions and as a percentage of the groups aged 15 to 64 years



Source: Rössel, Schaefer, Wahse 1999, p.25 ff.

#### 4| Development of parent support ratios in selected European countries in 1950, 1990 and 2025

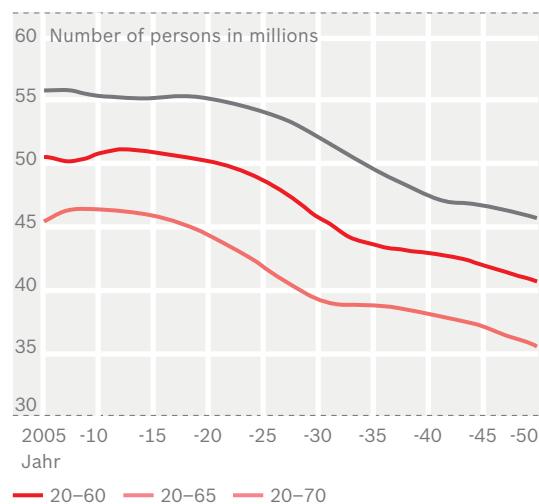
	Parent support ratios*		
	1950	1990	2025
Denmark	8	24	32
Germany (East & West)	6	20	34
France	10	26	32
United Kingdom	9	24	30
Italy	8	18	32
Austria	7	23	30
Poland	6	13	27
Sweden	9	29	38
Switzerland	7	23	36
Hungary	5	15	33

\* Parent support ratios: the number of 80-year olds and over per 100 persons aged 50– 64 years.

Source: François Höpflinger, Aspekte demographischer Alterung – Messung und gesellschaftliche Folgen  
(Aspects of demographic aging – measurements and social consequences)  
[www.mypage.bluewin.ch/hoepf/fhtop/fhalter1E.html](http://www.mypage.bluewin.ch/hoepf/fhtop/fhalter1E.html)

can such professions not be organised in such a way that one is offered the possibility of doing a 2 to 3-year Master's degree after 10, 15 or 20 years in order to learn something new and perhaps even change career? This may sound utopian, but it is standard practice rather than an exception for the officers of the German Federal Armed Forces. The same is true of many other professions, such as educators, nurses or carers for the elderly, for which the state has a monopoly on vocational training. This could be restructured in such a way that someone with 5 to 10 years of professional experience as an educator is given the opportunity to qualify for a new job through an advanced training course. These days, such models are utopian, not because they cannot be financed, but because politicians do not see investing into new vocational training facilities as lucrative, due to a reduced working life as a result of early retirement. This makes it clear that, by regulating the life span, the state has considerable influence to make productive use of the additional working years in social and economic terms.

#### 5| Forecast for the number of persons of working age 2005 to 2050



Source: Statistisches Bundesamt (Federal Statistics Office); 10th coordinated pre-estimate for the population estimate, medium variant; calculation Bertram, H.

Setting false priorities means that neither the municipalities, federal states nor the German government ever attempted to assess the social and economic costs of their laws and regulations for the future.

Setting false priorities means that neither the municipalities, federal states nor the German government ever attempted to assess the social and economic costs of their laws and regulations for the future. The tendency of setting the wrong priorities when dealing with a longer life expectancy, as can be observed in most European countries, is also attributable to the fact that in Germany neither the municipalities, federal states nor the German government have ever attempted to assess the social and economic costs of their laws and regulations for the future. Hence, the founding fathers of the dynamic pension neglected to calculate which costs would arise if the then already apparent increase in life expectancy after World War II would become the basis of their calculation. Instead, they simply relied on the fact that population growth would absorb all the costs. The long-term consequences of this measure were neither calculated when early retirement was introduced in the 1970s, although the subject was addressed by some experts, such as Kurt Biedenkopf und Meinhard Miegel. Even the cost estimates of the most recent calculations assume a medium variant of age development in society, although past experience has shown that the gain in life years has been continuously underestimated. In attempts to follow the USA, there have repeatedly been suggestions in Germany to establish a »generation balance«, as was suggested by Bernd Raffelhüschen in 1996, for instance. One can only hope that regional and federal legislators will finally decide to use such instruments, since people are more likely to work longer if incentives for flexible forms of early retirement are in place. It will also make it much easier to recognise that a growing number of children cannot absorb the rising costs of old-age pension schemes.

By making life plans and career paths more flexible, constructive and long-term solutions can be found for a social problem, which, in spite of being a topic of debate, has largely been ignored by society as a whole. A

greater life expectancy will lead to an increasing proportion of elderly people requiring social support and professional care. The additional years make it easier than previously to understand the limits of people's performance. Today, most of the support provided comes from relatives, and almost entirely from daughters, mothers and grandmothers. This was Otto von Bismarck's vision when he introduced the provision for dependants. He justified the provision for widows, by explaining that this would enable the daughter-in-law to look after the surviving father-in-law. However, in a society in which only part of the population still lives in a family or kinship relations, such old-fashioned schemas are hardly suitable for the future.

Making life courses and career paths more flexible, however, also opens up the possibility that people who do not live in kinship or family relations can perform such tasks instead. If one knows that one's own occupational life cycle will reach far into old age, then this not only subjectively legitimises training periods for learning to care and actively nurse others, but also allows one to take advantage of such services oneself later on. Such models are by no means new and played an important role in previous centuries, since one's life course was so uncertain. Since one can not rely on being taken care of by one's own children, such a combination of younger people, not requiring care, taking care of older people in need of care, offered a solution to this problem. It is further known now that older men also participate in the care of others, allowing care models, where care provision is not merely seen as a responsibility of women in society.

Only if life courses, in the sense of an occupational life cycle, become more flexible and there is a clear and generally understandable allocation of costs for the positions they are incurred in, will the additional years of life not merely be interpreted by society in

future as years of consumption and leisure. Instead, one should see the active participation of the elderly in working life and in voluntary work in other areas of life as a new way of actively shaping life. An over 70-year-old can be more than just an interior minister. He can also be a policeman, professor, teacher, skilled worker or could continue working as a member of any other profession. This does not necessarily mean that he would have to resume the same activities he did 30 or 40 years ago. This could also involve new skills, which he has gained later on in life. This will depend on establishing new life courses. In all these areas, the state has, de facto, a monopoly. From the length of school education and further education, the requirements for exercising many professions to the regulation of academic qualifications as well as the retirement age – all this lies in the hands of the state.

#### Alleviating the congestion of life

We may be well aware of the fact that, by decreasing the occupational lifespan since the 1970s, we have not really benefited from having healthier elderly and a longer life expectancy. Even less consideration has been given to the impact a reduced occupational lifespan has had for the life plans of young adults. If only 46 per cent of men and nearly 30 per cent of women aged 55 to 64 years are employed in Germany, compared to 62 per cent of women and 68 per cent of men in Sweden, and if industrial corporations already start to move their 53-year-olds into a part-time pre-retirement working schedule, only to allow the economy as a whole to bear the financial brunt of these erroneous business decisions, then this can have disastrous consequences for the life and career plans of the younger generation, who has to witness the effects of these decisions on their parents.

At the same time, the younger generation plan their professional and corporate careers in line with these expectations. The generation that is in the middle of professio-

nal life perceives this attitude as part of their own life plan and as a vested interest, which the state and society must guarantee. Under the current circumstances and social expectations, a clear message is conveyed to the younger generation to focus as much as possible on acquiring a lucrative position with the associated prestige, as this cannot otherwise be achieved in a long-term life plan. Meanwhile, the concentration of life courses between the 20th and 50th life year has become a social fact, which has evolved over decades and is difficult to eliminate. This is accompanied by the dire consequences that it is becoming increasingly difficult to achieve a full occupational life cycle and that the next generation has less and less time for other areas of life outside their jobs. The framework conditions that these policies have created and are responsible for also mean that someone who has not reached the highest point in his career by the age of 35 or 40 has no chance of making it in our society. When making life plans, young adults therefore have no other choice but to try as hard as possible to establish themselves in their careers as fast and as early as possible, since they have to assume that any investment in their own potential human capital will become redundant when they reach mid-50 at the latest, and they are »discarded« for business management reasons.

How little our politicians think about these correlations, can be seen from the recently introduced regulation to limit the time it takes to become a junior professor. In order to become a professor in Germany today, one must complete the first university degree in no longer than twelve years, without there being any objective grounds for this limitation.

If it were for this regulation, a number of Nobel prize winners would never have become "professor" in Germany today, since they did not originally plan to become professors, but developed into the job after exploring various other job options.

The concentration of life courses between the 20th and 50th life year has become a social fact, which has evolved over decades and is difficult to eliminate.

Those who have not reached the highest point in their careers by the age of 35 or 40 have no chance to make it in our society.

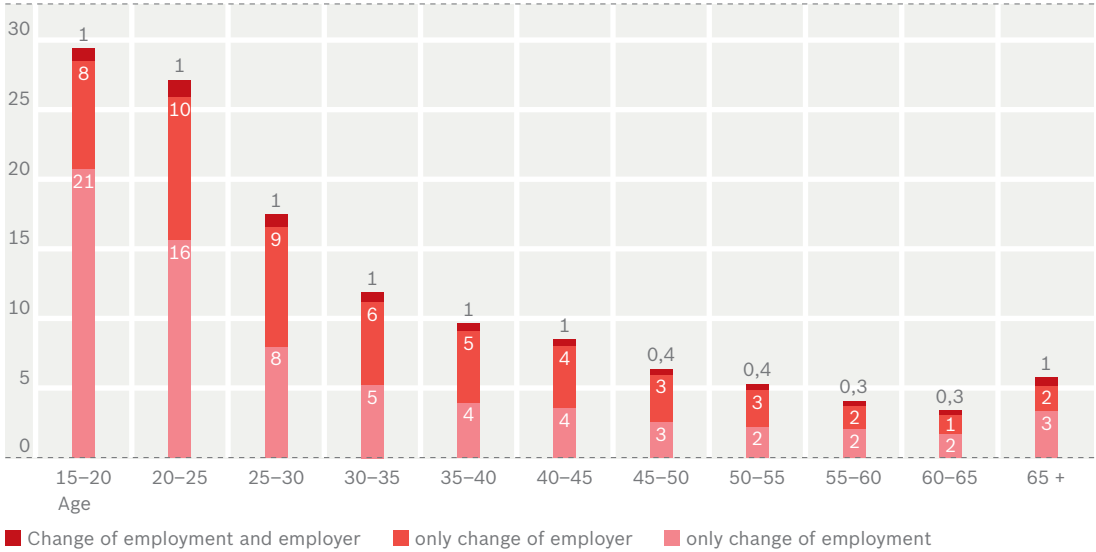
Over the last few decades, we have made the process of successfully starting a career increasingly difficult for the next generation and have introduced many social regulations that considerably delay the process of getting established in one's career.

Over the last few decades, we have made the process of successfully starting a career increasingly difficult for the next generation and have introduced many social regulations that considerably delay the process of getting established in one's career. One of the chief aspects of becoming an adult in Germany involves attaining economic independence. Yet an academic will only reach economic independence between the ages of 26 and 28 at the earliest: 12 to 13 years of school, one year of military or civilian service, four to five years of study and two years of internship, as required for public posts, amount to a total of 20 to 21 years. Consequently, young adults are only able to lead independent lives outside their parents' homes shortly before they reach 30. And whether the restructuring of the university systems to include Bachelor and Master degree courses will accelerate this is questionable. In future, teachers will need both qualifications to teach at a school.

This has nothing to do with the course content, but above all with concerns that a teacher qualification based solely on a BA could lead to an academically underqualified teaching profession. Since both the federal government and individual states have taken the OECD's view that 40 per cent of the population must hold an academic degree in the long run, the trend outlined here indicates that an increasing number of young adults will only attain economic independence later on in life. Since the current pension age is 63 years for men, this means that it will only be possible to work for an average of 35 years. The trend described here not only applies to academics but to all professions since the qualification requirements in all professions will not only lead to longer education or vocational training periods but also implies that economic independence will be postponed to the second half of the 30s.

6 | Career change 2003, categorised by age

Dependent workers (without students) in May 2003, as categorised by age and changes in employment and employer in the previous year, as a percentage of all employees of the respective age groups, Germany



Source: Results of the microcensus; Federal Statistics Office 2004-15-0321

Completing further education and entering into professional life today, however, does not ensure a safe job and future career prospects. For many academics, this first of all means being employed on a temporary basis, often as an unpaid trainee («the traineeship generation»). According to the Federal Statistics Office, approximately 27 per cent of the young adults in the group of 20 to 25-year-olds changed employer and employment or only the employer in 2003, compared with 4.3 per cent among the 55 to 60-year-olds.

Furthermore, a quarter of the employees are on temporary contracts among the young adults, compared with 4 per cent among the 55 to 60-year-olds. One may think that this is normal and typical for young adults and that all generations experienced the same situation, but this is not the case. Especially for the generation that completed school and further education after World War II, one could be sure to be offered a permanent contract after graduation, in both East and West Germany. In both parts of Germany, there was a great demand for labour, which offered the generation born between 1930 and 1940 more secure life prospects than today's generation of youths has. Entering into professional life today is just as insecure for the young generation of today as it was for their great grandparents and grandparents in the first third of the 20th century. It is therefore not surprising that today's childlessness very much resembles that of the generation living in the first third of the 20th century.

When comparing this development to the fertility of the generations born between 1935 and 1960, it soon becomes clear that, parallel to the increasing uncertainty and difficulty of finding a secure job, the birth rates of the individual age groups have declined sharply.

While women still gave birth to 2.1 children in 1935, the birth rate was 1.98 in 1940 and

1.65 in 1965. In the above chart, two processes can be clearly distinguished. In 1935, 100 women gave birth to 216 children, of which 70 were from families with four or more children and 60 from families with three children. In 1945, 100 women gave birth to 179 children, of which 37 came from families with four children or more and 42 from families with three children. The decline in birth rate among these two age groups can largely be attributed to the introduction of contraceptives in the 1960s, which an increasing number of women took advantage of to adjust the number of children born to the number they desired. Contraceptives were the only means of having the number of children desired at the time, of two children per woman. The continuous decline in birth rate after that is attributable to the childlessness of the subsequent age groups. While in 1945, 13 per cent were childless, the proportion had doubled to 26 per cent in 1960.

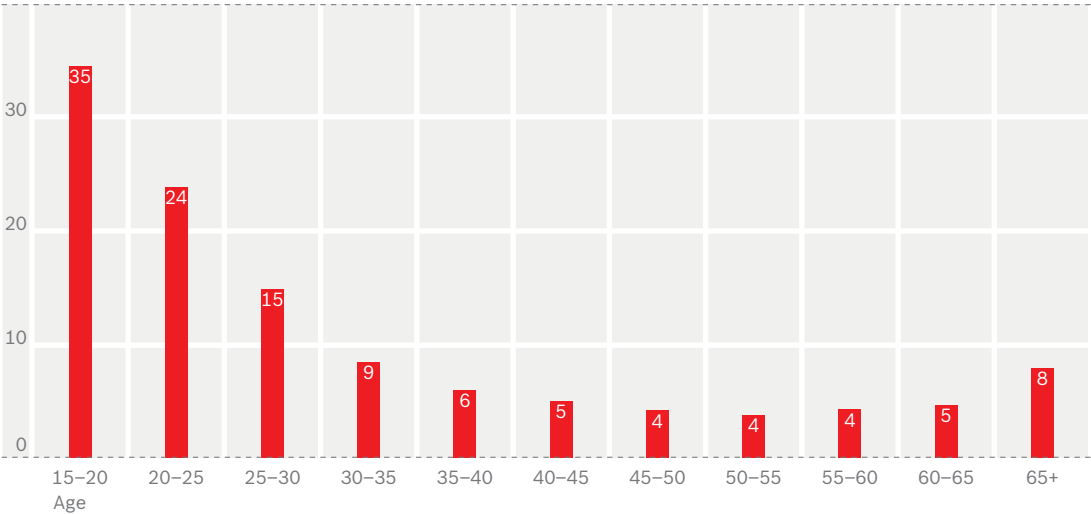
Even though this development cannot be entirely explained by the fact that the young generation today finds it increasingly difficult to stand on their own two feet early on in life, the trend shows that in the late 1950s and early half of the 1960s, known as the »golden age of the family«, young adults enjoyed a much higher level of economic security and attained economic independence earlier on. This not only enabled them to start a family much earlier on but also meant that they had more children and there was less childlessness.

At the time, the family model of labour force participation, in which a man's salary was regarded as a 'family salary' and was expected to suffice for a whole family, was well-established among politicians as well as trade unions and employers. This family model still forms the basis of large parts of the social security system today, in which the social safeguards for women and children are defined by the income of the husband with regard to both the pension scheme and

Parallel to the increasing uncertainty and difficulty of finding a secure job, the birth rates of the individual age groups have also declined sharply.

7 | Temporary employees in May 2003

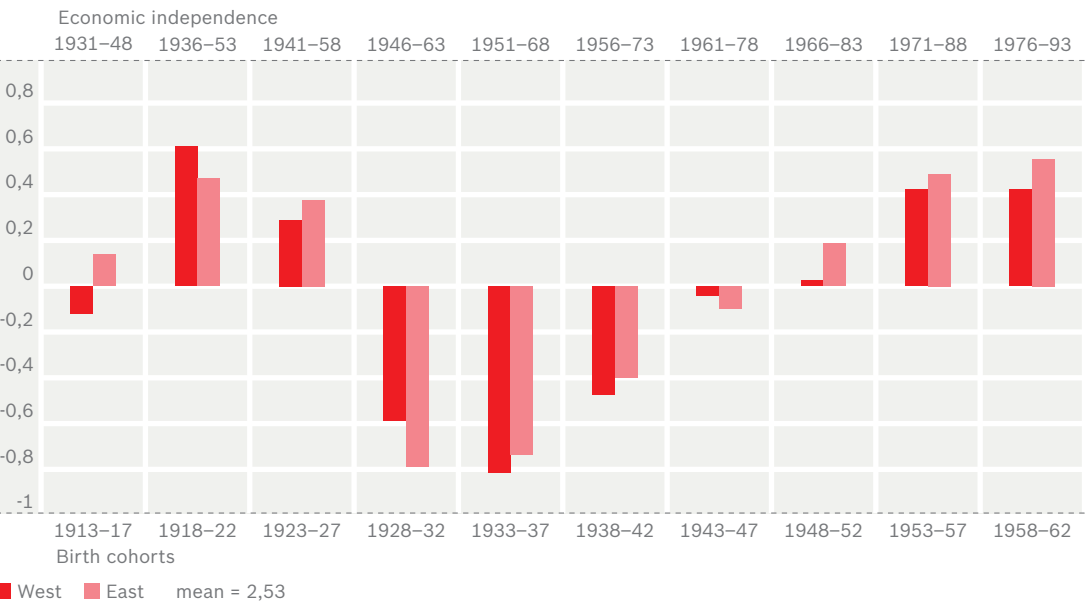
categorised by age, as a percentage of all employees of the respective age groups in Germany,  
All employees except for trainees, and military and civilian service conscripts



Source: Results of the microcensus; Federal Statistics Office 2004-15-0311

8 | Comparing the frequency of career change between the generations over time

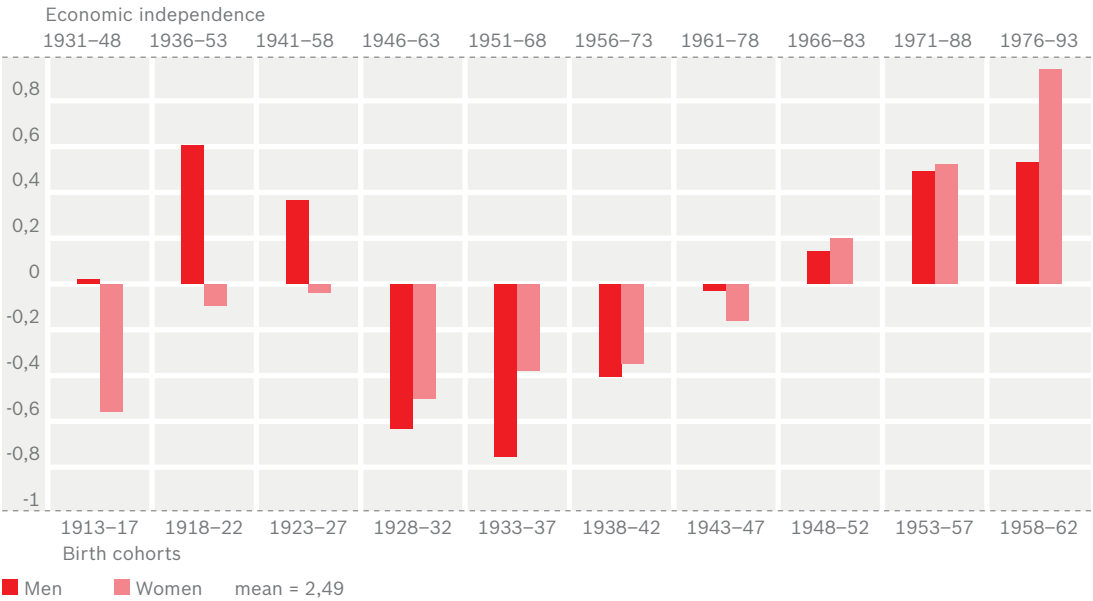
Age of economic independence for men by East-West comparison



Source: Henneberger, S.; Kreher, S.: Evaluation of the results of the life courses, DJI family survey and singularisation study

9| Comparing the frequency of career change between men and women over time

Age of economic independence for men and women by comparison



Source: Henneberger, S.; Kreher, S.: Evaluation of the results of the life courses, DJI family survey and singularisation study

10| Fertility of the birth cohorts 1935 to1960

	Birth cohorts					
	1935	1940	1945	1950	1955	1960
Percentage of women with x children per 100 women						
Percentage of childless women	9	11	13	15	22	26
Percentage of women with one child	26	26	30	30	25	22
Percentage of women with two children	30	34	35	34	33	32
Percentage of women with three children	20	19	14	13	13	12
Percentage of women with four or more children	15	10	8	7	6	8
Total	100	100	100	100	100	100
Number of children						
1 child	26	26	30	30	25	22
2 children	60	68	70	68	66	65
3 children	60	57	42	39	39	37
4 or more children	70	47	37	35	37	41
Total	216	198	179	172	167	165

Source: Bertram, H.

the health care system. According to empirical studies of the 1960s, this model was also widely accepted in society, not only by men, housewives and mothers, but also, in equal measure, by employed women and mothers. Today, only 14 per cent of the female population accept this model, while the overwhelming majority of women would prefer a model, in which man and woman were both seen as the economic basis of the family. Yet the woman's life role could be adapted, depending on whether she chose to have children or not. Such an »adaptive life role« means that the profession and economic independence of a woman, on the one hand, and her wish to have children, on the other, would not contradict each other. Instead, there is the possibility of combining one with the other when interpreting this as one's chief role in life. The structure of the young adult phase described here and the mechanism intended for integrating young adults into professional life do not, however, allow for such adaptive models. In our modern knowledge-based society, young men and women are expected to make full use of their potential and also to make the skills they have acquired available to others in their occupational lives. Under such circumstances, it is easy to understand why, during young adulthood, both men and women see education, starting a career and economic independence as their primary objectives in life. Consequently, there have been dramatic changes with regard to the decision to have children. It is widely known that the average age for giving birth to the first child has significantly increased to 29 years. This lies above the average age of 27–28 years, which prevailed at the beginning of the 20th century. Since women's qualification profiles have improved, women are now more likely to start a career directly after graduation and before having children, which was not typical for their parents' and grandparents' generation at the beginning of the 20th century.

The majority of women, at least the cohorts in East and West Germany questioned in this survey, do not live their lives according to the traditional housewife model.

Figure 11 illustrates how in the oldest generation investigated, 80 per cent of East German women and 74 per cent of West German women started working with one child, whereas today the figure is 35 per cent in East Germany and 42 per cent in West Germany. Of the youngest cohorts analysed, approximately 14 per cent of the women in West Germany and 13 per cent in East Germany, decide to have a child immediately after completing further education, without going on to actively pursue a career. This makes it clear that the majority of women, at least the cohorts in East and West Germany questioned in this survey, do not live their lives according to the traditional housewife model.

If one compares the degree of childlessness among 40 to 44-year old women in the former Federal Republic of Germany in 1971 to that in 1995 and 2003, it becomes apparent that there was already an above-average degree of childlessness among the better qualified women in 1971. Evidently, better qualified women already made use of their acquired skills then to develop a different life model from less-qualified young women.

### 11 | Percentage of women, who started their careers with a child categorised by cohorts (figures in per cent)

	Started career with a child	Started career without a child	With a child, but no career
Women in East Germany			
1913–1917	82,83	15,15	2,02
1933–1937	86,39	9,30	4,31
1953–1957	84,91	11,41	3,68
1958–1962	81,97	12,99	5,04
1968–1972	60,18	32,52	1,30
1973–1977	34,82	52,36	12,83
Women in West Germany			
1913–1917	74,01	14,12	11,86
1933–1937	81,46	11,65	6,89
1953–1957	78,21	17,91	3,88
1958–1962	64,89	30,00	5,11
1968–1972	67,35	27,55	5,10
1973–1977	42,53	43,68	13,79

Source: Hennig, 2005, p.55

### 12 | Childlessness among the 40 to 44-year-olds in East and West Germany Women and men, 1971 to 2003

	1971 Women	1995 Women	2003 Women	1971 Men	1995 Men	2003 Men
Former West Germany						
No school leaving certificate	22,7	21,3	19,3	25,9	34,0	28,4
Comprehensive school leaving certificate	15,0	22,8	23,7	14,9	30,2	32,8
Mittlere Reife (equivalent of O-levels)	22,4	25,7	23,7	15,6	31,9	33,6
Hochschulreife (equivalent of A-levels)	20,4	26,8	30,4	18,5	38,8	37,6
Technical College/University	40,4	31,3	32,7	16,1	34,3	35,6
Former East German states and East Berlin						
No school-leaving certificate		–	–		–	–
Comprehensive school leaving certificate		19,6	26,7		33,3	40,4
Mittlere Reife (equivalent of O-levels)		13,3	18,0		21,2	28,1
Hochschulreife (equivalent of A-levels)		–	13,3		20,5	26,7
Technical College/University		10,6	12,5		18,8	24,7

Source: Bertram, H.

What is perhaps surprising is that the proportion of childless women who have a university degree is seven per cent below the figure of 1971. The childlessness of female academics did not stand out then, since with only 5-6 per cent male academics and 2-3 per cent female academics, the numbers didn't carry much weight. Today, by contrast, where the number of academics has risen to 30 per cent, the subject is much more significant.

The development with men is particularly interesting. The childlessness of 40 to 44-year-old men has not only surpassed that of their female cohorts, but has more than doubled since 1971. While male academics openly relied on the support of their wives to advance in their careers in the 60s and 70s, this attitude is not very common among the younger generation of academics today. We do not have such long time series for Eastern Germany as we have for Western Germany, yet it is worthwhile mentioning that there is a negative correlation between childlessness and educational achievements with both men and women in East Germany. However, the childlessness of men greatly supercedes that of women in all educational groups in the new German states. The development outlined here corresponds well with the attitudes of the young population. Hence, 61 per cent of the 23 to 26-year-old childless academics stated that it would be very difficult to combine their career plans with having a child and as much as 29 per cent of childless interviewees with a low to medium level of education stated the same, as a survey conducted by the Allensbach Institute for Demoscopy in 2005 revealed. The verifiable conflict that exists between the higher education requirements of the next generation, the changed attitudes towards partnership roles within the family and the very uncertain career prospects of the younger generations can also be observed in other European countries. This begs the question why other European countries have higher

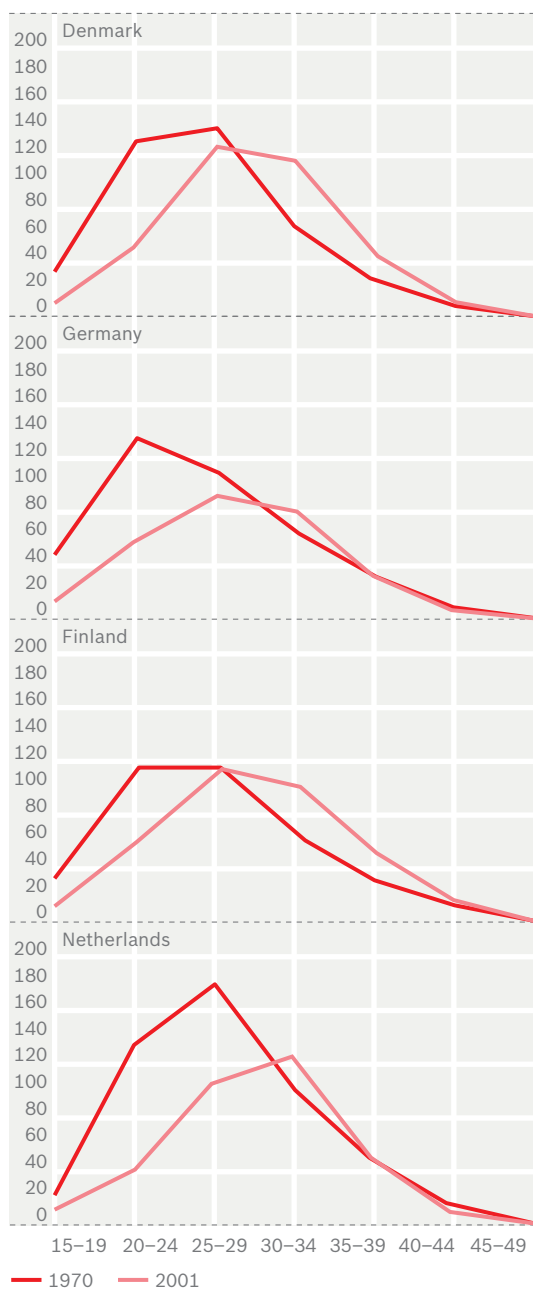
birth rates than Germany. According to the data and analyses provided by the UNO, the age for giving birth to the first child in other European countries, such as Finland, France, Sweden or Denmark, has risen to a similar extent as in Germany. However, in northern Europe this has also led to the fact that subsequent cohorts even decide to have children after the age of 35. Despite the very high employment rates and the many activities associated with this, which mothers perform outside the home, many North European women still choose to have children between age 30 and 40, and not just one but several. In some North European countries that reveal a high level of childlessness, the decision of some women to have many children largely compensates for the childlessness of others.

The first noticeable difference between Germany and these North European countries in which there is a high labour participation among the elderly are the life plans of adults aged between 30 and 40 years. Not only do more people choose to have children during this period of life but many choose to have more than two children. Obviously children fit into life, at a time which is also of decisive importance for one's professional advancement. Here, there is a clear distinction to Germany. Yet this distinction is not as pronounced among the younger age groups, since the period for giving birth to the first child has shifted across Europe to the second half of the 30s.

In Germany, there are ongoing discussions on how to improve the life-work balance, so that more young men and women choose to have children. According to the results of a survey conducted by the Allensbach Institute for Demoscopy, 85 per cent of the 18 to 44-year olds questioned considered having children to be an unrealistic option. The main reason given was that, even with improved day-care facilities, one first had to complete education and make a good and

The childlessness of 40 to 44-year-old men in all educational groups has not only surpassed that of their female cohorts, but has more than doubled since 1971, especially among the academics.

### 13| Denmark, Germany, Finland, The Netherlands: Fertility Trends



Source: United Nations Population Division, World Fertility Report 2003

safe start to one's career as well as acquiring some work experience before choosing to have children.

If any conclusion can be drawn from the European trend of increasingly delaying parenthood and from the widespread view in Europe that education and profession are the foundations for starting a family, then we must ask ourselves why Germans are not able to delay childbearing until the fourth decade of life. It is particularly important to ask whether and to what extent the German organisation of young adults' life courses contributes towards, not only delaying their economic and professional independence, but also prolonging their social and emotional dependence on their parents beyond that of other European countries. Relative to other European countries, it is apparent that German men leave the parental home much later than, say, young Danes, Fins or Dutch. At the age of 25, only half of all young German men have left their parental home, whereas in Denmark or Finland 50 per cent have already left their parental home by the age of 21 or 22. In this regard, young German men are only surpassed by the Spanish, Italians and Greeks, 50 per cent of whom leave their parental home between the ages of 28 to 30 years. On average, women in Germany leave their parental home much earlier: Approximately half of all 22-year-old women no longer live with their parents, which does not deviate much from other countries, such as France, the Netherlands, Denmark or Finland. When young men leave their parental home in Germany, they do not necessarily move in with a partner. Only 30 per cent of the 23 to 27-year-olds who leave their parental home move in with their partners, compared to 50 per cent in Finland and 40 per cent in England and the Netherlands.

It is particularly important to ask whether and to what extent the German organisation of young adults' life courses contributes towards, not only delaying their economic and professional independence, but also prolonging their social and emotional dependence on their parents beyond that of other European countries.

A study was also conducted to see whether young women, who live together with a partner, have children. Again, in Germany,

Whatever reasons they may have, young German men, in particular, leave their parental home rather late in life, compared to other European countries, and then prefer living alone initially.

this is more seldom the case than in France, Finland, Denmark or Sweden. In Germany, 11 per cent of young women aged between 20 and 30 years, who live together with their partners, have children. In France, it is 30 per cent who have children, in Finland it is 38 per cent, in Denmark 47 per cent and in Sweden 56 per cent. While treating these few figures with caution, one can nevertheless infer that in Germany young men, in particular, who for whatever reason are more likely to leave their parental home later than in other European countries, are initially also more likely to live alone. The microcensus of 2003 confirms that 30 per cent of the men in this age group live alone. Hence, young women are less likely to live with a 20 to 30-year-old man and even less likely to have child with him than their peers in North or Western Europe. In contrast, this is much more common in France and in Northern Europe. International comparisons should be made cautiously, since little is conveyed about the motifs of those taking part in these surveys and the combination of circumstances described above does not exist in all European countries. Nevertheless, a possible explanation for these particular circumstances can be found in the extended period of study in Germany and the associated prolonged economic dependence on the parents. This is reinforced by the fact that in Germany parents are obliged by law to provide for their children until they are economically independent. According to the German maintenance law, the family, and in this case the parents, are obliged to secure the economic existence of their children even if they are already in possession of all other civic rights.

Many authors of international research literature assume that living with one's parents for so long delays the development of an independent partnership and the creation of one's own family. A delay in finding a partner can also mean that it may

be too late to start a family. Since the percentage of young adults who still live with their parents has increased since 1972, we can assume that the probability of this younger generation of adults successfully reconciling career and family is rather low. Even though the living arrangement of »living apart together« exists with this age group, its prevalence is so low, at 10 to 12 per cent, that living together with one's parents has no effect on the partnership behaviour of young adults. The favourable effects of the GDR's pro-birth policies after 1972 support this argument. One of the key policies, which promoted the founding of families, even during vocational training, was to offer young people their own apartment, allowing them to live separately from their parents, as well as secure future job prospects.

This implies that for an increasing proportion of young adults today, and for young men in particular, the possibility of living independently, having a partnership and starting a family is no longer possible, as it was for most of the 21 to 24-year-olds in the 1960s, who married relatively young and had a correspondingly large number of children. Economic independence is often only reached very late in Germany.

From other countries, such as France, we know that the decision of young adults to have children and to live independently is encouraged by them receiving benefits from the family benefits office. This means that parents are no longer burdened with the costs. The French system is not dissimilar to the GDR's concept. Other countries, such as Finland, make such benefits dependent on certain contingencies, such as living independently and being available and willing to work. All these countries focus on promoting the independence of the next generation, whilst in Germany, as in the countries of southern Europe, the young adults' economic dependence on their parents was

extended. When comparing these countries' birth rates with Germany, we should however note that the average birth rate of southern Europeans is less than one child per woman.

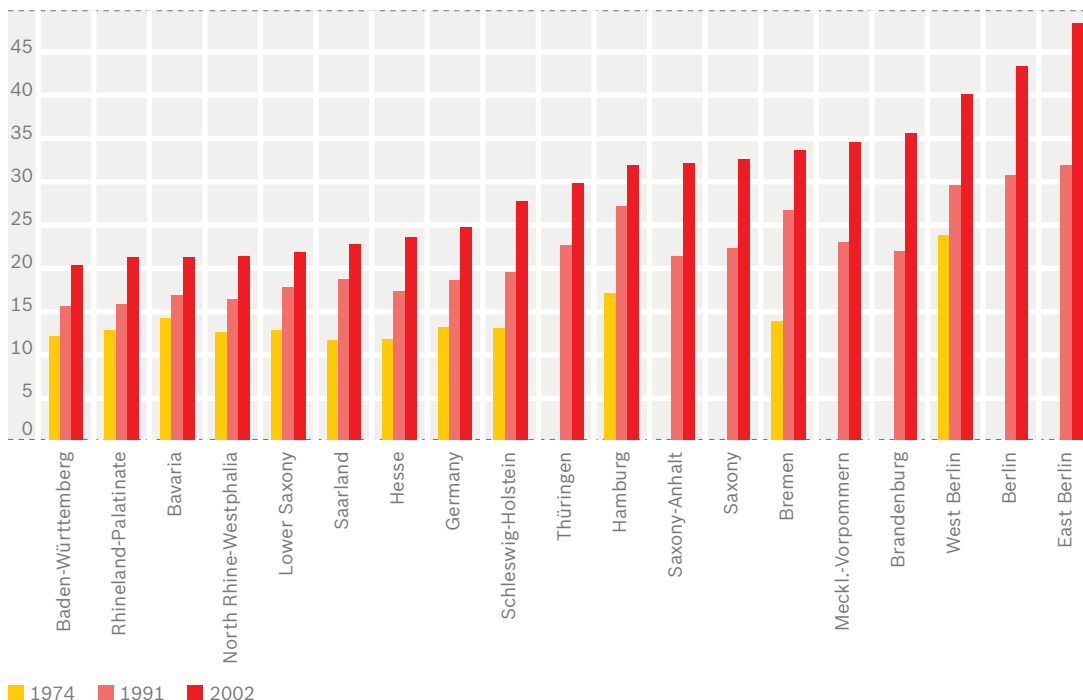
However, in the German system there is one other way to have a child and become independent of one's parents: through social benefits. If a young woman chooses to have a child and not to live together with her partner, who would otherwise be responsible for her, she is entitled to receive social benefits. Thus, the current German system enables a woman to have children, without being economically independent. The most important prerequisites are that one is not married, does not live together with one's partner and is not available for work. In this case, the state supports the young family for the child's first two years with around 1,200 to 1,300 euros per month net income. By comparison, half of the young women aged 30 years currently earn 1,200 euros net income per month. Being a single parent is often the result of a string of personal circumstances, for which there was perhaps no other solution. These people therefore require public support. Considering the changes in living conditions that have taken place in former East Germany since 1991, it may however be possible that, unlike in the GDR, these incentives do not coincide with the values and outlook on life of young Germans before 1990.

According to Figure 14, the proportion of single parents living in Brandenburg, Mecklenburg-Vorpommern, Saxony and Saxony-Anhalt has increased from 20 to 30 per cent over a period of ten years, from 1991 to 2002, or even to 35 per cent in Brandenburg. The most significant increase can be seen in Berlin: While in 1991, 30 per cent of the families with children living in East Berlin were single parent households, this has now risen to 50 per cent during the last 10 years. We cannot rule out the possibility

that this may be due to the difficult economic situation of individual eastern German states, as even western German states with high unemployment, such as North Rhine-Westphalia, do not differ in their life forms from economically prosperous states such as Bavaria.

#### 14| Single mothers with children in the old and new German states

Percentage of single parents compared to families with children, without age limits, 1991 and 2002, in per cent



Source: DJI Regional database; base data: Federal Statistics Office, microcensus

A comparison of married and unmarried proportions of the population in the new German states shows that, in the group of over thirty-year-olds discussed here, roughly 60 per cent of 32 to 34-year-old men, for instance in Saxony, were single in 2004, compared against 17 to 18 per cent in 1991. These shifts have not been quite as drastic for women, but even here more than 40 per cent of group aged 30 to 34 years are single, compared with less than 15 per cent in 1991.

Obviously, it was more attractive for young adults to enter into a partnership and marriage and jointly care for children in the GDR than it is in current Germany, where marriage and family are under the special protection of the state. One can dismiss the idea that the increase in the number of single parents and life-long bachelors and spinsters is a reflection of changed values.

Only 4.8 per cent of all East Germans want to live alone with children and only 6.3 per cent wish to live in separate households. The rest would prefer to get married (76 per cent) or live in extra-marital cohabitation (10 per cent). 77 per cent believe that children need a home with a mother and father in it to grow up happily. According to the information of the Federal Institute for Population Research (BiB), marriage and family are still incredibly popular in the new German states. Thus, the shifting tendencies and radical changes described above must have other causes.

It is worth noting that until they reach their mid-30s, the majority of young men tend to live alone, without a partner, family or children. This tendency is not quite as pronounced with women, but nevertheless noticeable. With regard to Germany as a

whole, it should be noted that, in 2003, 30 per cent of the 30-year-old men were married and 47 per cent of the 30-year-old women. These results do not coincide with the value perceptions of young men and women measured in various surveys.

The public debate specifically focuses on the issue of childlessness and the small number of children conceived per woman and contemplates whether this development of having fewer and fewer children and the growing number of childless couples is to be seen as a consequence of the disproportionate rise in opportunity costs for children. But in fact, this very brief analysis of the demographic changes over the past 30 years brings to light two other factors. The organisation of life courses for the 20 to 30-year-olds has undergone such radical change that the completion of education and starting a career has gained pivotal importance for young men and women during this period of life; so much so that the decision to have children or a family has become unlikely. This is because the period of study has been prolonged and, along with it, the economic dependence of these young people on their parents. At the same time, it has become increasingly difficult for young adults to gain a foothold in their careers. Today, young men and women are expected to come up with successful strategies for overcoming these obstacles in education and career development. There is no time left for a partnership and children in this complex structure of young adults' life courses. The organisation of this period of life obviously leaves no room or time for maintaining a partnership and developing trusting and long-term relationships, nor for founding a family.

#### Partnership and parenthood

The correlation shown here between a certain reluctance to enter into a steady partnership, to marry and have a family can be substantiated in detail, both empirically and through survey results. The out-

look on life of 18 to 44-year-olds shows an attitude, which explains why the population finds it so hard to live in a partnership or family.

The findings of the Allensbach Institute of Demoscopy confirm that the most important aspect in the decision to have children is that both partners share the wish to have children. It is also equally important that both partners perceive the partnership to be stable. The third most important aspect, after the desire to have children and a stable partnership, is that the partner has a secure job and, alongside this, a secure and adequate salary. Most of the 18 to 44-year-old women (77 per cent) consider the ideal age to have a child between 20 and 26 years. Furthermore, most of the women questioned assume that the reproduction phase should be over by the age of 33. This data also corresponds with other findings by Köcher and Eppler: Young women below the age of 24 consider the ideal number of children to be 2.14, of which 2.1 are actually conceived. The 29-year-olds or over view the ideal number of children to be 1.87, of which 1.74 are conceived. This evident effect of age is also reflected in the desire of childless women to have children.

Of the 16 to 26-year-old childless women, 62 per cent definitely want a child, while only 14 per cent of the 35 to 44-year-olds still wish to have children. Similar age effects can be seen with the men.

The age effects substantiated by the Allensbach study can also be drawn from comparative international studies. Young women's wish to have children in Germany is not as strong as in other European countries. Yet the comparative group of men in Germany is even less inclined to have children. The desire of 35-year-old German men to have children is currently far below the 2.1 children per woman needed to ensure stable population growth.

The organisation of life courses for the 20 to 30-year-olds has undergone such radical change that the completion of education and starting a career has gained pivotal importance for young men and women during this period of life; so much so that the decision to have children or a family has become unlikely.

There is no time left for a partnership and children in this complex structure of young adults' life courses.

The desire of 35-year-old German men to have children is currently far below the 2.1 children per woman needed to ensure stable population growth.

What stands out is that an above-average proportion of women who work in the media or who are company managers are partnerless and also childless.

The comment is repeatedly heard with such findings that they are only based on surveys and have only measured attitudes, whereas the real empirical data is completely different. Fortunately, family research offers the possibility of comparing these measurements of attitude with the respective population statistics and verifying whether those attitudes correspond with the statistics. The American Bureau of Census, which has a long tradition of undertaking such comparisons, analysed childlessness in the USA in 1998, which, at 20 per cent of all women, is also relatively high. In doing so, it identified the following aspect as the most important variable for determining family status: Married women generally had children in the USA, unmarried generally did not. Based on the German microcensus, this result was relatively easy to reproduce, although the microcensus only records the children per household and not the number of biological children, as in the USA. The findings correspond with those of the US Bureau of Census: 75 per cent of all women aged 40 to 44 years, who had never married, were childless, whereas 82 per cent of all women of the same age, who had married also had children. Hence, if Renate Köcher from the Allensbach Institute of Demoscopy emphasizes the importance of partnership in the interviewee's decision to have children in these studies, then one need only compare this with their marital statuses to realise that these are not merely attitudes, but reflects real behaviour patterns. This is confirmed by the data collected in the microcensus: roughly 75 to 80 per cent of all children below the age of 18 grow up with their two (biological) parents. The powerful effect of partnership and marriage on people's attitude and actual behaviour towards children does not change even if all other variables come into play: 80 per cent of all women, who are university graduates and never married are childless, whereas only 19 per cent of all women with university degrees, who are married, have no children. This correlation

also applies to other variables, such as the highest occupational qualification, one's position at work or a comparison of East and West Germany, although there are also some interesting deviations here.

For instance, at 27 per cent, the percentage of childless, married women employed in senior positions in the service sector is much higher than in other occupational groups. And this is also an indication that the prevalence of childless and partnerless women may be particularly pronounced in certain professions. This can also be verified against the data obtained from the microcensus. Figure 15 illustrates the correlation between being partnerless, childless and occupational position. What stands out is that an above-average proportion of women who work in the media or who are company managers are partnerless and also childless. By contrast, women who are employed in more traditional jobs such as in agriculture or who perform junior office jobs, such as administrative assistant, have more children, more often, than other occupational groups. It is also interesting to note that women who are employed in more traditional women's professions, such as primary school teacher, carer for the elderly or educator, also choose to have children, even without a partner. This is not the case with certain service-sector jobs in the wholesale or retail industry, in the banking business or for entrepreneurs or businesswomen.

These structural data confirm the findings on attitudes by Renate Köcher. Women who need to study for a long period of time and then require even longer to get established in their careers, as is the case with corporate managers or doctors, often have to renounce their life plan of having a partner or children. Regrettably, there are no empirical analyses in Germany on the motifs for such life-changing decisions. Yet, the results of an American study on women with "high potential" with an annual salary of at least 100,000

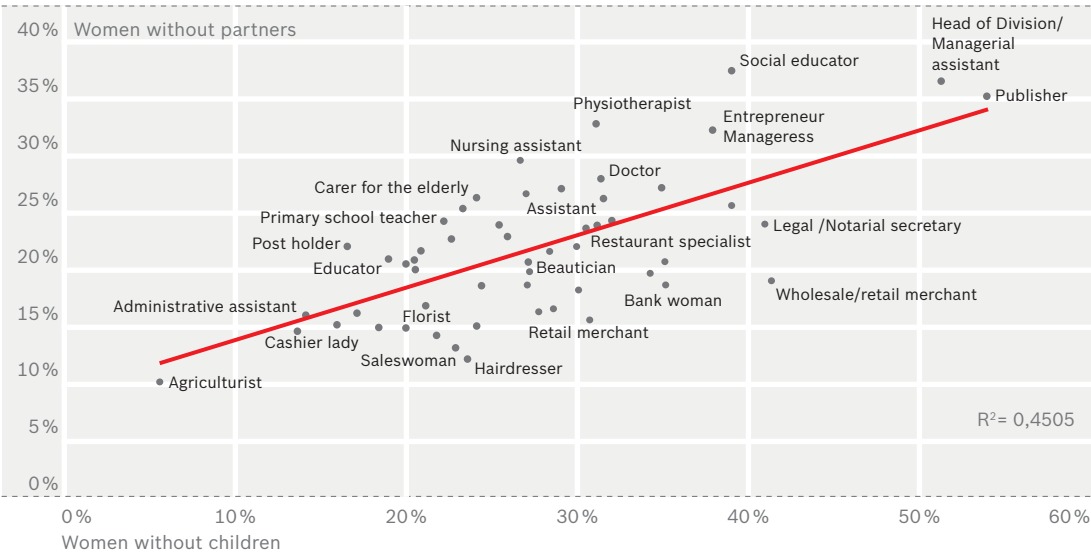
dollars, shows that being childless and partnerless is not the result of a conscious decision in life, but rather a process with many stages and motifs. Successfully pursuing a career not only demands that one is well-educated but also willing to invest more time and energy into this area at the expense of one's private relationships and circle of support. Building a stable relationship is generally not easy under such circumstances, especially with a partner who has similar ambitions. If one's investment pays off with a commensurate advancement in one's career, then the demands placed on the partner could rise too. Hence, being partnerless may be a possible consequence of pursuing a career. Ultimately, without a partner the decision to have children becomes redundant. Hence, partnership and children

are frequently subordinated to other life options. As a consequence, more than 50 per cent of the women in this situation in the United States are without a partner and children.

A similar trend can be observed with men. It was once said that a man would advance in his career if he had a supportive wife behind him. Nowadays, these occupational groups are experiencing a similar trend as women. Most men working in the IT sector are partnerless and childless and those among the younger cohorts who wish to climb the career ladder find themselves, to a large extent, in the same situation as young women. Making a career appears to be more of a deterrent than previously for forming stable partnerships.

Making a career appears to be more of a deterrent than previously for forming stable partnerships.

15| Women born 1955–65 in Germany without children, without partners and their professional positions



Source: Microcensus 2000, calculation by Bertram, H.

### Summary

In our initial argument, we described the demographic paradox between an aging population and the development of human capital in modern societies. For the individual, the longer life expectancy is a gift, especially because of the increased likelihood of enjoying good health in the later stages of life. Rising levels of education open up a variety of options for young adults that are perceived as an added bonus by those concerned. However, these individual gains evidently appear to have created serious social problems, since the cost of financing an ever larger group of over 65-year-olds is becoming increasingly difficult and the requirement for young adults to achieve higher qualifications comes at the cost of a decline in reproduction levels. This development is historically unique and can not be resolved by drawing on past perceptions. The point is not to explain to the older generations that an increasing number of elderly people in society will now have smaller pensions than in the past, but instead to clarify that the idea of the third stage of life being one of retirement is no longer meaningful in view of the growing number of people with a life expectancy of 100 years or more. This stage in life must be given a new meaning. The productive age, and especially the period up to the eightieth year, is a social resource, which needs to be meaningfully shaped and made use of socially. Yet, so far, we hardly have any concept of how to make better use of human productivity in this phase. With these new ideas, we leave the 19th and early 20th century behind us and replace the past concept of life being a ladder with the idea of life phases, which can be combined in a variety of ways.

We also need a new concept of age, because this is the only way the next generation can shape and experience a new concept of life, in which it is possible to combine the highest qualification requirements, along with the difficult process of integrating young men

and women into occupational life, with stable partnerships and the decision to have children. In spite of the contingencies in life, the willingness to have children, a partnership and to engage socially with one's parent generation will increase too. Without a new vision for life, the disposition of the younger generation to have children, a family or a partnership will decline.

Late parenthood, in other words giving birth after the age of 30, leads to the desire to have children declining and families getting smaller. At 35, the chances of successful insemination are only half as good as below the age of 30, and from 38 onwards they are only a quarter as good. Although artificial insemination may be an option, it does not offer a solution due to the limited chances of success. Moreover, with late births there is the increased risk of a child being born with various disabilities. As women grow older, the desire to have children declines for a number of reasons. This has partly to do with one's own self-perception and ability to integrate one's role as a mother into one's life; but it does, of course, also with other factors, such as insecurity or lack of confidence in having a stable partnership, doubts about maintaining an appropriate lifestyle, the increasing awareness of one's professional success and self-realisation. All this does not fit together with founding a family and maintaining a household.

Apart from biological and medical reasons, changes in preferences in the transition from young adulthood to middle-age play a pivotal role in the decision to have a partnership, children or lead a family life. Since these preferences do not remain constant but change during the process of transition from young to middle adulthood, the option of having a partnership and children declines as life progresses. It is also important to realise that as one grows older and has different experiences with various partners,

that the stability of the partnership, the consensus between the partners to agree on common goals and values, the perceived quality of the partnership may be interpreted differently and perhaps more critically in some respects than in previous phases of life. The concentration of key objectives in life within a very short period of time inevitably leads to young adults feeling overburdened during this period and abandoning certain options. Furthermore, in everyday life, they also perceive how others, who have chosen a life with children, face the very same problems described above, which they find impossible to master.

The demographic paradox is by no means inevitable, but rather the consequence of a misguided set of life courses in German society. Life courses are not only the result of individual actions, but also always the consequence of state-induced norms which, due to their time constraints, have a significant impact on people's life courses. Furthermore, they are also dependent on the state-induced norms, for instance when labour market regulations determine the ease of gaining access to employment or organise state support in such a way that it makes some life forms more attractive than others.

Hence, based on this argument, we can deduce that this demographic paradox can be resolved if the state-induced norms are re-examined as regards to whether and to what extent they are the cause of the developments described above and to what extent life courses can be reorganised by introducing a different set of regulations or perhaps even abandoning the regulation altogether. One of the central failures of the social policy pursued by all major parties so far has probably been to view the variables of the demographic paradox as unrelated issues and, at the same time, to primarily reduce these issues to the financing of pensions and the necessity of replacing the missing human capital in the working world. As

long as we are not willing to accept that higher investments into one's personal qualifications only enables one to have a partnership and family if the full extent of available life-span can be meaningfully used by the individual, the above-mentioned processes will continue. Hence, the key to resolving this demographic paradox is to reorganise the life courses in all spheres of life.

One of the central failures of the social policy pursued by all major parties so far has probably been to view the variables of the demographic paradox as unrelated issues





# Family policy as the policy of the future

## Investment in human capital

Although family policy and improving family benefits is normally greeted with much sympathy by the general public, family policy is classed as less important in public discourse than economic policy, domestic policy or defence policy. The private nature of the family and family relations means that it is often regarded from a private perspective and therefore seen as less socially relevant than other issues. However, this also has to do with the fact that ever fewer people are affected by the issue in Germany.

Economic difficulties in society and high unemployment are issues that everyone can relate to, whereas investing into children is seen as a private undertaking, which only starts to become relevant when it comes to safeguarding one's own pension. This view of seeing children as »private commodities« is also shared by some economic theorists, who treat children in the same way as a car or house, for instance.

A similar stance can be observed when it comes to childrearing or a child's development. Here, there is a lack of trust in parents' capabilities of raising children and insufficient understanding of the family tax-relief package (known as Familienleistungsausgleich in German). It is often argued that parents may have children but that they are overburdened with their upbringing and development and therefore desperately

require professional assistance. When the public budget needs to be tightened or new social projects require financing, allowances that benefit families are almost always cut to »counterfinance« this. Hence, the family and child allowance was cut to »counterfinance« the recently introduced incentive wages in the public service sector. These amounted to as much as four billion euros..

In the debate on promoting research and granting additional funding in this area, it was naturally assumed that one could sacrifice the home owner allowance for this purpose. The homeowners' child support (Baukindergeld) alone, which exclusively benefits families, amounted to three billion euros. Large families benefited most from this as, in spite of their relatively low per-capita income, nearly 80 per cent of the families with three or more children live in their own homes. Yet this was not even discussed. Thus, the seven billion euros siphoned off from families was not an issue. Instead, families and children are often considered to be a private matter in many public and some academic debates, in which parents are often depicted as overburdened and families as antiquated life forms. If, among the 40 to 44-year-old men living in Germany today, 40 per cent of the economists, doctors and social workers and as much as 67 per cent of the journalists are childless, then it is no wonder that the topic of family and children only rouses

Among the 40 to 44-year-old men in Germany today, 40 per cent of the economists, doctors and social workers and as many as 67 per cent of the journalists are childless.

interest when it comes to securing sufficient profit from future contributors to the pension fund.

In the light of this difficult starting situation, it will be a major challenge to turn the family and family policy into the central topic of political discourse and debate and to make it clear that family policy is always the policy of the future. This was already attempted in the Fifth Family Report of 2004, which provided an in-depth analysis of the importance of family for the development of human capital in modern societies. To understand family policy as the policy for securing the future also overcomes the danger of polarising those who choose to have children against those who do not. The issue of securing the future does not divide those who decide to have children from those who are childless, but offers the possibility of jointly developing a future vision for modern European societies.

However, family policy is not just a policy for safeguarding the human capital of modern societies. It is also a means of securing the social capital of modern societies. The care of others, which in most western societies is not handled through the market but offered in the form of personal solidarity, is essentially based on the mutual care of family members for each other. In view of the longer life expectancy, this form of personal solidarity will become even more important in future than it already is today. In this sense, family policy creates the framework conditions that enable individuals to include children in their life courses and also to take care of others during the course of their lives.

Such a family policy is always a long-term policy, since it assumes that the next generation will have the same choice of options in its life courses as the parent generation and will be able to choose freely not only to have children but also to take care of others. This policy is also a long-term policy, because it holds the insight that neither society's hu-

man capital nor caring for one another are unlimited resources. They are just as scarce and valuable as clean air and water.

In our society, it is difficult to push through family policy as a policy to secure the future, because the government has so far failed to give adequate consideration to the responsibilities of the federal states and municipalities. The states and, above all, the municipalities have not seen it as their duty so far to engage much in this field. Cities and municipalities mostly see this population group as a cost factor with regard to the public education infrastructure or blame the urban sprawl on their housing needs. However, if family policy is only introduced at a federal level then attempts to safeguard human capital and ensure the welfare of others will not be very successful in the long run. This is also due to the fact that the living conditions of families in Germany are so varied that a uniform policy across the nation will not be able to balance out these differences in a commensurate manner.

The demographic development in Germany is as diverse as that of the entire European Union. While the birth rates in the new German states much more strongly resemble those of the neighbouring Eastern European countries, those in the west of Germany correspond much more closely to birth rates in the Netherlands, which are 1.6 and 1.7, respectively. Furthermore, the demographic developments are likely to differ so widely between the individual states in future that no federal policy introduced by the government will be able to equalise these differences.

While in Bavaria and Lower Saxony, the portions of the total population accounted for by the family-relevant age groups of 30 to 45-year-olds are estimated to drop to 80-85 per cent between 2002 and 2030, they are likely to decline to 40 per cent in Saxony-Anhalt and 50 per cent in Brandenburg. In each

Family policy is always a policy to secure the future.

The demographic development in Germany is as diverse as that of the entire European Union.

A family policy that understands itself to be a policy for safeguarding the future of society should primarily be characterised by reliability.

of the latter two states, there will then only be one person aged 20 to 59 for every person aged 60 and over. Thus the population in Bavaria and Lower Saxony will grow slightly, while Saxony-Anhalt and Brandenburg will have to stomach significant population losses of 15 to 20 per cent, while simultaneously dealing with a very unfavourable age ratio. Such massive demographic distortions that are partially the result of mobility – between 1989 and 1993 alone, one million people relocated from the eastern to the western states – inevitably require very different responses in terms of organising welfare for others in such distinct demographic settings. The issue of supporting families and living life with small children will take on very different dimensions and will require very different responses in these regions.

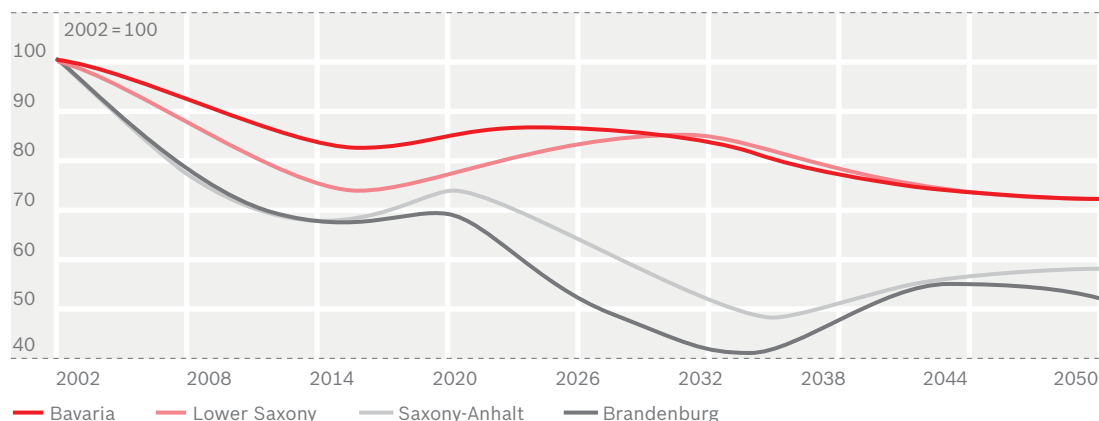
Only if family policy, as a future policy for safeguarding society's human capital and the welfare of others, is understood to be more than just a governmental matter by the states and municipalities can it be successful in establishing framework conditions that favour the decision to have children and protect our welfare system. This does not mean that the federal government has a subordinate role to play in this field. Family

policy can only be successful if all public bodies and social groups jointly tackle the task of safeguarding our future human capital and welfare system at their respective levels.

#### Time for children, infrastructure and financial services

A family policy that understands itself to be a policy for safeguarding the future of society should primarily be characterised by reliability. The decision to enter into a partnership and the decision to have a joint future with children are key turning points in the lives of those concerned, even if the partnership should subsequently be dissolved. A family policy that wishes to help shape the framework conditions and options for such decisions can only influence couples' decisions if life partners do not feel those framework conditions change every time there is an election. While certain fundamental principles of family policy remain constant in other European countries, such as France, Denmark or Sweden, after a change of government, this is hardly the case in Germany. Thus, in France, for instance, family policy has always been marked by the financial support of large families and women's integration in the occupational world

### 1 | Development of family-relevant age groups in selected federal states between 2002 and 2030



Source: Federal Statistics Office, 10th Coordinated Population Estimate (Variant 5); Calculation by Bertram H.

through the provision of an extensive infrastructure for children. These priority areas have remained the same irrespective of which party was in government. The North European countries have always tried to combine time policy, the expansion of the infrastructure and public and corporate transfer payments in such a way that higher labour participation of women can be reconciled with having time for children.

Continuity and the combination of different policy strategies concerning time, infrastructure and money can be seen as the reason why, compared with Germany, so many more young people in Northern Europe choose to have children and frequently opt for a large number of children. Unlike France, these countries had a lower birth rate than Germany in the 1960s. Despite an unfavourable starting situation, they nevertheless managed to reorganise mothers' occupations, time for children and the economic situation of families in such a way that the birth rates of these countries are now higher than in Germany and childhood poverty, at 3 to 4 per cent, is far below the German level, which is between 11 and 12 per cent.

A brief glance back at the history of German family policy shows that a series of measures that were taken in other countries, were also implemented in Germany according to the criteria and principles of German family policy. Yet, unlike in Northern Europe or France, no consistency or reliability could be detected in German family policy. In 1985/86, the former family minister Heiner Geißler reacted to this demographic challenge with a family policy consisting of time and state transfer policies. The maternity leave act of the time guaranteed employment, granted child-raising allowances and credited childrearing time to pensions. It represented the first attempt to enable young, appropriately qualified women with a clear career path to spend time at home taking care of their first child without having to worry about being financially dependent

upon their husbands and knowing that they would be able to return to their jobs later on. For a short period of time, the demographic effects of this policy were clearly visible.

In 1990, the former German family minister Rita Süßmuth introduced a Child and Youth Welfare Act, which was an attempt to at least establish a new basis for action with regard to the role of mothers and parents. The law formulated a legal entitlement to a place at nursery school from the third year onwards, which was enforced in early 1990. Maternal leave, the child-raising allowance, guaranteed employment, pension claims based on the period of parental leave rather than on the working hours and the legal entitlement to a place at nursery school were relatively new concepts. This concept enabled one to continue using the human capital generated by young women through gainful employment, while at the same time ensuring that childcare – including the decision to have children – would at least notionally be perceived on a par with gainful employment for the period childrearing allowance was granted.

Based on the discretionary intervention and steering powers of the government at the time, the GDR developed a family policy concept by introducing time policies (parental leave/ guaranteed employment), financial support (childrearing allowance) and infrastructure policies (entitlement to a place at nursery school), which were geared to other European countries and were intended to help young adults build an occupational life cycle.

By introducing the baby year with 90 per cent continued wage payments for the first year and by expanding the infrastructure for day-care centres for the second year, effective policy strategies were pursued, which furthered family development. Although the effects were more pronounced in the GDR, the family policies implemented in both German states had very positive effects, albeit for a limited time. In the case of

the GDR, the ending of these policies was associated with the German reunification. Other European countries even managed to stabilise their birth rates by systematically and persistently pursuing this policy approach. Germany did not proceed with its initial attempts to establish a systematic policy for supporting young families. Hence, the entitlement to a place at nursery school was reduced to three hours and generally without lunch in western Germany. In some West German states this was even divided into mornings and afternoons. There is no supporting infrastructure in place for establishing a work-life balance, even for part-time work. Without the existence of private support networks, it is nearly impossible for parents of children younger than 10 years of age to achieve a work-life balance.

While much time, energy and, most of all, money was spent on adjusting East German pension claims to the West German pension system in reunified Germany, family policy was substantially watered down. With its baby year policy, the GDR secured 90 per cent continued wage payments, even if the mother was a single parent, while the West German model focused merely on the acquisition community of a young mother and husband or boyfriend. Without knowing what ultimately motivated the majority of young men and women in former Eastern Germany to initially decide against having children after 1990 – which resulted in the steepest decline in birth rates in history – the question that arises is whether this reluctance was not perhaps influenced by the fact that young East Germans did not accept the West German marriage and family model.

It is astonishing that reliability and continuity are key elements which naturally form part of all aspects of pension policy but not of family policy.

The time, infrastructure and financial transfer policies of the 1980s were only taken up recently to now be integrated into a systematic life course policy concept. Through the new legislation for part-time work and the reorganisation of parental leave, the time parents can take for their children within the scope of their occupational life cycle is no longer limited to three years but can flexibly be taken at any time until the child is eight. Furthermore, the legal entitlement for part-time work, which is negotiated and mutually agreed by employers and employees in about 95 per cent of the cases, offers parents more flexible opportunities to take care of their children. This is important as, in childhood development, it is not only the first three years that are critical and in which their children require the special care and support of their parents. There can be phases of transition in the life of a child, which require strong parental presence, as the new legislation in Germany is now seeking to promote.

However, such strategies for promoting greater flexibility presuppose that the industry, trade and service sectors not only take into account the corporate requirements for flexible working hours in their respective working time models, but also include the time for childcare as an essential part of their company's working time policy. Incidentally, this similarly applies to the trade unions which, in this respect, can learn from other countries such as the Netherlands or Denmark about how to interpret such time policies as part of their collective bargaining agreements for working time policies. However, these processes cannot be introduced into the corporate world via laws alone. Only through alliances with various actors at the corporate level, and with trade unions and municipalities can such flexibilisation processes be implemented in the interests of freeing up more time for childcare.

Here, the municipalities are particularly called upon, as such flexibilisation processes

The West German marriage and family model was not accepted by the young people in East Germany.

require an infrastructure for children, which offers parents reliable support so they can reconcile different time requirements. Such processes are an excellent way for municipalities to demonstrate civic commitment. And if large cities, such as Stuttgart, proclaim that they want to become Germany's family and child-friendliest city, then this demonstrates that the majority of communities and municipalities have understood that a flexible time policy in the interests of children, mothers and fathers is only possible if the appropriate infrastructure is in place within the communities.

Time and infrastructure policies must be enhanced to include life course-related transfer payments for families. An income-dependent parental allowance, which has long been paid in the North of Europe and will now also be introduced in France and the U.K., is intended to give young parents the possibility of taking advantage of parental leave and to voluntarily agree upon their division of labour between themselves. It offers them decisive support at a time when their wages are still relatively low and they are aware that their existing economic resources will most certainly deplete rapidly. Today, the average net income of a young woman of 30 years is roughly 1200 euros, while that of a young man is around 1700 euros. The decision to have a child and to dedicate oneself to the child during its first year of life entails a loss of income of approximately 700 to 800 euros. It is therefore not surprising that young families with children belong to the social groups with the lowest per capita income.

Today, the only way to prevent such a loss of income in Germany is to try as much as possible to remain unavailable to the job market and not to live together with a life partner. Then one is entitled to state benefits which replace the wage or wage compensation. For a 30-year-old woman with a child, this amounts to 1200 euros per month. The go-

vernment has thus at least provided the incentive not to live together with a partner and not to be available to the job market. This policy has also substantially contributed to the fact that a disproportionately high percentage of children never stops living off social welfare.

The illustration »Parental allowance as a wage-dependent transfer payment« demonstrates how, contrary to the North European welfare states, the German welfare state clearly supports single parenthood and the voluntary decision not to work. By contrast, the North European states orient themselves towards an occupational life cycle model and provide clear incentives for taking up work again. This policy has several consequences. Irrespective of whether parents choose to have one, two or three children, they can rely on the fact that during a period in which they feel they need to invest a lot of time in children, they will not be forced to ride on an economic rollercoaster. Even if parents willingly accept these wage losses with their first child due to their wish to have a child, the decision to have a second or even a third child will become increasingly difficult, since the parents not only have to consider their wish to have a child but also the living situation and perspectives of the children they already have.

While the North European states have managed to establish a certain life-work balance through their wage-dependent parental allowance, thus essentially putting parental leave and nursing time on a par with occupational time, France chose the family-splitting option as a solution, along with more child benefits from the third child onwards and tried to achieve an economic balance through tax relief. Yet if one takes the lack of children prevalent in each country as an indicator of the economic success of the different policies, then the North European policies are more successful, at least from an economic perspective, since France has a

Young families with children belong to the social groups with the lowest per capita income.

similarly high proportion of lack of children as Germany, where the parents receive less than 50 per cent of the average French wage.

The North European model has also had one other decisive effect. Although North Europeans have three or four children just as often as Frenchwomen, they often have their children relatively late in life, even after the age of 35, which represents more of a health risk.

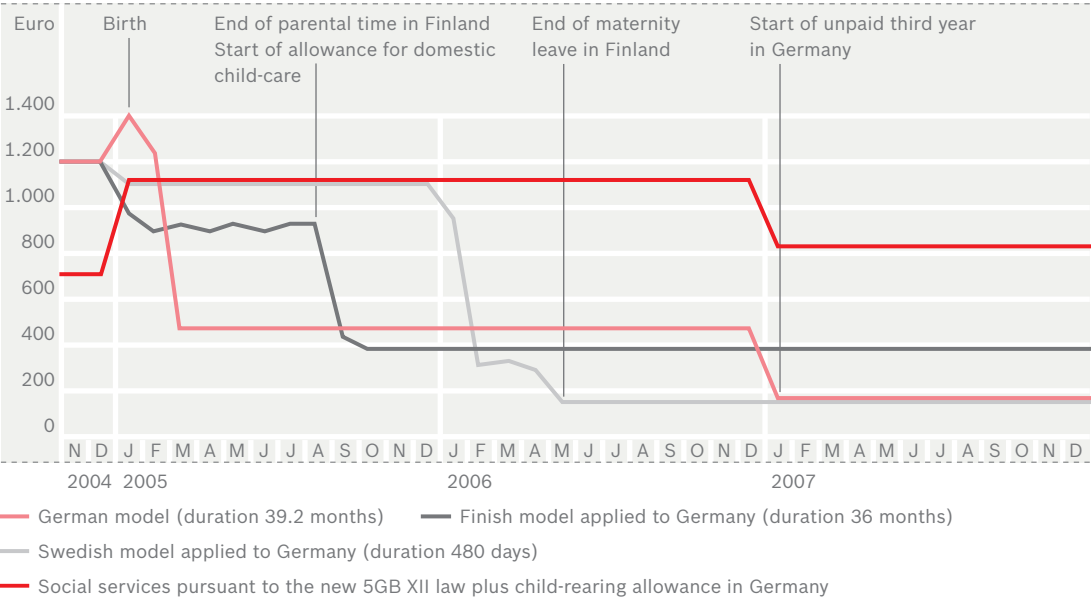
By contrast, in France, as in Germany, the intensity of life and the decision to have children is concentrated between the ages of 28 to 35 years. It is possible that a more flexible parental leave scheme, along with a reliable infrastructure and a clearly calculable economic basis coupled to the mother's occupation has resulted in the labour force participation rate of women aged 50 to 65 years being much higher in Northern Europe than it is in Germany. According to the available data on Germany, women who withdraw from working life for a prolonged period of time to have children

very rarely return to work. Perhaps the discontinuous North European models with shorter intervals also further the perception that one's profession and the work one does for one's family are not regarded as conflicting options, but as different elements of life, which sometimes occur in succession, and sometimes concurrently, but that are essentially reconcilable.

What the individual effects of family policy measures are on demographic development is a contended issue in literature. Yet at least in those countries in which women have a high labour force participation rate, such as the North European countries, and that have developed life span and life cycle models which allow the high labour force participation rate to be combined with a relatively extensive and flexible period of time for children, also appear to have more children, specifically also in the form of extended families. On a side note, this evidently also leads to a much greater desire to have children in these countries than in Germany.

German women who withdraw from working life for a prolonged period of time to have children very rarely return to work.

2 | Parental allowance as a wage-dependent transfer payment



Source: Bertram, H.

#### Occupational life cycle: The Dutch model

In September 2003, the Dutch government proposed a wide range of old-age and social security reforms in order to reshape the welfare state in an era of increasing individualisation and an aging population. The plan was to introduce an occupational life-cycle model. The employers' associations and trade unions at first opposed the government's proposals. Only after tough negotiations were the social partners able to agree on a reform package, which was enacted on 1st January 2006.

The agreement enables all Dutch employees – with the exception of the self-employed – to find a better balance between their life span and their earnings at every stage of life. This reduces the risk of an involuntary withdrawal from the labour force, especially by employed mothers, and also unnecessary periods of absence from work due to illness or the incapacity to work. At the same time, stress caused by children, education and work, all laying claim to a limited time budget during these periods of »congestion in life«, is reduced.

In an individual agreement, employees can invest funds from their gross salary into a life-cycle savings scheme. The money from this savings account can later be used to cover a number of unpaid absences from work, for instance, in order to take care of one's children, sick parents, for education purposes, for sabbatical leave or early retirement. A fixed interest rate of four per cent is assigned and the savings account is either managed by an insurance company, a bank, a pension scheme or investment fund. They are responsible for administering the life savings account.

Taxation is suspended until the moment the savings are withdrawn (»omkeerregel«). Then the saver receives a tax deduction of up to 183 euros for every year they have transferred part of their salary to the savings

scheme. In periods of unpaid absence, the administrator of the life-cycle savings account transfers the corresponding sums to the employer who, without any tax or social security deductions, transfers the entire net sum to the employee. Each individual employee is entitled to save up for additional parental or nursing leave. For all other occasions, the employer's consent must be sought.

Each year, a maximum sum of 12 per cent of the gross salary may be paid onto the savings account. In addition, overtime and additional vacation (beyond the period prescribed by law) can be converted into savings and paid onto the account. With the employer's prior consent, the accumulated vacation time can also be converted into savings. Furthermore, the employer may pay a discretionary sum onto the life-cycle savings account. Those who have saved for early retirement can also transfer those funds onto their savings account. The total savings balance may not exceed 210 per cent of the last-earned gross annual salary. The concept can be combined with a parental leave scheme. Parents who wish to request paid or unpaid parental leave and have a life-cycle savings account will receive a parental leave discount or tax allowance (ouderschapsverlofkorting) amounting to half their statutory gross minimum wage per day of leave.

The Dutch government sees the concept of a life-cycle savings scheme as an essential part of the collective wage negotiations. The social partners may enhance the concept even further within the scope of the law. The collective wage agreements may also stipulate that any additional vacation is converted into savings and transferred onto the life-cycle savings account.

The life-cycle savings scheme introduced in the Netherlands on 1st January 2006 is a first step on the way to developing an occupational life cycle regulation. This is a new political approach that is geared to an age

in which people pursue a multitude of activities, voluntarily or non-voluntarily, during the course of their lives and combine various phases of life. It is a first step. And yet an overall political concept will be needed to integrate and combine various social and labour market concepts in relation to the occupation life cycle. This would make it necessary to take into account various phases in working life as well as educational and nursing periods.

Training qualifications or degrees that determine one's initial career position can be acquired in all phases of life.

#### Political and social implications

Wage-dependent parental allowance models, as they are commonly found in Northern Europe today, could be conceptually and financially integrated without difficulty into the existing structure of current laws, as a form of wage compensation. Thus, as in Bavaria and Mecklenburg-Vorpommern, Baden-Württemberg, for instance, pays around 250 euros for the third year of parental leave, an amount commensurate to what Finish parents are entitled to receive if they decide to stay at home and not return to work. The Finish government justifies this payment with the argument that costs have been saved in childcare, which would otherwise have been necessary. The Finish government pays 67 per cent of the last net salary for ten months and then demands that a decision is made on whether to return to work or continue parental leave for a further 36 months and be paid 256 euros per month. Other North European countries have variations of these models. Yet behind all these models is the notion that, outside the occupational world, parents' commitment to their children is just as important as their professional work and that this should therefore in principle be treated like an advanced training course or any other measure which could contribute to enhancing a person's education capital.

Independent of how different parental allowance models are appraised, they demonstrate at least one way in which various phases in life, be they working phases or nursing phases, can be combined with one another. If one could ensure that such interruptions would not become a major obstacle to one's career, perhaps not only young women but more young men could be encouraged to have a family. The idea of introducing leave in order to pursue social activities was already addressed by various political parties and state governments, yet without it ever having been put into political practice. Not only are such state-organised models actual-

ly lived in Northern Europe, but also in the United States. They are a not uncommon example of women's employment patterns.

In relation to Germany this would mean that the German education system, which so far has presumed that what opportunities an individual has in his life are defined in a single phase of his life, will need to be completely redesigned. A sequential life cycle model postulates that degrees or training qualifications that determine one's initial career position can be acquired in all phases of life. Such models that are a common part of the Anglo-Saxon and French education systems can evidently not be implemented in Germany. The corporatist interests of individual occupational groups, such as those of secondary school teachers, inhibit a primary school teacher from taking a quick advanced training course to become a secondary school teacher. The corporatist interests of the health care professions inhibit an educator from taking a short advanced training course after parental leave to become a carer for the elderly. There are countless other examples.

As long as the view prevails in the German education system that a 19-year-old A-level graduate must know whether he wants to become a scientist, teacher or something completely different, or that a 17-year-old medium-level secondary school (Realschule) graduate must know whether or not he wants to be an educator for the rest of his life, the less likely it will be that a young woman or man will initially strive to obtain a certain degree, knowing they will only perform that job for a certain period of time, before subsequently studying something else. In the English-speaking world, most business schools demand that applicants, who are applying for a postgraduate MBA, already have at least five years of professional experience in a qualified position.

In any case, it is in the hands of the German

government and the federal states, who have a de facto monopoly on the definition of state-recognised vocational training and higher education qualifications whether we will approximate the European standards or stick to a course, which only still prevails in this form in Southern Europe. A revised education system, which enabled one to obtain an initial degree with the prospect of obtaining further qualifications later on, would permit a state-backed change in activities. Some of these activities could be of a professional kind, others could involve social welfare work and yet again others could involve engaging in important projects in the community.

It will probably only be possible to organise the life course as a series of different sequences if the government and the public institutions are generally prepared to drop their 19th century view of the life course being divided up into three parts. We also know now that it is very difficult to maintain these sequences in many professions, and especially in highly qualified professions. If a member of a research group chooses to have a child and then stays at home for two years, he will generally lose out both socially and professionally. Therefore such sequential models need to be complemented by parallel models that open up the possibility of linking up different areas of life. Interestingly enough, Heiner Geißler had already intended to do this with his previous model of parental leave, in which he thought it possible to include a part-time option for a 19-hour week. Meanwhile, this option has increased to 30 hours, which, however, does not resolve the problem of parallelism. The key issue with these models is not only the state-regulated time quotas but also the need for more flexibility so that different areas of everyday life can be better coordinated with one another. Faced with a severe shortage of teachers in the 1960s, the former North Rhine-Westphalian Minister of Education Mikat had the courage to offer mothers with children and

Regions have long emerged in Northern and Eastern Germany with no more than 40 to 60 people per square kilometre that are no longer capable of maintaining a differentiated infrastructure that is geared to individual subgroups of children.

The government must be prepared to abandon the 19th century model of a 3-part life course.

only the German equivalent of A-levels a two-year training course to become a primary and comprehensive school teacher. Most of the now already retired teachers did not differ in any way, in terms of their career path, qualifications and performance rating, from those teachers who chose their careers at the age of 25. Since the government has a monopoly in this area and the federal states are also able to shape advanced training courses and training qualifications themselves, the East German states, who suffer from an immense drain of young women in particular, should at least contemplate restructuring their education and vocational training systems. This should enable young women, who initially embark on a career as an educator and then decide after five or ten years to obtain a new qualification that is in line with their previous training and experience, to go on to do a BA education course. They can then build a new career as a primary school teacher or qualify for other professions by taking additional modules. However, this requires that the education and teaching professions, on the one side, and the health care professions, on the other, are redefined and integrated more closely. If the Eastern German states continue to pursue the West German course in terms of their qualification systems, then, even though they may offer first-class education in the long run, they can expect to see the flow of young migrants to Western Germany to continue.

The concept outlined here also applies to developing infrastructure for children and families, who live in regions with sparse population, above all in the East German states, which due to having a completely different demographic structure can no longer follow the West German models. With a few exceptions in Saarland and Rheinland-Pfalz, West Germany generally has an average population density of 300 people per square kilometre. This contrasts strongly against Northern and Eastern Germany

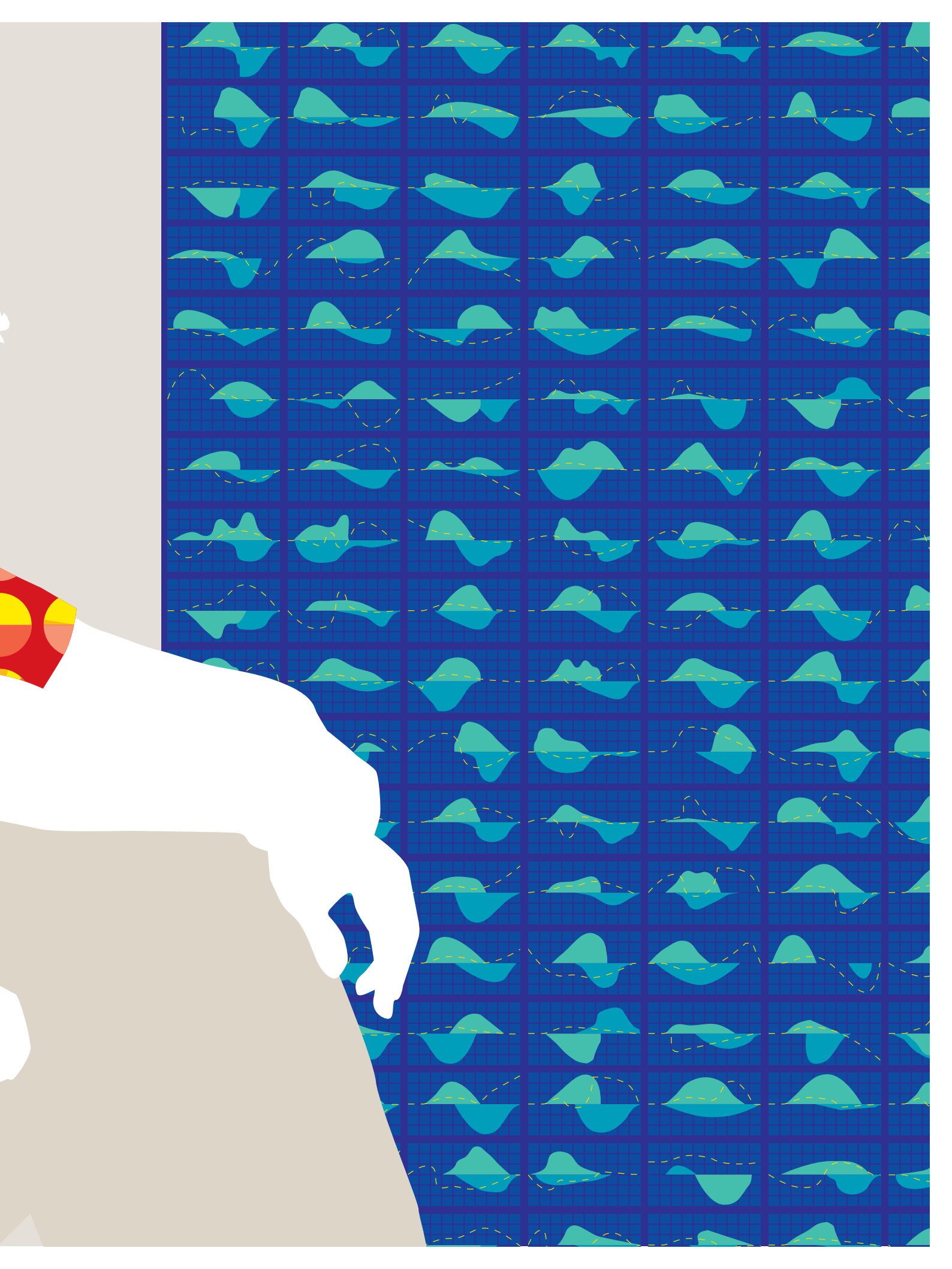
where there are areas with 40 to 60 people per square kilometre that are no longer capable of maintaining a differentiated infrastructure that is geared to the needs of individual subgroups of children. Offering services with a multifunctional infrastructure along with employees who can and do meet very different demands within this range of services is perhaps one of the few opportunities we have of at least slowing down the current trend.

Here, a new debate is needed on the organisation of working hours, full-time and part-time positions and new forms of integrating full-time and part-time work. This is all the more pertinent as in Germany the desire to cut back on working hours is much more pronounced than in the Netherlands, for instance, where the introduction of more flexible working hours has essentially led, among both men and women, to a redistribution of working hours between different groups of people. In attempts to improve the infrastructure of childcare, the federal government is currently focusing very heavily on expanding institutional care, which will effectively cost the municipalities a lot of money. It would be helpful to orientate oneself more strongly towards the experience of the French, who have met demands in regions with sparse population by offering a variety of childcare services that are often also organised privately. This does not mean that the state abrogates its responsibility for assuring quality. Instead, it defines the qualification profiles of child carers and the standards of childcare, so that quality controls can be performed independently. These qualification profiles are linked to educational and vocational training requirements and are not – as in Germany – necessarily associated with the building or furnishing requirements of childcare facilities.

Yet making working hours more flexible to free up time for the provision of care presupposes that the different needs of parents and







# Social Significance and Protection of the Family

Germany is one of the wealthiest countries in the world, yet it is also among the ones with the least children.

Germany is one of the wealthiest countries in the world, yet it is also among the ones with the least children. Our endeavours to acquire wealth are therefore misguided. The advancement of society and the state, with regard to the achievement of high technological standards and economic and cultural progress, depends on whether young people are able to take up and further develop these achievements; and also whether they find living conditions prevailing that further the development of family culture.

The current situation of having economic wealth but a paucity of children makes it imperative for the state and society to apply the law and their wealth to establish framework conditions for families that will further the wish to have children and facilitate the raising of children in practise. The state and society only has a secure future if they give their youth intellectual and material freedom and teach them how to go about with that freedom.

Misguided social development instead of a shift in values

Instead, however, a reverse trend of amnesia about the future and self-abandonment appears to be taking shape. If we observe the rising trend of fewer births, the reduced capabilities of our children, fewer marriages and a growing number of divorces, this alarming development should induce us to take immediate countermeasures. Instead, howe-

ver, this often leads to the normative error of declaring the trend to be a shift in values.

This misguided development is equated with a corresponding change in values, and thus does away with the benchmark for right and wrong and renders redundant the need for a critical appraisal of our current situation, its causes and those responsible for it.

Equating this misguided development with a shift in values is just as foolish as claiming that due to the number of road casualties in Germany everyday the protection of life, as a fundamental value of our constitution, has been forsaken. If values are infringed upon, we must make a concerted effort to guard those values, not to call them into question. The shift in values is not determined alone by people's actual behaviour, but generally occurs as a result of a constitutional change which presupposes that there is a growing need to reassert one's current values, their democratic legitimacy and changeability within the context of universal human rights.

Furthermore, the argument that Germans no longer cherish the value of marriage and family has no foundation. Empirical surveys and personal experiences reveal that young people particularly wish for a child and older people desire grandchildren.

Constitutional mandate to protect marriage and family

The liberal, free and constitutional state lays its future in the hands of the family. The decision to have and to raise children is parents' responsibility. Parental upbringing ensures that children develop sufficient self-confidence, reasoning powers and discipline in order to live in a free, democratic order and also bring with them enough civic pride and public spirit, so that they can support the democratic state as a citizen. The free democratic constitution is based on the assumption that parents will give their children a clear vision and a firm set of values and meaning in life through interpersonal relations and an appreciation for nature, by introducing them to art, science and religion and by conveying to them a basic understanding of economic and technical principles. Relying on a youth that is free and wisely uses that freedom, the constitutional state therefore banks on people's willingness to marry, desire children and raise them within the safe haven of a loving and caring family.

The constitution places the living community of a married couple and the family under the »special protection of the state order« (Art. 6 Para. 1 of German Basic Law). This protective mandate obliges the state to provide for the institution of marriage and family in its legal system, to acknowledge this body of persons as the nucleus of any political community and to protect and promote marriage and the family through appropriate measures as well as shielding them from adverse effects and encumbrances. By the state's definition, marriage is the voluntary union for life between man and woman that is recognised by the state for the purpose of forming a comprehensive living community. It establishes the equality of both partners before the law, mutual privacy that is free from the state's influence and a personal bond for life. Marriage is a living community between man and woman, which, as the Federal Constitutional Court states, is

the »only foundation for forming an intact family« and »the prerequisite for a child's best possible physical, intellectual and spiritual development«.

Hence, the constitution construes the legal institution of marriage to be a community formed by man and wife to prepare their children for potential parenthood and thus to secure their own future.

Marriage and family as a freedom option and a constitutional expectation

The constitutional freedom of marriage and family contains an implicit offer, which the entitled party may accept or reject, but which the free, democratic state hopes and expects the party to accept. This constitutional requirement is based on the solid foundation of people's intention to form a family community for life. This intention is to be strengthened, promoted and protected through the protective mandate of the Basic Law. However, this mandate is occasionally not fulfilled and even violated. The Basic Law grants young people the freedom to have a family (Art. 6 of German Basic Law) and at the same time to exercise a profession (Art. 12 of German Basic Law). Yet in actual fact, a differentiation is often made on the basis of tradition and not induced through the constitutional law, which forces young people, and particularly young women, to face the crude opposite alternative of having to decide between their careers or having a child. This de facto alternativity threatens the openness and freedom of the family.

The family-hostile structure of the current occupational and economic order has its root cause in the separation of the workplace and the family home as well as in the legal downgrading of family-related activities to an economically insignificant accomplishment. While parents who previously worked in the agricultural or commercial business simultaneously dedicated themselves to working and raising children, which enabled

The family-hostile structure of the current occupational and economic order has its root cause in the separation of the workplace and the family home as well as in the legal downgrading of family-related activities to an economically insignificant accomplishment.

the child-rearing mothers to enjoy the possibilities at work of encounter, acknowledgment and earning a salary, the economic value of child-rearing today is only acknowledged with educators in schools, nurseries or therapeutic institutions. Child-rearing remains an activity performed at home, in the privacy of family life, and therefore appears from the start to be an accomplishment not worthy of being remunerated, but merely one of consumption; not a source of income, wealth and security, but a task which takes up a lot of time and effort.

Neglect of the accomplishment of raising children in the inter-generational contract By separating occupational work from family work, child-rearing now merely retains economic value in the case of illness, unemployment, old age and emergencies; that is the only time parents have a maintenance claim against their children and experience a sense of social security. Yet the economic value of child-rearing has also been collectivised in the inter-generational contract of the public social security system, separated from the family's task of child-rearing and even denigrated as a contribution in the inter-generational contract. This makes the social welfare achievements of the public social security system, which also offers childless people economic security in times of crisis, into a constitutional scandal: The only carriers of this inter-generational contract, parents and above all mothers, have no share or very little in this »contract«. The constitutional mandate for family protection and gender equality demands structural changes in this respect.

If family law does not continue to acknowledge the maintenance claim of parents against their children, although social welfare law still obliges children to preferentially finance the employed and not the child-rearers, then the constitutional idea of a family-based maintenance community will revert to the opposite: In normal, everyday life, a

married couple with children will need to renounce the employment of one of the parents, along with their income and pension claim, in order to fulfil their child-rearing duties, while at the same time bearing the expenses for raising the children. By contrast, a couple without children will have two sources of income, two pension claims and the associated accumulation in case of surviving dependents. The state organises social welfare benefits to provide security for everyone in old age and crisis, also for childless employees, yet it compels children to make their own parents, who raised them and bore the costs of raising them, to go away empty-handed.

For this reason, the Federal Constitutional Court stated in its verdict concerning the »rubble women« that the legislative decision »that child-rearing is a private matter, while old-age insurance is a social duty« put families at a disadvantage without there being »any adequate reason for this with regard to the state's duty to support them, pursuant to Art. 6 Para.1 of German Basic Law«. The legislator has the duty »to at least ensure that each reform step introduced actually helps to reduce the family's disadvantage«. Giving child-rearing and employment equal consideration would be a starting point for shaping the social security system in a family-friendly way: Although, in contrast to the monetary contributions made by employees, the contribution child-rearing makes to maintaining the social security system

cannot materialise directly in the form of pension payouts to the older generation, the equal material value of child-rearing and monetary contributions lies in the same amount of work, the same non-consumption and the same dependency on security and covering one's needs. Child-rearing and monetary contributions are therefore of equal value as a foundation for the social security system and must result in the same benefits. This view of an inter-generational

contract shuns the current loss of reality, which presumes that there will be subsequent generation, yet without seeing it as a necessary prerequisite for granting social insurance benefits.

#### Fiscal framework conditions

Moreover, the acquisition community of marriage and the maintenance community of the family must be given adequate consideration under tax law. In terms of income tax law, the government takes its share of the income the individual has earned. However, if the members of an acquisition community such as an OHG, KG or a GmbH acquire combined income, then the participants may split this income for the purpose of individual taxation and thus reduce the level of progressive taxation and apply individual-based tax deductions. This rule, which applies to all forms of acquisition community, should particularly apply to the one institution, which the state owes its future survival to, marriage. If income tax law enables this form of tax distribution in marriage splitting, then this regulation is to be considered as a necessary part of the taxation system, not as a subsidy. Marriage splitting should therefore be maintained for the purposes of equal taxation. Childless spouses are also acquisition communities and should be taxed as such. Legislative plans to withhold marriage splitting from childless marriages would influence young adults' private decision to have children, harm marriages who wish to have children but cannot, and finally deny those parents the splitting benefits, whose adult children have already left the home and who are therefore classed as »childless« by the tax system. To deny the splitting benefits to parents and grandparents would be outright cynical.

Parents must offer their maintenance-entitled children a reasonable subsistence, which they customarily finance out of their own salaries. They therefore do not dispose of this part of their income – neither for the

purpose of paying taxes. The fiscal legislator may therefore not tax any part of the parent's income which belongs to the children. These grounds for exemption have been recognised, yet the amount exempted is by no means enough. The current children's allowance, which amounts to 3,648 euros per child per year, is insufficient to cover the child's material needs, to give him access to foreign languages and modern methods of communication, to cover his leisure activities in clubs and to finance his journeys. Here too, the legislator must revise the focal points of the reforms introduced so far and compensate for deficits that are at the family's expense. This is all the more important in view of the fact that the introduction of and rise in eco-tax has considerably increased the actual tax burden on families compared to other groups of individuals.

#### Further family support by the law

Even if the government has established the legal framework for the freedom to marry and have children and blocked detrimental effects on the family, it will only satisfy its protective mandate, according to Art. 6 of German Basic Law, if it strengthens and supports the family. One of the traditional understandings of the state's general doctrines is that the individual's ability to reason thrives under the influence of certain »moral institutions«, the principle one being the family (Hegel). The state's cohesion is destroyed if the family's protective function becomes dispensable: Without a family there can be no proper upbringing, without upbringing no personality and without personality no freedom (Montequieu). German Basic Law also assumes that the child first grows up detached from the state, in a family environment under the supervision of his parents, who will care for him for life and take their share of responsibility for ensuring he grows up into a responsible citizen, makes full use of the liberties he is granted and, as part of the national population, become a guarantor for the continued survival

The fiscal legislator may therefore not tax any part of the parent's income which belongs to the children.

Without a family there can be no proper upbringing, without upbringing no personality and without personality no freedom.

of the constitutional order. This is why the constitution places the family under the special protection of the state order.

A variety of families means a variety of approaches to freedom

The state's share of responsibility lies specifically in the legal status it assigns to parents in its vocational and economic order. According to the Federal Constitutional Court, the entitlement of each mother to receive protection and care by the community (Art. 6 Para. 4 of German Basic Law) obliges the legislator to »establish the foundation for family activities and employment to be reconciled and to ensure that professional disadvantages are not incurred through the pursuit of child-rearing duties«. »This includes both legal and actual measures that facilitate the parallel pursuit of child-rearing and occupational activities by both parents as well as the return to work and professional advancement following parental leave«. The legislator is obliged to »introduce regulations that give families with children special consideration« not only in the field of employment law, but also in other fields of private law. This applies in particular to tenancy law, loan contract law and the granting of a place at university.

The family, the daily interaction between parents and children, is the initial prerequisite for parents and children developing personalities. Of course, there are good reasons for not having a child and frequently people do not even have the chance of having a child. Yet those who only decide against having children because of their jobs, should seriously contemplate whether their lives may not end up being less fulfilling in the long run. Gender equality is not achieved or promoted by concealing or ignoring the existence of children in economic life or in legal system. Furthermore, a child's possibilities in life are considerably reduced if its early life structures are shaped by single parent households. Equal opportunities cannot be achieved if they exclude or go against children. And often the fatherless

Yet those who only decide against having children because of their jobs, should seriously contemplate whether their lives may not end up being less fulfilling in the long run.

and siblingless child often also loses out on those some of those opportunities too.

Supporting families to relieve state institutions

A variety of families means a variety of approaches to freedom. It is therefore essential for the free democratic structure of the state whether children are raised in their families or in state or state-like institutions. Children only become acquainted with many areas of freedom – religion, art, science, sport, technology – through their parents. In addition, the family's role of child-rearing is also an indispensable prerequisite of our economic system. The costs for a communal crèche place and especially for an assisted home for youths sometimes amount to several thousand euros per month. If all parents were to place their child in state-funded care facilities, our customary social welfare system would collapse. Against this backdrop, we should perhaps consider giving families similar economic opportunities as childless couples, so they are no longer at an economic disadvantage due to the need to meet what is perceived as an indispensable constitutional expectation. Higher child benefits could enable parents and families to find a better balance between family and work life and to perform family work and receive recognition for it in a society in which honour and income go hand in hand. They would enable married couples switching from occupational work to child-rearing activities to obtain a broad range of vocational qualifications, thanks to their additional child-rearing skills, which would facilitate a return to work and professional advancement for both parents after parental leave. Furthermore, it would help to make homes more child-friendly and leisure facilities better suited to family's needs. The family's and state's shared responsibility for the child is not only contained in its parental upbringing and school education, but particularly in the legal and financial responsibility of the state and society for their joint future. The consti-

tutional law provides the impetus. The legislator, as the initial interpreter of Art. 6 of Basic Law, is the initiator of this development.

Supporting the family means supporting the community of parents and children, since they alone will secure the future of the state, economy and society. A family generally consists of a legally established living community of man and wife, in which the children are raised by both the father and mother, which considerably improves the child's chances of development. However, the constitutional protection of the family also applies to the legal relations between parents and children if the parents are not married. Similarly, the living and child-rearing community of a single mother with her child is protected as a family under constitutional law. The same applies for single fathers. These legal relations also claim the state's family support and financial recognition for child-rearing.

The need for state funding to alleviate the particular difficulties of single parents, who cannot share family and occupational work between two parents, is justified. Nevertheless, this must not lead to the current social welfare system providing incentives for refusing to marry and thus to weaken society's social structures and the equal opportunities of children.

The same applies for extra-marital living communities with children. The current social welfare system offers a thirty year old woman with child, who lives without a partner and is not available for work, state benefits of roughly €1,200 per month, which a married mother is not entitled to claim. Social welfare law therefore provides incentives for avoiding marriage and thus dispenses with the institutional basis for a living and child-rearing community. This form of state intervention against marriage is not compatible with the constitutional obligation to protect marriage and the family.

Father and mother living together in extra-marital parenthood often perform very similar child-rearing and subsistence tasks as marriage-based families. It would therefore be advisable to include the extra-marital family in the family support scheme. However, such support would generally presuppose that the state can reliably determine whether the extra-marital partners are co-habiting, which would mean dispatching a state commissioner to enquire into the private lives of extra-marital partners to see how they are living. This form of inspection is not compatible with the constitutional protection of privacy and, considering the impermanence of relationships and reservations about their temporary nature and irrevocability, this would not be implementable in practice either. This is why, in determining the existence of marriage, the legal system bases its interpretation on the formal declaration made by the spouses at the registry office. Those who formally enter into common law marriage are married; those who do not seek the legal recognition of their co-habitation are not married. Consequently, legal provisions such as the marriage splitting tax provisions apply exclusively to those who have formalised their marriage and do not treat extra-marital cohabitants in the same way. By contrast, parenthood is based on actual facts and is independent of any formal legal act, so that family and child benefits are linked to a singular and irrevocable, permanent family relationship. The state benefits are generally granted to the parent who has the custody for the child.

Marriage and family are indispensable for a free economic system

Constitutionally safeguarded freedom is generally understood to mean freedom or independence from the state. However, since mankind requires support and care at birth and later during illness, poverty, disappointment, isolation until he is old and fragile, he needs attention, education, support and a means of subsistence. The institution of

Each generation can only develop the culture whose roots were planted by previous generations.

marriage and family provides a community which takes mutual responsibility and provides life support. It strengthens our sense of cohesion and solidarity based on our natural need for social interaction, promotes the exchange of ideas, provides mutual encouragement and life support, which the individual receives and which is of fundamental importance for the individual's ability to live freely and for the structure of community life.

Freedom from the state is therefore based on the tight bond between those entitled to be free. Responsible parents' sense of duty spares the state the need to guide the child through life. Family-based subsistence does away with social welfare. Private care of the elderly replaces the need for nursing homes and hospitals. Personal dialogue makes psychological and therapeutic support redundant. In times of lack of orientation and potential crime, the marital and family-based living community helps to restore peace and a sense of balance and thus prevents police and court interventions. A fragile old person will not find the support he needs in his money or shares but through the assistance of a spouse or child. Without marriages or families the state could not maintain its freedom and the social welfare state would be completely overburdened.

Marriage and family are thus the precondition for freedom. Since the state can only grant liberties and create favourable framework conditions for accepting these liberties, but people's willingness to accept these depends on the cultural liberties and on their own upbringing, the state must make a concerted effort at present to firmly support and

strengthen families' child-rearing mandate. Each generation can only develop the culture whose roots were planted by previous generations. It does not wish to re-invent the wheel every time but to build on existing knowledge passed on by the previous generation. Hence, the cultural foundations of the state and legal system must continuously be renewed from generation to generation too. The family supports this by providing a living community in which parental traditions meet with the youths' drive for renewal, established values encounter the carefree desire to be free, and in which cultural and communal ties are conveyed to the next generation.

After all, the core problem of Germany's economic policies, i.e. insufficient economic growth, is also due to our lack of children. Due to negative population growth, companies expect the markets to shrink in future and are therefore reluctant to invest, which furthers economic stagnation, which in turn leads to mass unemployment and living standards declining. Even the value of money, the »inter-generational contract« and all structural policies depend on future generations maintaining the current performance level in Germany with sufficient numbers and qualifications. The lesson of the present is not to simply come to terms with the lack of children and to refuse to deviate from the pursuit of economic wealth, but to restore the balance between employment and family. Growth, above all, means growth in the number of children. The family is our mission and the litmus test of future policies.

The family is our mission and the litmus test of future policies.







# The Family as a Benefit to Society – The Fiscal Effects of Children

The German State spends a lot on children, but in the end it retrieves much more back from them.

## Fiscal balance and decline in birth rate

The German State claims it invests a lot in children, especially in terms of its social services and education, where it contributes to the child's upbringing. However, through taxes and social security contributions, it ultimately regains more from them during the course of their lives. When taking a closer look, the entire state budget, including the social insurances, resembles a gigantic contribution system, which is primarily financed by the taxes and contributions of people of working age while delivering continuous benefits to people of all age groups. What the lifelong net effect of this system will be on the individual is unclear and in the end it depends on the circumstances of each individual.

If one follows the development of an average child today throughout its entire life span and draws up a balance sheet to record each revenue and expense of the state resulting from the child's existence, then according to the most recent calculations of the ifo Institute for Economic Research, contributions paid to the state are in clear excess of the continuous allowances paid by the state. In current cash equivalents, this incongruity amounts to 76,900 euros – a clear economic advantage for childless parties, i.e. other taxpayers and recipients of state benefits, which parents support by giving birth and raising a child of average needs. A summary of the basis of calculation and the results have

The surplus gained from contributions paid by parents to the state amounts to 76,900 euros.

been provided below. Preceding this is a brief discussion of the importance of these findings which – based on the size of the survey – are at least reasonably reliable.

During the first few years of their lives, children, who naturally having no disposable income of their own, almost automatically receive a type of credit in the form of public expenditure in return for the public benefits they will claim. The lenders are for the most part members of the parent generation, whose tax payments are used for this purpose by the public tax system. To the extent to which children themselves become economically active during the course of their lives and earn their own income, from which they must pay taxes and social contributions, they will pay back this credit and enter into a creditor position vis-à-vis the state and members of other generations. As they grow older and the amount of taxes and contributions they need to pay typically diminishes and the public benefits they claim dramatically increases, this position is reversed. If the accumulated balance of cash equivalents expected on average for all the taxes paid by the child and all public benefits he claims is zero at the end of his life, then the state is considered to be in a fiscally neutral position vis-à-vis the child and indirectly in relation to his parents' decision to conceive him in the first place. If it is negative, the state subsidises the birth, if it is positive, it taxes it.

In actual fact, the balance is positive amounting to the above-mentioned 76,900 euros: Hence, the state levies a net tax on the birth of a child. The fiscal system thus effectively causes a redistribution from young and future generations to middle and old generations. Within each generation, this simultaneously leads to a redistribution of financial resources from families with an average or above-average number of children to those with few or no children.

This redistribution is certainly contentious from the point of view of justice, but it is perhaps more important to observe the lack of incentive it transmits. Just as one can expect state allowances for children to lead to more children being born, it is to be feared that this negative redistribution of wealth will result in fewer children being born than if the state behaved neutrally. The fact that Germany has the lowest number of births relative to its population among the OECD countries can also be understood in the light of this.

Parents' decision to have children comprises many elements, which cannot, or at least not entirely, be modelled economically. Yet at the same time there is a core set of economic questions, which the economy can help to answer. This includes the allocation of parents' limited time for either employment or family, the use of limited income to cover various expenses and the choice of various strategies for securing living standards in old age. Since the ground-breaking work of Nobel Prize winner Gary S. Becker, an independent research branch for the »economic theory of the family« has been set up to address these issues. According to this theory, there are three main explanations for the general decline in birth rate, which has been observed in many industrialised countries over the past century:

:: firstly, with rising prosperity and improved living standards, potential parents prefer

to spend more on each child rather than have more children;

:: secondly, life concepts, particularly of women, have changed; they now prefer to engage increasingly in their careers and therefore seek higher qualifications from the outset, which raises the cost of having children since this entails interrupting one's source of income;

:: thirdly, state intervention to artificially continue raising the cost of children and reducing parents' revenues by the state collecting these revenues and redistributing them, instead of allowing them to flow from adult children back to their parents.

Parents' decisions about the number of children they will have are distorted only by the third explanation model. From an economic perspective, this leads to a counter-productive reduction in the number of births to below what it would have been if citizens had decided independently, without the intervention of the state, be it intentional or unintentional.

In the pertinent research literature, discussions on the effects of the state's fiscal system on the birth rate can be summed up by the term »fiscal externalities« of children. A fiscal externality is the non-negative net flow of payments measured in cash equivalents, which the birth of an additional child generates and which flows into the long-term future. The debate on the fiscal externality of children has so far focused mainly on the effects of pay-as-you-go public pension schemes. Systems of this kind have made the purpose of raising children as a security for old age nearly completely redundant at a personal level. Yet to continue functioning such schemes remain dependent on a sufficiently large, well-educated generation of future contributors. The birth-reducing effect of negative incentives that the positive fiscal externality of children produces – alongside the effects of the other explanations described above – has meanwhile also

Hence, the state levies a net tax on the birth of a child. The fiscal system thus effectively causes a redistribution from young and future generations to middle and old generations. Within each generation, this simultaneously leads to a redistribution of financial resources from families with an average or above-average number of children to those with few or no children.

been substantiated by numerous empirical studies.

The much more comprehensive calculations conducted by the ifo Institute prove that the German statutory pension scheme is in fact the largest single contribution made by an average child towards a positive fiscal balance. Similar effects for analogous reasons are produced in the field of the statutory health insurance schemes and the social long-term care insurance fund. Although the overall effect of this is softened through tax-financed benefits, special family policy instruments and state education financing, it is by no means evened out. The calculations have taken account of the fact that the German tax and social system is not sustainable in its current form in the long term and will lead to rising tax burdens, despite dwindling performance standards, and a burgeoning state debt. If no further changes are made to the law that go beyond the reforms already introduced then the fiscal burden for future generations of children will continue to grow. The repercussions this would have on the birth rate would be even more severe.

The extent and structure of the fiscal externality of children caused by the German tax and social system, according to the prevailing law, will be broken down in more detail below. The intention is to find concrete starting points for correcting the problems ensuing from it. However, the decisive conclusion is that, through its contribution to the declining birth rates observed in Germany, this system will destabilise itself in the long run.

#### Methods and assumptions

The calculations of the ifo Institute for a child's fiscal balance within the underlying conditions of the current German tax and social system are related to the stylised life cycle of an, in all respects, »average« child, born in the year 2000 with a maximum life expectancy of 100 years and an increasing

probability of that life expectancy declining towards the end of the period under review.

The long time horizon for these calculations implies that the majority of individual effects observed are based on projections, i.e. on hypothetical simulation calculated assuming an extension of the current law. All statutory changes to this legal status, whose effect will only be seen later on, have also been taken into account. When performing advance estimates on the long-term development of public finances, and especially the contribution rates and performance standards of social insurances, as well as the matching demographic-economic background scenario, the calculations refer to an up-to-date study conducted by the ifo Institute on behalf of the Federal Ministry of Finance. The Ministry used this study as a basis for its »sustainability report« published in June 2005. The version applied here combines various variants of the advance estimates, which, all in all, lead to a plausible »basic scenario« that is neither particularly optimistic nor all too pessimistic. Furthermore, in order to arrive at the calculations made here, it was necessary to extrapolate the projections originally made until 2050 for a further 50 years.

The key elements for establishing the life cycle of the 'average' child under discussion are (cf. Figures 8 to 15 in the Annex to this chapter):

- :: age and gender-specific probability of survival of a child born in the year 2000 (according to the 2000/02 life table of the Federal Statistics Office);
- :: age and gender-specific share of children and youths for visiting publicly financed childcare and educational facilities, differentiated according to the different levels of the education system (based on data from BMBF 2002);
- :: age and gender-specific employment rates, taking into consideration the distribution

If no further changes are made to the law that go beyond the reforms already introduced then the fiscal burden for future generations of children will continue to grow. The repercussions this would have on the birth rate would be even more severe.

of the working population in various forms of employment and unemployment (based on a combination of estimates made by the Institut für Arbeitsmarkt- und Berufsforschung (Institute for Labour Market and Employment Research) and calculations made by the ifo Institute, based on the data from a microcensus and from the national accounts; cf. Fuchs and Thon 1998; 1999; Fuchs and Söhnlein 2003; Werding and Hofmann 2005, Section 2.2);

:: average salary progression for employees, civil servants, the self-employed and low-wage employees who are subject to social insurance during their entire active employment phase (according to an estimate based on the data provided by a socio-economic panel, enhanced by data from surveys conducted by BIBB/IAB 1998/99 and by Fertig et al. 2004; cf. Werding and Hofmann 2005, Section 2.3).

Furthermore, old-age income trends (from funded and unfunded statutory pension schemes and private savings for old age) and life-long consumption expenditures were deduced from the income earned during the employment phase. This provided a realistic basis for estimating the income and consumption tax payments over the entire life span of the child under discussion. The household's level of education, trends in marital status and the average number of grandchildren expected to be born were also taken into account.

Where necessary, all this empirically based data was extrapolated over the entire projection period. Changes in the future education and employment behaviour, which are already foreseeable today, were included. Through the combination of all individual assumptions it was possible to take into account throughout the calculations that some children never reach an employable age, others do not pursue gainful employment when they are employable, while others take up various forms of employment at different stages and

are accordingly subject to different tax regulations and social laws and have unequal access to diverse state benefits.

All calculation results were initially expressed in the form of cost levels for the year 2000, bearing in mind the expected real growth of monetary aggregates. Subsequently, they were subsumed as cash equivalents for the year 2000. A fixed real interest rate of 3.5 per cent p.a. was applied for the entire projection period as a bank rate for converting running values.

The fiscal balance of a child born today would be incomplete if it did not also include the present value of the fiscal effects of the grandchildren and great-grandchildren, etc. that can be expected for the original child. If he had not been born, none of his descendants would exist either. Provided the basic legal conditions remain the same, the effects of the first child will therefore continuously repeat themselves over a virtual, infinite time horizon, albeit with a time lag and with a steadily declining cash value. In an up-to-date estimate, the Federal Statistics Office estimates that in the long term the birth rate will be at 1.5 births per woman (in the sense of complete cohort fertility; the current comparative value is 1.6). If one sums up the fiscal effects of all descendants over 100 generations under this assumption, then this would increase the fiscal balance and each of the effects contained therein by 79.5 per cent of the cash value, merely for the values apportionable to the life cycle of the original child.

#### The results

The calculations for the fiscal balance of an average child aim to determine the so-called »marginal« fiscal effects of the examined child in all areas of the state budget. This refers to the additional public revenues and expenditures that are directly associated with the birth of a subsequent child. If the child in question was not born, then this would create an uncovered financing requi-

The cash value of expected pension benefits, which with pay-as-you-go pension schemes is inevitably smaller than the cash value of previously paid contributions, will be even smaller in future.

rement, on the one hand, but on the other would also free up funds for a variety of other uses, to the advantage and/or disadvantage of all other tax payers and beneficiaries of state benefits. Under this conceptual guideline, the fiscal effects will be investigated below on a step-by-step basis, which will follow from the contributions and benefits of the statutory social security insurances (for the percentage of employees who are subject to social security compared to the rest of the population of the same age and gender), from the realm of income and consumption tax (giving different weight to various forms of employment, family status, etc.), and finally from granting of diverse tax-financed state benefits to all kinds of recipients. The individual results obtained from this are subsequently summed up and selected complementary variants are then studied, which deviate from the assumptions of what is considered to be, in all respects, an »average« child.

#### Contributions and benefits of the statutory social insurances

Among all forms of social insurance, the statutory pension scheme (GRV) displays the clearest time structure of all contribution payments and benefits. Throughout their entire working life, employees subject to social security pay income-related pension contributions. Subsequently, if they stop working early due to an incapacity to work, retire early or at the regular retirement age, they will receive a pension oriented towards their previous salary.

The contribution rate of the statutory pension scheme (GRV) currently lies at 19.5 per cent of the gross pay subject to contribution and will – despite all recent reforms and despite an equally massive rise in federal subsidies – increase to 25 per cent until 2050, according to the projections of the ifo Institute. Then it will remain at that level. The (gross standard) pension, which is still currently at 48 per cent of the average insured

person's earnings, will fall to around 36 per cent until 2065. From the point of view of the individually insured person the volume of all these payments is still considerable.

The foreseeable increase in contribution rates and decline in pensions means that the calculated earnings from the contribution payments of a child born in 2000 will decline considerably in value compared with those for an old-age pensioner today. In other words, the cash value of expected pension benefits, which with pay-as-you-go pension schemes is inevitably smaller than the cash value of previously paid contributions, will be even smaller in future. Against this backdrop, it is not surprising that the (positive) »fiscal externality« – i.e. of the surplus of financial contributions vis-à-vis the benefits claimed – is higher with the statutory pension scheme than with any other aspect of German fiscal policy analysed here.

As an example of the logic behind the calculations for other fiscal instruments, Figure 1 demonstrates the time lapse of pension contributions and benefits from the point of view of the examined child born in 2000. As of 2015, there is a small probability that the adult child will take on a relatively low-paid job and be liable for social security contributions. Subsequently, the age-specific proportion of employees that are subject to social security will rise and so will their average salaries within the context of the average wage profile.

The probability of claiming pensions in advance on account of a reduced capacity for work will become noticeable from 2045 onwards. Between 2060 and 2065, the 'child' will enter into retirement. The length of retirement, including any survivorship annuity for the spouse, will be determined by the child who will have a maximum probability of surviving until the year 2100. These developments can best be seen in the

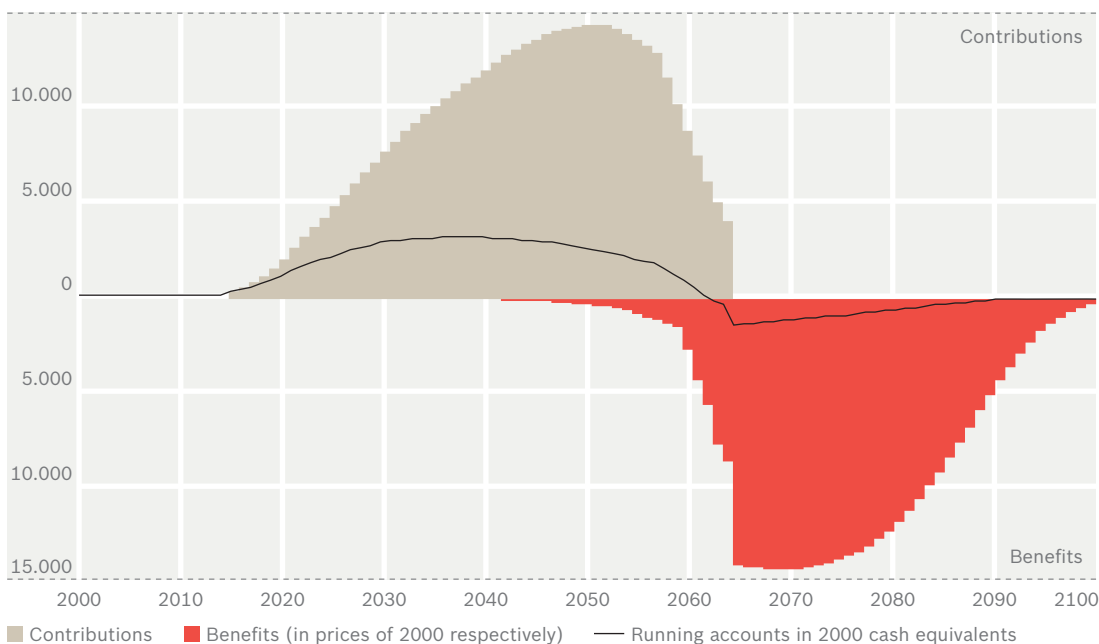
actual progression of contributions and benefits (in prices for the year 2000), as they are displayed in Figure 1. When converting this into cash equivalents (for the year 2000), which is actually the most important aspect, the strong impact of discounting future payments becomes recognisable.

Over the course of the examined child's life span, a balance of contributions he has paid and the benefits he has received is accumulated in the statutory pension scheme, amounting to 77,600 euros. If one takes into account similar, time-shifted and therefore even more strongly discounted effects of all his grandchildren, etc. this amount increases to 139,300 euros. And this is only the effect of the statutory pension scheme on the child's fiscal balance.

Unlike the pension scheme, the statutory health insurance (GKV) offers its members and their insured dependents lifelong benefits. Yet the obligation to contribute does not end when entering into retirement either.

The co-insurance of children is therefore often seen as an important form of family policy redistribution from childless people liable to pay contributions to those with children. Nevertheless, the actual progression of contributions and benefits strongly resembles that of the statutory pension scheme. On average, the benefits for children are usually very limited and are usually »amortized« quickly with one's own contributions on starting employment, subject to contributions. Towards the end of the employment phase and after entering into retirement, there is usually a sharp increase in the number of benefits claimed, while the contribution payments of pensioners are reduced. Ultimately, the statutory health insurance is primarily a pay-as-you-go scheme for covering rising health costs in old age. It has a very similar payment structure as the statutory pension scheme. In the underlying projections for the development of age- and gender-specific pro-capita expenses of the statutory health insurance, two further trends have been taken into account,

### 1 | Statutory pension scheme in the life cycle of a child (\*2000)



All figures in euros (cash equivalents, related to the year 2000). Source: ifo calculations

apart from the growing proportion of elderly, which will determine the development of health insurance expenditures over the next few decades. For one thing, with rising life expectancy we can expect to see a delay in the age-related rise of costs. Yet, based on all past experience, we can also expect general medical-technical progress to be a strong cost driver. Rising health costs therefore currently represent the biggest challenge for the future funding of the German social security system. It is specifically being alleged that, without additional reforms, the contribution rate of the statutory pension scheme of currently just over 14 per cent will increase to nearly 24 per cent until 2050, and will subsequently even exceed the pension contribution rate.

Overall, the calculations of the statutory health insurance also reveal a remarkably positive fiscal effect for the child being examined. Over the course of his life span, he will contribute 38,900 euros, and taking into consideration all effects of the grandchildren, ultimately pay 69,800 euros.

With its typical time frame of contributions and benefits, the long-term care insurance, which was only launched in 1995, strongly resembles the statutory health insurance scheme, except that the probability of requiring care when one is young is much less likely than the probability of incurring general health costs. Furthermore, the probability of requiring care increases as one grows older. The long-term care insurance is therefore much better equipped in practice as a pay-as-you-go provision against drastically rising costs in old age.

However, the volume of funds required for this is, which is expressed in the lower average per capita expenses and correspondingly lower contribution rates, clearly lower than with those of the statutory pension scheme and health insurance

scheme.

The basis for projecting the future development of nursing expenses are age and gender-specific prevalence rates for out-patient and in-patient care combined with the respective nursing rates. Here again, the contradictory effects of a declining age-specific nursing risk combined with a rising life expectancy and the medical-technical progress to be expected here, has been taken into account. In total, the calculations for the social long-term care insurance can have a positive fiscal effect for the child being examined, including the effects of his descendants to the amount of 20,600 euros.

The services and benefits of the unemployment insurance fall within the same life phase. If there was a sharp distinction between this and the other budgets, then they should almost surely equal each other out over the course of an average insured person's life. However, the calculations have initially focused primarily on the easily imputable individual wage compensation benefits of the insurance, i.e. especially on the payment of unemployment benefits. Other expenses can only be distinguished from general labour market policy measures with difficulty. They are also de facto co-financed by the Federal Employment Office through large federal subsidies. They are only taken into account at a later stage and calculations for the unemployment insurance therefore yield a positive fiscal effect for the examined child and his descendants amounting to a total of 10,800 euros.

Figure 2 provides a summary of all results for the statutory social insurances in the form of cash equivalents based on the year 2000, which arise over the life span of an in all respects average child. In total this produces an accumulated balance of contributions and benefits of around 134,000 euros. If one includes the effects of the average number of grandchildren that an average child is expected to have, then this results

Without additional reforms, the contribution rate of the statutory pension scheme will rise from currently more than 14 percent to nearly 24 per cent until 2050.

in a positive fiscal effect for the examined child of around 240,500 euros in total. Hence, the statutory social insurances of pension, health, long-term care and unemployment insurance encumber the newborn child with a total of 240,500 euros. It is as if at birth the mother receives a bill of debt for the child to that amount, which needs to be paid off and interest paid on it over the course of the child's life and that of its descendants.

#### Taxes

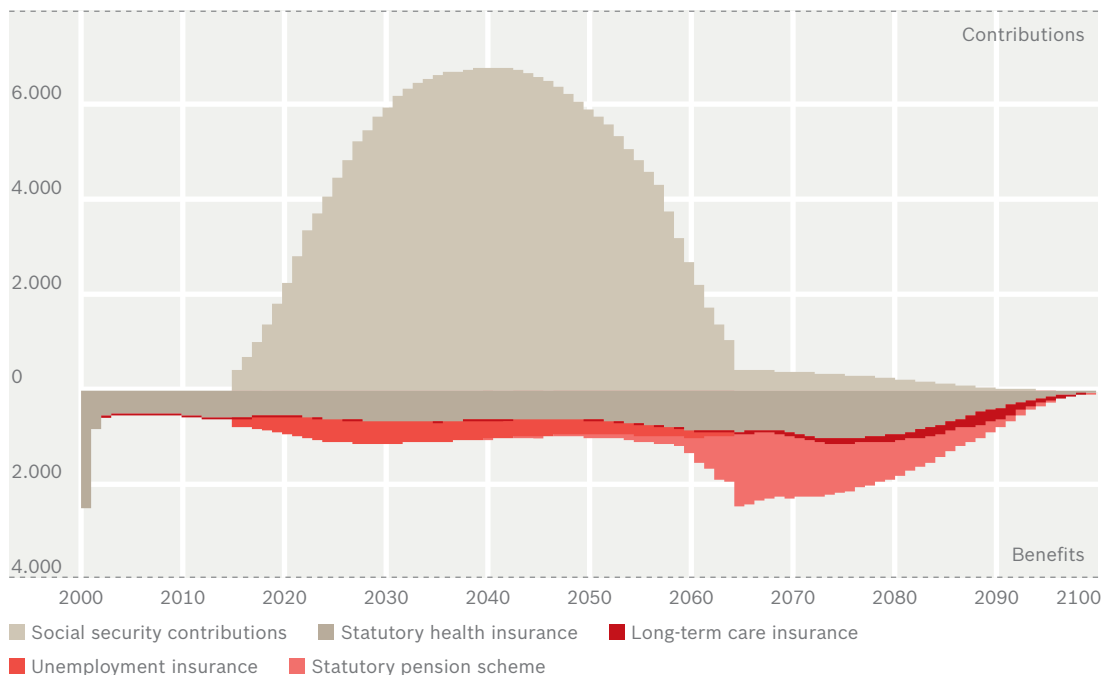
Calculations of the fiscal effects of income and consumption taxes must include both employees subject to social security contributions and people in other forms of employment. The individual's household situation and especially the income and consumption of the partner play an important role with this form of taxation. In order to take this household situation into account and not eliminate the effects of progressive income tax by prematurely assigning an average

income to the household, the calculations include a total of 21 constellations of single households and couple households in various combinations of employed and unemployed partners. Only at the end, are these results weighted against the relative frequency of these cases.

For each of these household constellations, the course of the respective claims to retirement income over time, from statutory funded and unfunded pensions and from (supplementary) private savings, are deduced for each earned income. For simplification purposes, the calculations have refrained from including other capital income (and inheritance funds). Following the deduction of the declared savings, the resulting household net income (after deducting social security contributions and income tax) provides an estimate of the life cycle profiles of individual consumer expenditures. The consumer expenditure for the examined child already accrued during his first life phase is included

Hence, the statutory social insurances of pension, health, long-term care and unemployment insurance encumber the newborn child with a total of 240,500 euros. It is as if at birth the mother receives a bill of debt for the child to that amount, which needs to be paid off and interest paid on it over the course of the child's life and that of its descendants.

## 2| Statutory social security schemes in the life cycle of a child (\*2000)



All figures in euros (cash equivalents for the year 2000). Source: ifo calculations

in a separate estimate based on relevant data from the last »income and consumption sample« of the Federal Statistics Office.

In order to simulate income tax payments, the income tax rate for the year 2005 is extrapolated in such a way that the effects of a »cold progression« – i.e. the rise in tax liabilities with a progressive rate trend as a result of future real increases in income – are completely neutralised. In accordance with the applicable law in future, the retirement income is subjected to a so-called »deferred« taxation. On the basis of these calculations, the examined child will need to make income tax payments amounting to 56,800 euros during the course of his lifetime. Taking into account all the tax payments of his descendants, this will amount to a positive fiscal effect from income taxation of a total of 102,000 euros.

Die Berechnungen zu den Verbrauchsteuern Consumption tax calculations not only relate to the general sales tax, but also other, specific consumption taxes (petroleum tax, tobacco tax, insurance tax, motor vehicle tax, alcohol tax and other »smaller« consumption taxes). The calculations have not taken into account possible income- and life phase-based changes in consumption pattern (as well as other forms of V.A.T.-exempt consumption). Instead, based on the figures from the national account, a uniform »consumption tax rate« is applied throughout which comprises 17.2 per cent of the consumption expenses, consisting of around 10.8 percentage points that are apportionable to the actual VAT charged for private consumption and another 6.5 per cent for all other consumption taxes. Hence, according to these calculations, the consumption taxes paid by the examined child over the course of his lifetime, will amount to roughly 69,900 euros, and to a total of 125,500 euros if we take into account the effect of all grandchildren.

#### Tax-financed benefits

The ex definitione positive fiscal effects of an average child within the context of the tax system and in view of his total fiscal balance are offset by a number of counter-entries, which result from so far undocumented tax-financed state benefits. Public expenditures on education and on family policy benefits, in particular, apply quite early on in the child's life span. The cash value of these benefits therefore has a noticeable effect on his fiscal balance, even if they initially appear to be quite modest in terms of their running (real) value.

In order to estimate the state expenditures on childcare and education, the average contribution rates for all relevant age groups and education paths (differentiated according to pre-school childcare facilities, general-education and vocational schools as well as universities) were combined with the per capita expenses differentiated accordingly. All public expenditures for building and running publicly funded education facilities, grants for private facilities and expenditures for supporting students with their general living costs (e.g. repayable state grant such as the German BAföG) as well as for scholarships. This produces a counter value through public spending on education of 75,700 euros per examined child. If this cash value of similar expenses is extended to all grandchildren, this amounts to a fiscal effect of 136,000 euros, which are subtracted from the child's fiscal balance.

Also specifically included in the calculations under family policy benefits, within the narrow sense of the term, are the child-rearing allowance, child benefits and the partially credited effects of income tax-based child tax credits, within the scope of the applicable law, as well as the effects of unequal contributions in the social care insurance between parents and childless couples, which came into force in 2005, and the crediting of parental leave in the statutory

pension scheme. As in the case of the stylised life cycle of the examined child, several years from the life cycle of average-aged parents with an average income are taken into account in the calculations, using the same methodology. It is furthermore assumed that the respective mother will require a period of limited employment in order to care for the child. This represents the most frequently observed pattern (cf. Figure 13 in the Annex to this chapter), with the corresponding consequences for the parents' household income and their social insurance contributions and claims. Based on this, the overall fiscal effect of family policy benefits is calculated to be -36,100 euros in the course of the examined child's life span and -64,900 euros when taking into account similar benefits claimed by his descendants.

In addition, one should bear in mind that the state also contributes to the so-called »opportunity costs« of the child's upbringing through a considerable amount of missing taxes and social insurance contributions – i. e. the missing revenues from child-related employment constraints. In terms of their cash value, these costs are considerable, even though, within the scope of a practicable system of levies, the state's contribution appears to arise automatically and can hardly be interpreted as a targeted family policy measure. Detailed calculations to assess the total opportunity costs of the child being examined have shown that the state's contribution amounts to 66,700 euros (40.4 per cent of the total gross opportunity costs of 164,900 euros). If one factors in the similar effects of all grandchildren, then the fiscal balance of the original child will be debited by -119,800 euros.

In addition to the individual and easily apportionable state benefits mentioned so far, which the child claims in the course of his life, there are also a large number of »other« tax-financed state benefits, which cannot be imputed so easily in the context of the un-

derlying life cycle concept and cannot be easily handled at the individual level. These benefits are difficult to apportion, because they sometimes involve so-called »public goods«, for which it is not easy to observe and assess the expenses allotted to individual users. And sometimes the data available on the structure of public expenses at all levels of the German federal fiscal system is simply not differentiated enough. The attribution of costs is also a sensitive issue, because there are often both double counts and gaps in the recording of state benefits, which can distort the results in either direction. This is further complicated by the fact that, even with a complete record of the benefits, the inadequate timing of the alleged claim can significantly influence the results of the calculation on a child's total fiscal balance.

Therefore, for the purpose of simplification, »other« state benefits are accounted for from the examined child's first year of life onwards by estimating the per capita shares of the entire domestic expenses of all regional authorities (federal government, federal states and communities) in the areas of »general administration«, »defence«, »homeland security«, »economic affairs«, »environmental protection« and »sport and leisure«. Under the simplified yet not unrealistic assumption of an optimal, cost-minimising allocation of responsibilities within the federal German financial system, these per capita values can at the same time be taken as an estimate for the »marginal« costs of additional beneficiaries. The recorded expenses are adjusted for the shares that are not financed through private households, but through corporate tax revenues and, as can be supposed, that companies also benefit from.

All in all, the counter value of »other« state benefits directed to the examined child amounts to -58,200 euros. Taking into account the benefits to all descendants, this would amount to a total fiscal effect of -104,400 euros. Yet, due to the selected me-

thod of imputation, one cannot exclude the fact that this value may considerably exaggerate the public benefits claimed by children. An (absolute) smaller figure is probably correct. To avoid exaggerating the alleged net taxation shown for newborn children, one has therefore abstained from making any deductions for their minor use of public goods.

Finally, the calculations must also take into account that the financial policies currently pursued in Germany are not sustainable. Despite the massive rise in social security contributions included in the calculations, the projected revenues and expenses of the regional authorities will lead to continuously high new debt with an exploding debt-GDP ratio. At some point during the life span of the examined child or later on, with a subsequent effect on his descendants, the current financial policy course will have to be corrected by substantially reducing the public expenses. In doing so, the following applies: The later the correction is made the more it will relieve the fiscal balance of the child and his descendants, as people living today are not affected as much by it. With the help of a method developed by the EU Economic Policy Committee 2003, it is therefore possible to determine a sort of lower threshold for the current value of the »sustainability gap«. This presupposes an immediate and permanent reduction of all public expenses by about 1.9 per cent of the current GDP. Converted into the share of the examined child, this amounts to a positive fiscal effect of 34,100 euros. Again, it is possible that the actual effect of a delayed budget consolidation at the expense of the examined child may be underestimated. It could, for instance, nearly double if the corresponding measures are postponed until 2100 or later.

Figure 3 provides a summary of the results of all calculations for tax payments and tax-financed state benefits that are apportionable to an average child during his life

cycle. In total, this amounts to an accumulated balance of around -91,100 euros. Taking into account the additional effects of the original child's descendants, this results in a negative fiscal effect for the examined child of -163,600 euros. This amount results from tax payments amounting to 227,400 euros and a cash value for the total tax-financed state benefits claimed of -391,000 euros.

#### Total result

All individual results calculated here amount to a total positive fiscal balance for an average child of 76,900 euros. This is how high the surplus of estimated taxes and social insurance contributions is over the counter value of expected state benefits claimed, expressed in accumulated cash equivalents based on the year 2000. Of these, 42,800 euros are directly accrued during the life cycle of the examined child, while a further 34,100 euros are apportionable to the similar though delayed effects, with a declining cash value, for the original child's estimated average number of descendants.

Figure 4 provides an overview of the extent and structure of all fiscal effects that are accrued during the life cycle of the examined child. Taking into account the effects of his grandchildren etc., Figure 5 illustrates the total fiscal balance for the, in all respects, average child born in 2000, resulting from a continuation of the German tax and social security policies under the current legal framework conditions.

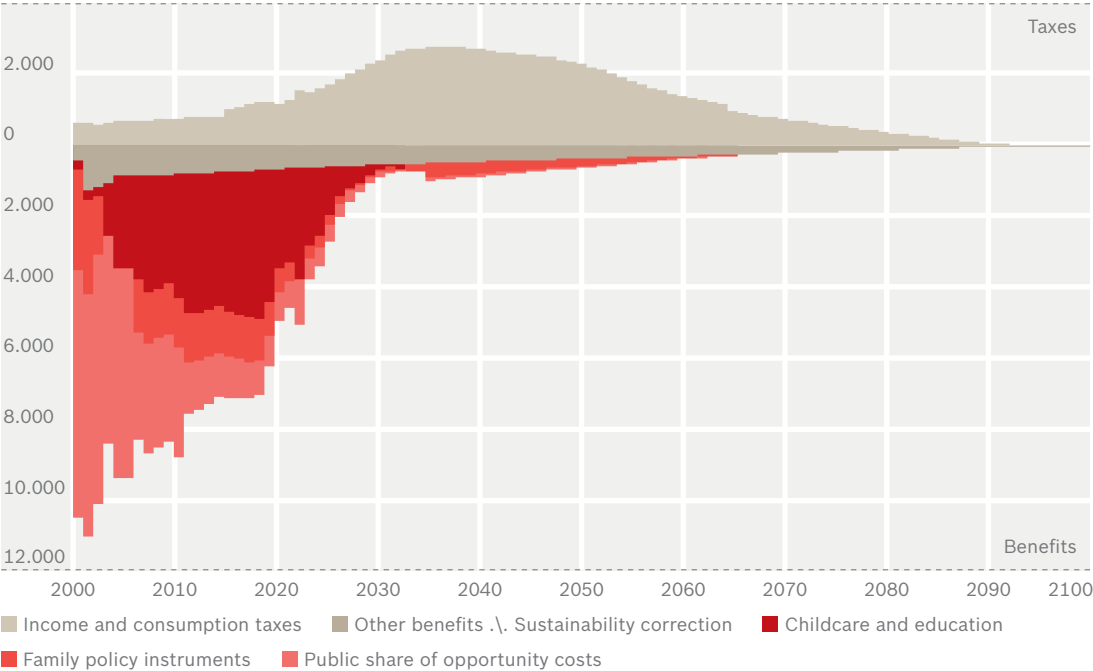
#### Variants

The fiscal balance for a child born today, of whom one may sensibly expect to be average in all respects, in actual fact results from a number of different life courses and plans of different children. The fiscal effects of individual children are correspondingly different. Hence, a selection of variants is complementarily considered, which focuses on two aspects in particular, namely cases with

All individual results calculated here amount to a total positive fiscal balance for an average child of 76,900 euros.

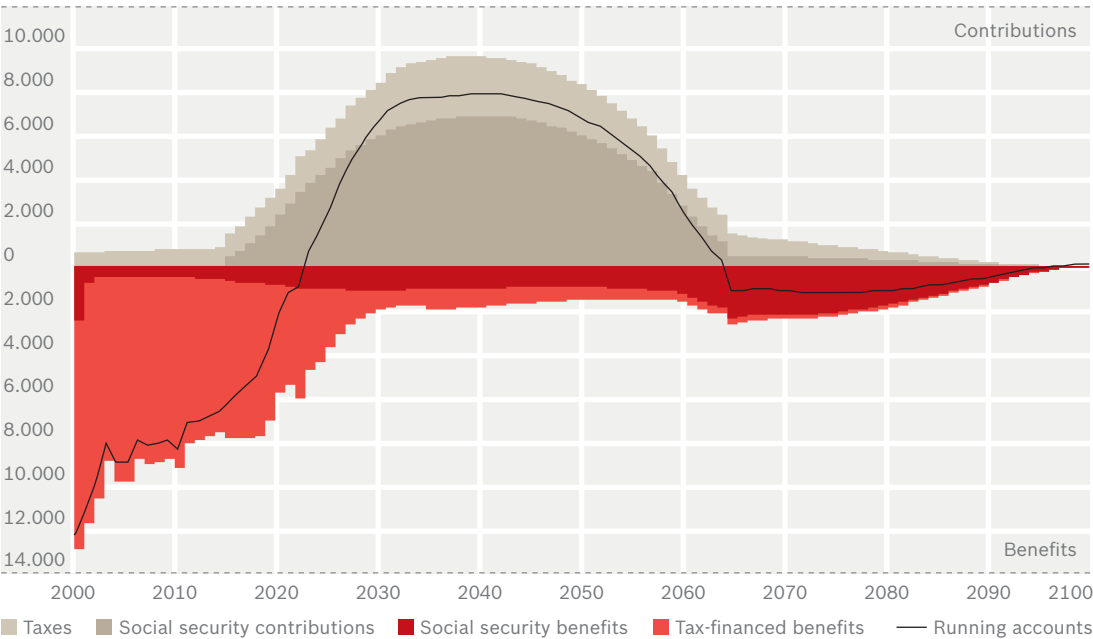
Germany's current finance policies are not sustainable in the long run. Despite massive increases in social security contribution rates included in the calculations, the projected revenues and expenses of the regional authorities will lead to continuously high new debt with an exploding debt-GDP ratio.

3| Taxes and tax-financed benefits in the life cycle of a child (\*2000)



All figures in euros (cash equivalents for the year 2000). Source: ifo calculations

4| Fiscal effects in the life cycle of a child (\*2000)



All figures in euros (cash values based on the year 2000). Source: ifo calculations

varying levels of income and cases with varying numbers of children.

#### Above and below average income

For cases with varying levels of income, specific calculations were made, in which all income payments were set at 150 per cent or 66.67 per cent of the comparative values for an average child. This was also adjusted for the supposed levels of education (university graduates versus persons without a completed professional training qualification) as well as the actual, specific risk of becoming unemployed later on in professional life. In the case of children with an above-average income this would not only result in higher contributions and wage-dependent varying claims to state benefits, but also higher state expenditures in the field of education, in particular.

In the case of children with a below-average income during their occupational phase, additional claims to subsistence-based social security benefits (supplementary social welfare and housing benefits or, as of late, 'unemployment benefit II' (Arbeitslosengeld II) and the associated allowances for covering the costs of living and heating need to be taken into account.

Furthermore, one must also factor in that the level of income of all generations influencing the fiscal effects (including parents, the child itself and its descendants) may deviate from the average in any number of combinations. Figure 6 provides an overview of individual results for the fiscal effects of children with varying levels of income, itemised by the components of their fiscal balance that are dependent on the income of their parents, of the child and its grandchildren, etc.

For families with a uniform level of income across all generations, the fiscal balance of the examined child with an above-average income amounts to no less than 299,000 euros. In the case of a below-average income, this will result in a negative fiscal effect, i. e.

per balance a burden on the other tax payers and recipients of state benefits amounting to -167,600 euros. (Detailed fiscal balances for these two »clear-cut« cases can be found in Figures 14 and 15 in the Annex to this chapter.) In general, it becomes clear that the fiscal effects of a child strongly depend on the employment and income trends.

#### Varying numbers of children

To cover variants with varying numbers of children, two additional scenarios were investigated, in which the original child was either childless or chose to have 2.1 children, instead of the average number of 1.5 children (per female descendent). If all women chose to have a higher number of children in future, this would lead, in the second of these cases, to a return to »sustainable« child-bearing patterns in Germany, with a constant population number and a stable age structure of the resident population in the long run.

An overview of the results reached under these assumptions is depicted in Figure 7. The fiscal balance of a child who remained childless would be limited to the fiscal effects accrued during the course of his life span, amounting to 42,800 euros. This would cancel all additional effects of potential descendants. By contrast, for a child with an above-average number of children, the fiscal balance would rise to 109,600 euros. Overall, both variants produce positive fiscal effects, which do however have to be correlated with the presumed number of children in each case.

When interpreting these results, one aspect must not be overlooked. In order to achieve a change in the average child-bearing behaviour, so that the birth rate becomes more »sustainable«, either the attitudes of potential parents must change or the underlying conditions on which they base their decision about the number of children they will have are adjusted. In other words, to the same extent to which the fiscal externality deter-

For families with a uniform level of income across all generations, the fiscal balance of the examined child with an above-average income amounts to no less than 299,000 euros.

mined for an average child has contributed to a decline in birth rates in Germany, the German tax and social system must be altered, so that the fiscal balance of a child is substantially lower than it is today.

### Conclusions

The calculations lead to the conclusion that a child born today, who is average with respect to his employment behaviour, income and numerous other criteria, generates positive fiscal advantages for the state within the framework conditions of the current German tax and social system. Over the course of his life and taking into account the effects of all the descendants he is expected to have on average, this amounts to a total of around 76,900 euros. Certain uncertainties with regard to his externality, resulting from the incompleteness of the available data and the methods of imputation used here must, however, be borne in mind.

The main source of this effect, which is favourable for all other tax payers and recipients of state benefits is the German social security system and, first and foremost, the statutory pension scheme. The German tax system and various tax-financed state benefits, including public spending on higher education, in particular, and specific family policy benefits, have helped to reduce the net fiscal effect on the balance of an average child but are far from balancing it out. As emphasized above, the German tax and social system induces a continuous redistribution from young and future generations to middle and old generations, which within each generation also leads to a redistribution of financial resources from families with an average or above-average number of children to those with few or no children.

Although the magnitude of the fiscal effects identified here does not prove that, beyond these distribution effects, this also has repercussions on the birth rate, such effects are likely. If child-supporting measures have

## 5 | The fiscal balance of an average child (\*2000)

	Fiscal effect <sup>a</sup>
<b>Social security contributions and benefits</b>	240.500
thereof:	
statutory pension scheme	139.300
statutory health insurance	69.800
social long-term care insurance	20.600
unemployment insurance	10.800
<b>Taxes</b>	227.400
thereof:	
income taxes	102.000
consumption taxes	125.500
<b>Tax-financed state benefits</b>	- 391.000
thereof:	
childcare and education	- 136.000
family policy benefits <sup>b</sup>	- 64.900
share of opportunity costs <sup>c</sup>	- 119.800
other tax-financed benefits <sup>d</sup>	- 104.400
sustainability correctione <sup>e</sup>	34.100
<b>Balance</b>	76.900

All figures in euros (cash equivalents based on the year 2000).

### Comments:

- <sup>a</sup> Taking into account the average gender distribution and chances of survival, average age-specific education and employment participation (for employees, civil servants, the self-employed or low-wage employees, subject to social security contributions) and their average employment and retirement incomes; including the effects of the average expected number of grandchildren etc.
- <sup>b</sup> Child-rearing allowance, child benefits and income tax-based children's allowance, discounted contributions for parents in the long-term care insurance and crediting of parental leave in the statutory pension scheme.
- <sup>c</sup> Missing taxes and social insurance contributions through the employment constraints of the mother.
- <sup>d</sup> Per capita share of domestic expenses of regional authorities for »general administration«, »defence«, »homeland security«, »economic affairs«, »environmental protection« as well as »sport and leisure activities«; for employable persons: plus tax-financed expenses of the Federal Employment Office.
- <sup>e</sup> Per capita share of the required cuts in expenditures, according to the »sustainability gap« concept developed by the EU Economic Policy Committee.

Source: ifo calculations

## 6 | Fiscal effects of a child (\*2000) with varying income in each generation

Income of the parents, child and all grandchildren etc. in per cent of average income	66,67 %	100 %	150 %
Effects that depend on the parents' income <sup>a</sup>	– 70.300	– 87.300	– 132.200
Effects that depend on the child's income, and wage-independent effects <sup>b</sup>	– 54.200	91.500	240.200
Effects that depend on the grandchildren etc. <sup>c</sup>	– 43.100	72.700	191.000

All figures in euros (cash equivalents, based on the year 2000).

Comments:

<sup>a</sup> Family policy benefits, public share of parents' opportunity costs, consumption taxes on the child's living expenses, subsistence-based social security benefits for the child living in the parental home.

<sup>b</sup> Public spending on higher education, taxes, contributions paid with the child's own income, social security benefits for the child, subsistence-based social security benefits for the adult child, other tax-financed benefits and the sustainability correction during the child's life span, benefits for the grandchildren that are dependent on the adult child's income (cf. a).

<sup>c</sup> Accumulated effects of the wage-dependent financial contributions and benefits of all children etc. (cf. b).

Source: ifo calculations

an impact on the birth rate, then one can conversely expect the discrimination contained in the German fiscal system against having children will have an adverse effect on it. The fact that, among all OECD countries, Germany has the lowest birth rate in relation to its population size, must be considered in the light of this.

Germany is the country which invented the pension scheme. No wonder then that birth rates take the back seat. Before Bismarck introduced the pension scheme, everyone was aware that they needed children to live sufficiently well in old age. After Bismarck, it became clear that one could enjoy old age without children. As long as the neighbours still had children, it was possible to lead an economically satisfactory life without needing to plan in children. ließ sich ein Leben, bei dem Kinder nicht eingeplant waren, in wirtschaftlicher Hinsicht zufriedenstellend führen.

From generation to generation, the number of people who have followed the trend of choosing not to have children, albeit coincidentally and unintentionally at first, has grown. Today, Germany has reached a point,

where this lifestyle is no longer economically sustainable and has therefore become a political issue that can no longer be ignored. How strong the fiscal effects have influenced the fertility rates in Germany is debatable. The »economic theory of the family« has demonstrated in a number of theoretical studies that such »fiscal externalities« offer parents an important and economically distorting reason against having an (additional) child, which is resulting in the long-term decline in birth rates that can be observed in Germany and in numerous other developed countries.

The heart of the problem is that the current German tax and social security system to a large extent socialises the potential financial rewards of raising children, particularly in the pension scheme, without taking the individual assumption of costs into account and transfers these to all members of the parent generation. When deciding about the number of children, parents therefore lose sight of the effect of an additional child as an old-age security incentive and choose a smaller number of children. This is creating a divergence between the individual's

The heart of the problem is that the current German tax and social security system to a large extent socialises the potential financial rewards of raising children, particularly in the pension scheme, without taking the individual assumption of costs into account and transfers these to all members of the parent generation.

7 | Fiscal effects of an average child (\*2000) with varying numbers of grandchildren etc.

	Fiscal effect <sup>a</sup>
Fiscal effects of the original child	42.800
Fiscal effects of his grandchildren etc. with varying numbers of children in each generation <sup>a</sup>	
0 Kinder	–
1,5 Kinder	34.100
2,1 Kinder	66.800

All figures in euros (cash equivalents, based on the year 2000).

Comment:

<sup>a</sup> Number of children of the original child and – possibly – the average number of children of all female descendents.

Source: ifo calculations

grounds for choosing to have children and the actual economic foundations of a pay-as-you-go pension scheme. However, the state's pension scheme and fiscal system as a whole depend for their future functioning on the existence of children. If Germany adheres to its current tax and social security system, this will raise the level of the inter- and intra-generational distribution of wealth and increase the risk that the German fiscal system will destabilise itself in the long run.

However, the calculations made here also show that the state does to a considerable extent participate in the costs of birth, child-rearing and education through family policy measures and public spending on higher education. Parents directly finance around 52.6 per cent of the costs of raising an average child from birth to the age of 18. The rest falls to the state, although, here again, this share is largely financed by the parents – as tax payers and social security contributors. Furthermore, the state's share of financing the cost of children is only partly derived from state benefits. A considerable part is automatically covered by the state's share of parents' opportunity costs of raising

children, which takes the form of missing taxes and social security contributions from the parents' limited ability to work during child-raising. Yet the fact that, despite the state's noticeable share of the costs for an average child's birth, upbringing and education, the child still has a positive fiscal externality demonstrates that the public share of child-care costs is still too little.

There is no mono-causal method of explanation for parents' decisions to have children underlying these findings. Not even that people's decision to have children is mainly motivated by economic considerations. There are, of course, a multitude of influences affecting this decision, most of which lie outside the economic sphere. But, for this very reason, the government should not interfere with family planning. It should allow people to make up their own minds about whether they want children, since nobody can decide this better than they themselves. Yet the government does not behave neutrally and de facto penalises the birth of every newborn child by imposing a life-long tax of nearly 80,000 euros.

Family support measures do not therefore interfere with a person's ability to decide freely; on the contrary. As long as they do not overshoot the mark and turn fiscal externality on its head, they can serve to free the decision to have children from state influence. Such measures not only make sense from a justice point of view. They also help society to come closer to having what it perceives to be the optimal number of children, whatever that number may be. Also the question of how heavily people have ultimately reacted to fiscal measures and may still react to new fiscal incentives is of secondary importance. What people really want once they are liberated from the state's influence by appropriate reforms will become apparent and what they choose in the end will be good, since no moral, legal or other authority is in a better position to make a decision.

The government de facto penalises the birth of every newborn child by imposing a life-long tax of nearly 80,000 euros.

The following measures come into consideration for reducing fiscal externality:

:: Reducing the scope of pay-as-you-go statutory old-age provisions, and especially that of the pension scheme. Yet such a reform alone does not ensure that the child-raising incentives that have been distorted by the current system are improved.

:: Enhancing family policy benefits directed to a child or his family during childhood and adolescence. One negative impact of this policy, however, is that it will offset the negative effects of state intervention through the positive effects of additional intervention measures. Due to the diverse distortions, which public revenues and expenditures inevitable create, this will hardly be possible. False incentives in the field of migration and employment behaviour can not be excluded altogether with this kind of double intervention.

: What Germany needs is a family policy initiative, which will completely restructure the pay-as-you-go system of old-age provisions and particularly the public pension scheme. This reform must overcome the discrimination against families contained in the existing system. It must try to do away with the illusion fed by the current retirement system that old-age retirement is secured even without children. The revised system must show young people plainly that to have a comfortable and good life in old age, one must either save money or have and raise children, and that there is no alternative to these two forms of old-age provision. The new system of old-age pensions must make the importance of these interrelated issues clear to the individual, so that he can choose between alternative lifestyles in the full awareness of these issues and their consequences. The Commission specifically assumes that the existing pension scheme will very soon have to be converted into a new statutory pension scheme. The expenses of the current system will have to be minimised effectively: by freezing the contribution rate and the federal subsidies. As a consequence, the pension level will slowly be reduced and move towards a basic level of

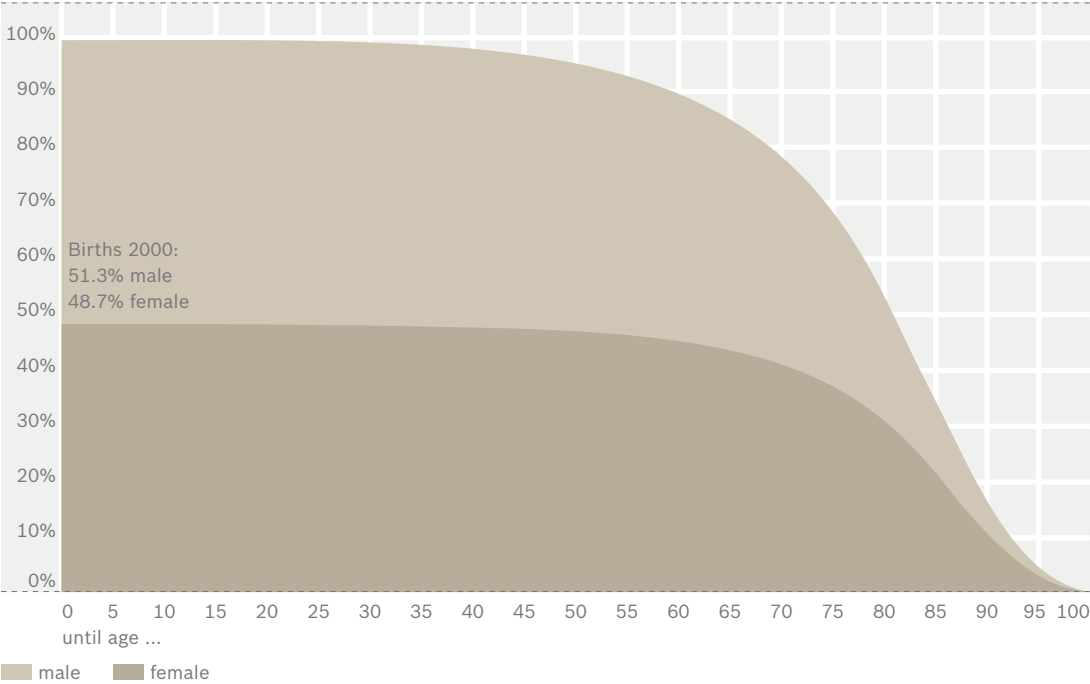
security, financed by tax revenues and already part of the current system. Already in the 2030s, today's pension level will reach a basic level of care, which will be open to all who have paid contributions and/or taxes, and will be enhanced by two other pillars of old-age provision. For one, parents will receive a tax-financed »children's pension«. This children's pension will be granted independent of the type of work their parents have. The more children one has had custody of, the higher that pension will be.

:: Childless couples – and also parents with few children – will have to accumulate private savings to supplement their old-age provisions. If a child is born to a childless couple, the need to save for old age will decline in proportion to the height of the children's pension they receive. Savings already made can then be used tax-free for the child-rearing purposes. The children's pension scheme will reach its full potential in 25 years when the old system is replaced by the new one. It is necessary to start accumulating capital immediately by saving.

:: However, the socialisation of children's proceeds is an inherent part of today's system and therefore difficult to remove. But at least part of the natural economic grounds for having children will flow back into the individual life plans, since families will be given back some of what they invested and what they generate for society. At the same time, childless couples will be given enough notice to supplement their pensions through personal savings. The capabilities exist since the time and money parents invest in raising their children is available for the requested Riester savings scheme. Thus, a system is developed that is not only must be fairer than the existing pension scheme but also creates incentives that are necessary for the healthy development of the population. Germany invented the pension scheme; Germany feels the consequences of it much more strongly than any other country; Germany should be the pioneer for the construction of a much better pension system, one that no longer stands in the way of its citizen's desire to have children.

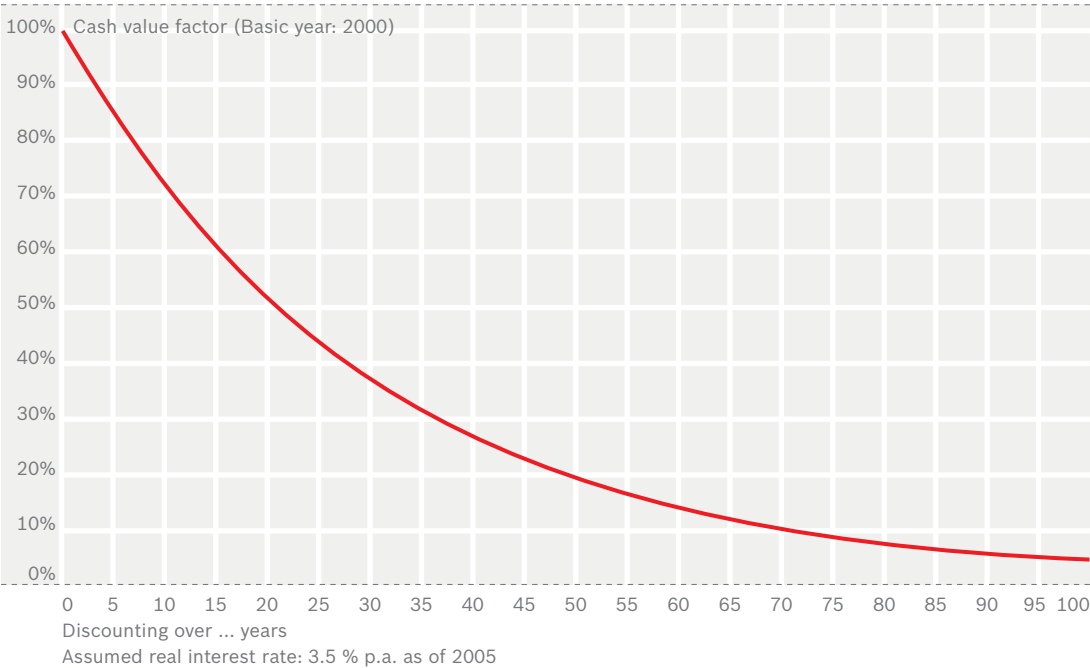
What Germany needs is a family policy initiative, which will completely restructure the pay-as-you-go system of old-age provisions and particularly the public pension scheme.

8| Gender and probability of a child's survival (\*2000) in per cent



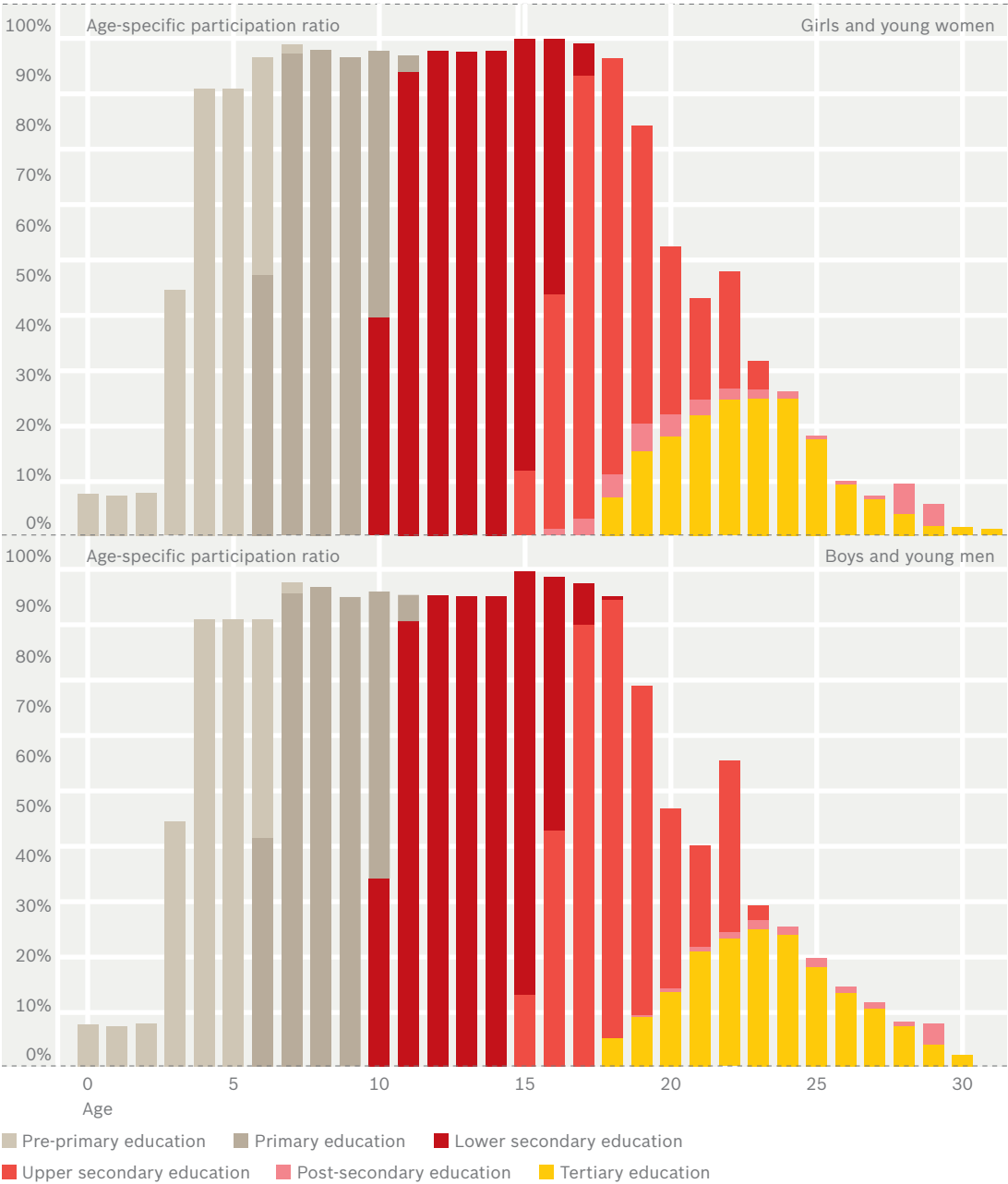
Source: Federal Statistics Office; ifo calculations

9| Discounting future payments



Source: OECD; ifo calculations

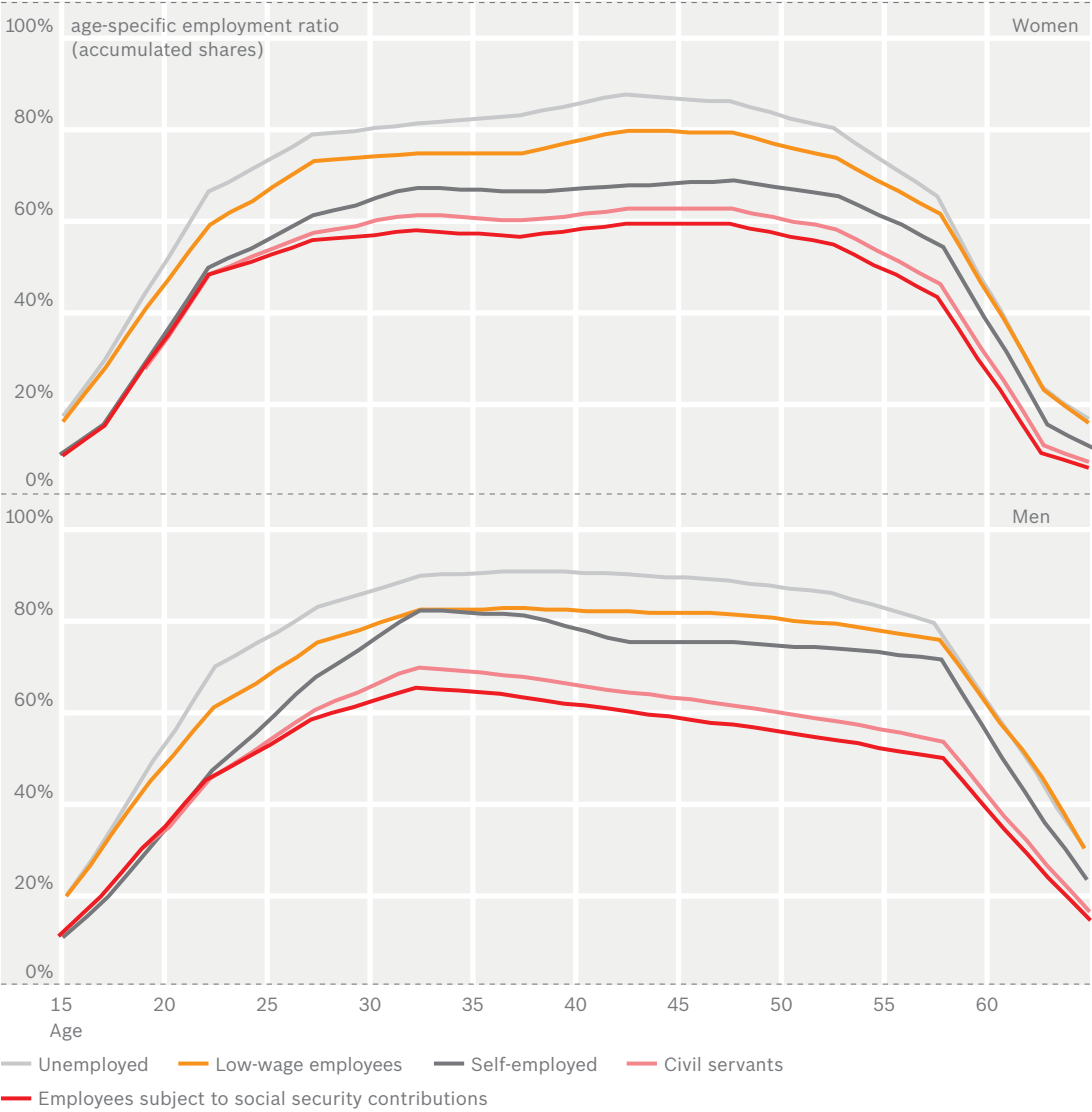
10| A child’s share of education (\* 2000)



Source: BMBF; ifo projection

Comment: By extrapolation the existing education figures, we assume that the education system will be streamlined, leading to faster transfers to higher education levels and a general trend towards higher qualifications.

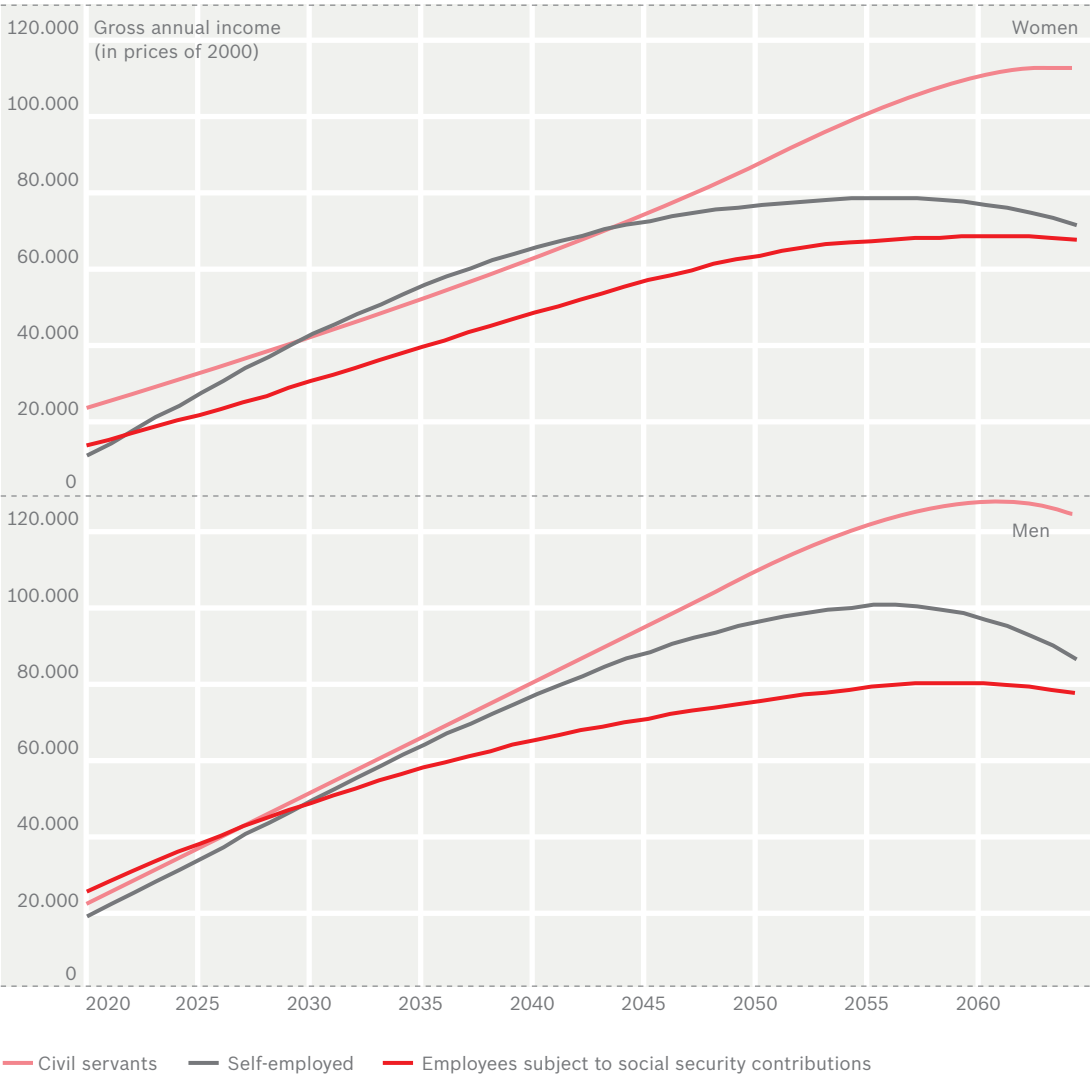
11 | Labour force participation of a child (\*2000)



Comment: The extrapolation of the existing employment figures is expected to lead to a general increase in the employment rate of women and elderly employees of both sexes, as well as a decline in the current unemployment rate of 8.4 % to the present level of »structural« unemployment of 7.2 % by 2010.

Source: IAB; Federal Statistics Office; ifo calculations and ifo projection

12| Income earned over a child’s life span (\*2000)



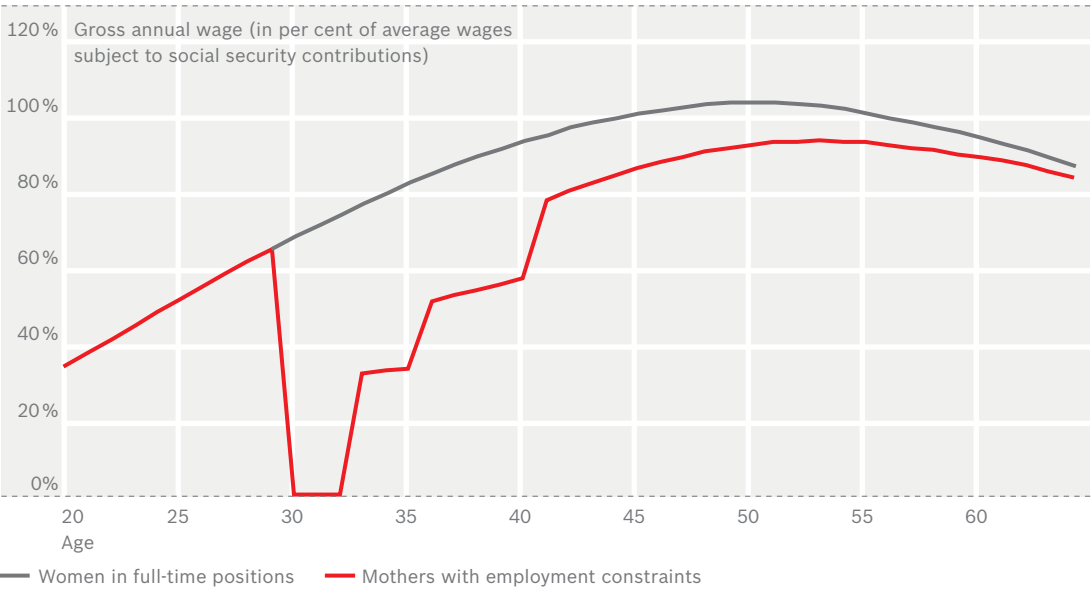
All figures in euros.

Comment: We assume that the extrapolation of the current wage figures will lead to a further approximation of men's and women's wages for jobs with the same qualification, as well as a relative decline in the salaries and wages of elderly employees of both sexes, while at the same time raising this age group's labour force participation.

Source: SOEP; BIBB/IAB; ifo calculations.

13| Wage profile of employed mothers subject to social security contributions

with stylised employment constraints due to parental leave



Comment: It is assumed that employed mothers will return to work after the birth of their child; first they will take parental leave for three years; then they will work part-time for a further three years covering 50 % of their full-time position, then for five years covering 75 % of their full-time position; only when the child is 12 does the mother return to full-time employment. Since she has less work experience, she will receive fewer wages. The same material assumptions also apply to mothers in other forms of employment.

Source: SOEP; ifo calculations

#### 14| The fiscal balance of a child (\*2000) with an above-average income

	Fiscal effect <sup>a</sup>
<b>Social security contributions and benefits</b>	<b>422.000</b>
thereof:	
statutory pension scheme	208.900
statutory health insurance	136.600
social long-term care insurance	32.300
unemployment insurance	44.200
<b>Taxes</b>	<b>405.000</b>
thereof:	
income taxes	229.600
consumption taxes	175.400
<b>Tax-financed state benefits</b>	<b>– 527.900</b>
thereof:	
childcare and education	– 178.100
family policy benefits <sup>b</sup>	– 76.800
share of opportunity costs <sup>c</sup>	– 202.700
other tax-financed benefits <sup>d</sup>	– 104.400
sustainability correction <sup>e</sup>	34.100
<b>Balance</b>	<b>299.000</b>

All figures in euros (cash equivalents based on the year 2000).

Comments: cf. Figure 5

Source: ifo calculations

#### 15| The fiscal balance of a child (\*2000) with a below average income

	Fiscal effect <sup>a</sup>
<b>Social security contributions and benefits</b>	<b>95.800</b>
thereof:	
statutory pension scheme	92.800
statutory health insurance	9.200
social long-term care insurance	10.400
unemployment insurance	– 16.300
<b>Taxes</b>	<b>131.500</b>
thereof:	
income taxes	44.700
consumption taxes	86.800
<b>Tax-financed state benefits</b>	<b>– 394.900</b>
thereof:	
childcare and education	– 86.100
family policy benefits <sup>b</sup>	– 68.500
share of opportunity costs <sup>c</sup>	– 71.000
other tax-financed benefits <sup>d</sup>	– 104.400
sustainability correction <sup>e</sup>	34.100
existenzsichernde Sozialleistungen <sup>f</sup>	– 99.000
<b>Balance</b>	<b>– 167.600</b>

All figures in euros (cash equivalents based on the year 2000).

Comments:

<sup>a-e</sup> cf. Figure 5<sup>f</sup> Social welfare and housing benefits or, as of 2005, unemployment funds II and grants for covering living and heating costs.

Source: ifo calculations



## Literature

Auerbach, A.J., J. Gokhale, L.J. Kotlikoff  
»Generational Accounts: A Meaningful  
Alternative to Deficit Accounting«, in:  
D. Bradford, Tax Policy and the Economy,  
Vol. 5, Cambridge, MA 1991, p. 55-110.

Bachu, A., M. O'Connell  
Fertility of American Women: June 1998, in:  
Current Population Reports, 1998, p. 20-526.

Bäcker, G., B. Stolz-Willig (Hrsg.)  
Kind, Beruf, Soziale Sicherung. Zukunftsauf-  
gabe des Sozialstaats, Köln 1994.

Becker, G.S.  
»An Economic Analysis of Fertility«, in:  
Demographic and Economic Change in De-  
veloped Countries, NBER Conference Series,  
Vol. 11, New York/London 1960, p. 209-231.

Becker, G.S., G. Lewis  
»On the Interaction Between Quantity and  
Quality of Children«, in: Journal of Political  
Economy 81, 1973, p. 279-288.

Behrens, J.  
»Was uns vorzeitig ›alt aussehen‹ läßt.  
Arbeits- und Laufbahngestaltung - Voraus-  
setzung für eine länger andauernde Er-  
werbstätigkeit.«, in: Aus Politik und Zeitge-  
schichte, Bd. 3-4/2001, S. 14-22.

Berger, P. A., P. Sopp  
Sozialstruktur und Lebenslauf,  
Opladen 1999.

Biedenkopf, K. H., M. Miegel  
Wege aus der Arbeitslosigkeit. Arbeits-  
marktpolitik in der sozialen Marktwirt-  
schaft, Bonn 1982.

Birg, H.  
Die demographische Zeitenwende - Der  
Bevölkerungsrückgang in Deutschland und  
Europa, München 2001.

Birg, H.

Die ausgefallene Generation. Was die Demo-  
graphie über unsere Zukunft sagt,  
München 2005.

Bundesinstitut für Berufsbildung, Institut für  
Arbeitsmarkt- und Berufsforschung  
Erhebung zu Erwerb und Verwertung beruf-  
licher Qualifikationen von Erwerbstätigen,  
Bonn/Nürnberg 1998/99.

Blanchard, O.J.

»Suggestions for a New Set of Fiscal Indica-  
tors«, in: OECD Economic Department Wor-  
king Paper No. 79, 1990.

Blosma, M.

»Staatliche Initiativen zur Vereinbarkeit von  
Erwerbstätigkeit und Pflege in den Nieder-  
landen«, in: G. Naegele, M. Reichert (Hrsg.),  
Vereinbarkeit von Erwerbstätigkeit und  
Pflege - nationale und internationale Per-  
spektiven 1, Hannover 1998.

Börsch-Supan, A. (Hrsg.)

Alterung und Familienpolitik, Berlin 2005.

Buchanan, J. M.

Konsum ohne Produktion. Die unmögliche  
Idylle des Sozialismus, Freiburg, 2002.

Buchanan, J. M., B. Monissen

The Economist's Vision, Frankfurt am  
Main 2001.

Bundeserziehungsgeldgesetz

01.01.2004, in: Bundesgesetzblatt Jahrgang  
2004, Teil I Nr. 6, hrsg. vom Bundesministe-  
rium der Justiz, Bonn 2004.

Bundesministerium für Bildung und  
Forschung

Grund- und Strukturdaten 2001/02,  
Berlin 2002.

Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrsg.)  
Fünfter Familienbericht. Familien und Familienpolitik im geeinten Deutschland. Bericht der Sachverständigenkommission, Bonn 1995.

Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrsg.)  
Zukunft: Familie. Ergebnisse aus dem 7. Familienbericht, Berlin 2005.

Bundesministerium der Finanzen  
Bericht zur Tragfähigkeit der öffentlichen Finanzen, Berlin 2005.

Boldrin, M., M. De Nardi, L. E. Jones  
»Fertility and Social Security«, in: NBER Working Paper Nr. 11146, 2005.

Cigno, A.  
»Fertility and the Tax-Benefit-System: A Reconsideration of the Theory of the Family«, in: Economic Journal 96, 1986, p. 1035-1051.

Cigno, A.  
»Intergenerational Transfers without Altruism: Family, Market and State«, in: European Journal of Political Economy 9, 1993, p. 505-518.

Cigno, A., L. Casolaro, F.C. Rosati  
»The Role of Social Security in Household Decisions«, in: Finanzarchiv 59, 2003, S. 189-211.

Cigno, A., F.C. Rosati  
»The Effects of Financial Markets and Social Security on Saving and Fertility Behaviour in Italy«, in: Journal of Population Economics 5, 1992, p. 319-341.

Cigno, A., F.C. Rosati  
»Jointly determined saving and fertility behaviour«, in: European Economic Review 40, 1996, p. 1561-1589.

Cigno, A., F.C. Rosati  
»Rise and Fall of the Japanese Saving Rate: the Role of Social Security and Intra-family Transfers«, in: Japan and the World Economy 9, 1997, p. 81-92.

Deutsche Bundesbank  
Monatsbericht Dezember 2004, 56. Jahrgang, No. 12, Frankfurt am Main 2004.

Deutsche Bundesbank  
Monatsbericht April 2002, 54. Jahrgang, No. 4, Frankfurt am Main 2002.

Ehrlich, I.B., J. Kim  
»Social Security, Demographic Trends, and Economic Growth: Theory and Evidence from the International Experience«, in: NBER Working Paper 11121, 2005.

Ehrlich, I.B., J.-G. Zhong  
»Social Security and the Real Economy: An Inquiry into Some Neglected Issues«, in: American Economic Review, Vol. 88, 1998, p. 151-157.

Europäische Kommission (Hrsg.)  
Beschäftigung in Europa 2002. Jüngste Tendenzen und Ausblick in die Zukunft, Luxemburg 2002.

EU Economic Policy Committee  
The Impact of Ageing Populations on Public Finances: Overview of Analysis Carried out at an EU Level and Proposals for a Future Work Programme, Document No. EPC/ECFIN/435/03, Brüssel 2003.

Fahey, T., Z. Speder  
Fertility and family issues in an enlarged Europe, Dublin 2004.

Fertig, M., J. Kluve, M. Scheuer  
Aspekte der Entwicklung der Minijobs, Essen 2004.

- Folbre, N.  
Who Pays for the Kids?: Gender and the Structures of Constraint, London 1994.
- Friedeburg, L. von  
Jugend in der modernen Gesellschaft, Köln/Berlin 1965.
- Fuchs, J., D. Söhnlein  
»Lassen sich die Erwerbsquoten des Mikrozensus korrigieren?«, in: IAB Werkstattbericht 12/2003, S. 3–38.
- Fuchs, J., M. Thon  
»Die Schätzung von Potential-Erwerbsquoten, Stiller Reserve und Erwerbspersonenpotential für die alten Bundesländer 1970–1985«, in: IAB werkstattbericht 8/1998, S. 3–20.
- Fuchs, J., M. Thon  
»Potentialprojektion bis 2040: Nach 2010 sinkt das Angebot an Arbeitskräften«, in: IAB kurzbericht 4/1999, S. 3–6.
- Halfar, Bernd  
Perspektive-Deutschland 1999, hrsg von McKinsey, stern, T-Online, ZDF, Baden Baden 1999.
- Hakim, C.  
Competing family models, competing social policies, London 2003.
- Heidenreich, H.-J. u. a. (Hrsg.)  
Leben und Arbeiten in Deutschland – Ergebnisse des Mikrozensus 2003, Wiesbaden 2004.
- Heigl, A.  
Konsum- und Sparprofile der Altersgruppen im Vergleich zu anderen Bevölkerungsgruppen sowie die zeitliche Veränderung. Expertise für den 7. Familienbericht der Bundesregierung, Berlin 2005.
- Hennig, M.  
Wandel des Erwachsenwerdens und der Familiengründung in Deutschland. Expertise für die Expertenkommission »Familie und demographischer Wandel« der Robert Bosch Stiftung, Berlin 2005.
- Hewitt Associates  
Building High Potential Leaders, Lincolnshire 2003.
- Hoem, Jan M.  
Why does Sweden have such a high fertility? In: MPIDR Working Paper, WP-2005-009, 2005.
- Höhn, Ch.  
Population Policy Acceptance Study in Deutschland, Wiesbaden 2005.
- Höpflinger, F.  
Traditionelles und neues Wohnen im Alter, Zürich 2004.
- Höpflinger, F., A. Stuckelberger  
Demographische Alterung und individuelles Altern. Ergebnisse aus dem Nationalen Forschungsprogramm »Alter/Vieillesse/Anziani«, Zürich 1999.
- Iacovou, M., R. Berthoud  
Employment and Poverty Among Young People: a European perspective, in: Representing Children, 15 (4), 2003, p. 258–271.
- Jürgens, H. W., K. Pohl  
Kinderzahl – Wunsch und Wirklichkeit, Stuttgart 1975.
- Kaufmann, F.-X.  
Zukunft der Familie im vereinten Deutschland: Gesellschaftliche und politische Bedingungen (Perspektiven und Orientierungen), München 1995.
- Kaufmann, F.-X.  
Schrumpfende Gesellschaft, Frankfurt am Main 2005.

- Kiernan, K. E.  
Parental divorce and partnership dissolution in adulthood: Evidence from a British cohort study, in: Hopkins Population Center papers on population, Baltimor 1998.
- Köcher, R.  
Das subjektive Zeitfenster für die Elternschaft. Studie im Auftrag des Bundesministeriums für Familie, Senioren, Frauen und Jugend, Allensbach 2005.
- Layard, R.  
Die glückliche Gesellschaft, Frankfurt am Main 2005.
- Lesthaege, R., J. Surkyn  
Wertorientierungen und ‚second demographic transition‘ in Nord-, West- und Süd-Europa: Eine aktuelle Bestandsaufnahme, in: Zeitschrift für Bevölkerungswissenschaft, Jahrgang 29, 1, 2004, S. 63-98.
- Meier, V.  
Auswirkungen familienpolitischer Instrumente auf die Fertilität: Internationaler Vergleich für ausgewählte Länder, in: ifo Forschungsbericht Nr. 25, München 2005.
- Mitterauer, M.  
Warum Europa?, München 2003.
- Münnich, M.  
»Ausgaben für Kinder in Deutschland: Berechnungen auf der Grundlage der Einkommens- und Verbrauchsstichprobe 1998«, in: Wirtschaft und Statistik 12/2002, S. 1080-1100.
- Myrdal, A., V. Klein, U. Schroth-Pritzel  
Die Doppelrolle der Frau in Familie und Beruf, Köln 1960.
- Naegele, G. u.a.  
A new organisation of time over working life. European Foundation for the Improvement of Living and Working Conditions, Dublin 2003.
- Noord-Zaadstra, B. M. van, C. W. N. Looman, H. Alsbach u.a. (Hrsg.)  
Delaying childbearing effect of age on fecundity and outcome of pregnancy, Bd. 302. BMJ, 1991.
- Offe, C.  
Schwund des Sozialkapitals? Der Fall Deutschland, in: R. Putnam, Gesellschaft und Gemeinsinn, Gütersloh 2001.
- Olson, M.  
Logic of Collective Action: Public Goods and the Theory of Groups, in: Harvard Economic Studies, Harvard 1971.
- Perrig-Chiello, P. und F. Höpflinger  
Zwischen den Generationen. Frauen und Männer im mittleren Lebensalter (Gesellschaft Schweiz), Zürich 2001.
- Pfeiffer, U., T. Sarrazin, H. Simons, G. von der Groeben  
Demographie, Staatsverschuldung und Umbau der sozialen Sicherung : Thesenpapier, Berlin 2000.
- Pfeil, E.  
Die Berufstätigkeit von Müttern. Eine empirisch-soziologische Erhebung an 900 Müttern aus vollständigen Familien, Tübingen 1961.
- Pinl, C.  
Wo bleibt die Zeit? Die Zeitbudgeterhebung 2001/02 des Statistischen Bundesamts, in: Aus Politik und Zeitgeschichte, Bd. 31-32/2004, S. 19-26.
- Pötzsch, O.  
»Unterschiedliche Facetten der Geburtenentwicklung in Deutschland«, in: Wirtschaft und Statistik 6/2005, S. 569-581.

Raffelhüschen, B., C. Borgmann  
Zur Nachhaltigkeit der schweizerischen  
Fiskal- und Sozialpolitik: eine Generatio-  
nenbilanz: Studie im Auftrag des Staatsse-  
kretariats für Wirtschaft, Bern 1996.

Rainwater, L., T. Smeeding  
Poor Kids in a Rich Country: America's  
Children in Comparative Perspective,  
New York 2003.

Rostocker Zentrum zur Erforschung des  
Demographischen Wandels  
»Deutschland im demographischen Wandel.  
Fakten und Trends 2005«, Rostock 2005.

Schlemmer, E.  
»Living apart together«, eine partnerschaft-  
liche Lebensform von Singles?, in  
H. Bertram, Das Individuum und seine Fami-  
lie. Lebensformen, Familienbeziehungen  
und Lebensereignisse im Erwachsenenalter,  
Opladen 1995, S. 363-98.

Sinn, H.-W.  
»The Value of Children and Immigrants in a  
Pay-As-You-Go Pension System«, in:  
NBER Working Paper No. 6229, 1997, (eben-  
so in: ifo Studien 47, 2001, S. 77-94).

Statistisches Bundesamt  
Mikrozensus 2002, Wiesbaden 2002.

Statistisches Bundesamt  
Mikrozensus 2003, Wiesbaden 2003.

United Nations  
World Fertility Report 2003, New York 2004.

Vaupel, J. W.  
Deutschlands größte Herausforderung:  
wider die demographische Ignoranz;  
unsere Lebensläufe und die unserer Kinder  
werden sich ändern, weil das Leben  
länger dauern wird. Frankfurter Allgemeine  
Zeitung, 84, 41, 2004.

Werding, M., H. Hofmann  
Die fiskalische Bilanz eines Kindes im deut-  
schen Steuer- und Sozialsystem, in: ifo  
Forschungsbericht Nr. 26, München 2005.

Werding, M., A. Kaltschütz  
Modellrechnungen zur langfristigen Tragfä-  
higkeit der öffentlichen Finanzen, in: ifo  
Beiträge zur Wirtschaftsforschung, Bd. 17,  
München 2005.

Willis, R.J.  
»A New Approach to the Economic Analysis  
of Fertility Behavior«, in: Journal of Political  
Economy 81, 1973, p. 14-64.

Wöhlcke, M., Ch. Höhn und S. Schmid  
Demographische Entwicklungen in und um  
Europa. – Politische Konsequenzen, in: Stif-  
tung Wissenschaft und Politik, Aktuelle  
Materialien zur Internationalen Politik,  
Bd. 69, Baden-Baden 2004, S. 239.

Zukunftskommission Gesellschaft 2000  
(Hrsg.)  
Solidarität und Selbstverantwortung. Von  
der Risikogesellschaft zur Chancenge-  
sellschaft. Bericht und Empfehlungen der  
Zukunftskommission Gesellschaft 2000  
der Landesregierung Baden-Württemberg,  
Stuttgart 1999.



Published by  
Robert Bosch Stiftung GmbH

Editor  
Dr. Andrej Heinke

Project Manager  
Robert Bosch Stiftung GmbH, Stuttgart

Design  
Hesse Design, Düsseldorf

Print  
Steinkopf Druck, Stuttgart

Copyright 2005  
Robert Bosch Stiftung GmbH, Stuttgart  
All rights reserved  
[www.bosch-stiftung.de/demographischer\\_wandel](http://www.bosch-stiftung.de/demographischer_wandel)

