

Politics of Ageing

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Introduction

Throughout the preceding chapters the risks and opportunities associated with population ageing and its social and economic implications have been discussed. When looking to the future and facing the demographic trends outlined in Chapter 2, clear fiscal implications are associated with retirement income, health and other services (Chapters 4, 5 and 8). There are economic implications in terms of the labour force and for how unpaid and caring work requirements are to be met in our ageing society (Chapters 7 and 10–12). Intergenerational issues clearly emerge, associated with potential competition for resources and social equity, which are squarely in the purview of politics.

This penultimate chapter asks how New Zealand's changing demography might impact on the political system, including possible implications for the structure of public opinion, electoral behaviour, the nature and relative importance of age-related interest (or pressure) groups, and the character and policies of political parties. Related to this is how such impacts might affect public policy in areas of particular importance to older people, such as retirement income, health care, housing, social services and labour market regulation. To be more specific, what are the political implications of a quarter or more of the population being aged 65 and over? Is it likely that the 'greying' of the electorate will generate pressure for a wider range and higher quality of services for older people, and how can these demands be managed? Is there a risk of increased conflict between the distributional and other preferences of older and younger voters? How will political parties respond to such challenges?

It is not possible to provide definitive answers to such questions. For one thing, democratic countries have never before witnessed a situation where older voters constitute such a large proportion of the electorate. We are thus moving into uncharted territory. For another, although some democracies already have a significantly older age structure than New Zealand, it cannot be assumed that their political experiences will be replicated here. Having said this, the relevant

literature provides some useful indications and lessons concerning the potential implications of a 'greying' electorate.

Voting behaviour

On the issue of voting behaviour, there is solid evidence, both from New Zealand and other parliamentary democracies, that older people are more likely to vote than younger citizens. For instance, in the 1999 New Zealand general election less than 75% of registered voters aged under 30 cast a ballot (and less than 70% of new voters), whereas nearly 90% of those aged 65 and over exercised their right to vote (Vowles, 2002, p. 95). The disparities in some countries are even greater. At the 2001 general election in Britain, for example, less than 40% of 18–24-year-olds voted, compared with more than 70% of those aged 55 and over (Metz, 2002, p. 325).

Voting patterns of this nature have potentially significant implications over the longer term. To illustrate, if people aged 65 and over represent around 25% of the population in the middle decades of the 21st century, they will constitute more than a third of those eligible to vote (if 18 remains the voting age). Assuming also that older people continue to participate more actively in elections than younger adults, by 2050 40% or more of those who actually vote are likely to be aged 65 and over. Plainly, this is a very sizable chunk of the electorate. If this group – or even a substantial part of this group – were to vote as a block, it would be able to have a major, and possibly decisive, impact on the outcome of an election. Such an influence would be further reinforced if people aged 50–64 vote in a similar way to those aged 65 and over (which is certainly possible given that middle-aged voters have good reason to be interested in the policies that will affect them as they approach later life).

Against this, significant 'block voting' by older people, whether at general elections, by-elections or referenda, is relatively unusual. Indeed, the available empirical evidence (both in New Zealand and elsewhere) suggests that in most situations older voters have widely divergent party preferences and often strongly contrasting views on key political issues. Such differences are the product of well-established and deeply rooted processes of political socialisation in which most people – either in their youth or early adulthood – develop party loyalties and issue orientations, albeit of varying degrees of intensity and durability. For a variety of reasons, such loyalties are typically stronger among older voters than their younger counterparts. This does not imply that people become more conservative as they age, and thus more likely to support centre-right parties. Rather, it means that older voters tend to display greater allegiance

to the party (or political ideas) that they have typically supported during their adult life. Moreover, there is little evidence that older voters define themselves, for political purposes, primarily on the basis of their chronological age or in relation to a specific generational interest. Instead, they tend to see themselves as citizens, and have regard to the interests of younger people, including the generations of their children and grandchildren. Put differently, the “intergenerational contract” in most democracies remains strong with “few signs of generational conflict” (Metz, 2002, p. 326).

Nevertheless, recent general elections in New Zealand (and elsewhere) illustrate tendencies for some parties to appeal to older voters more than others (Aimer and Vowles, 2005, p. 28; Vowles, 2002, p. 95). For instance, at both the 1999 and 2002 elections the Labour party secured a disproportionately large share of its support from older voters and a corresponding lower level of support from those aged under 45. A broadly similar pattern was evident with respect to the Alliance in 1999 and the New Zealand First party in 2002. By contrast, the Greens received most of its support from younger voters and relatively few votes from those aged 65 and over. For its part, the National party received its strongest support in 1999 from the middle aged, with corresponding lower backing among young voters and the elderly (with the exception of the very old). The pattern of support for National in 2002 was rather different, with the party’s support generally rising with age, albeit in the context of a far lower share of the overall vote. Among other things, this highlights the current degree of voter volatility and the capacity for a party’s fortunes to change significantly from one election to the next. In regard to the other parliamentary parties, such as ACT and United Future, age-related differences in levels of support have generally been small.

In short, the experience thus far in New Zealand (and most comparable jurisdictions) is for older voters to spread their support across a range of ‘mainstream’ parties. While older people’s support for particular parties has varied from election to election (reflecting a range of short-term political factors as well as longer-term generational shifts in party preferences), little evidence exists of strategic block voting on an age-related basis. Could this change in the future, and might aged-based parties emerge to represent the particular needs and interests of different generational groups, especially older voters?

Age-related parties

Under the previous first-past-the-post voting system, there was little prospect of an age-related party winning parliamentary seats because the electoral threshold

was too high. Under mixed member proportional representation, however, a party needs only 5% of the party vote (or a single constituency seat) to secure parliamentary representation. The threshold for electoral success is thus much lower. Given this situation, it is conceivable that a party will emerge that is primarily concerned with the issues facing older voters and that it will be able to attract sufficient support to win seats in Parliament. In other multiparty systems with proportional representation there are already examples of such parties being formed and, in some cases, securing seats. For instance, the Retired Persons party in Israel won seven seats (in the 120-seat Knesset) at the general election in March 2006 and, following detailed negotiations, entered a centre-left coalition (under Prime Minister Ehud Olmert, the leader of the Kadima party) with two posts in the government (the Ministry of Health and Ministry of Older Persons). Likewise, in the Netherlands two parties representing older voters – the Union 55 Plus and the General Elderly People's League – won seven seats (in the 150-seat legislature) at the 1994 general election (largely as a result of opposition from older voters to a government proposal to freeze pensions). However, neither party retained its seats at the 1998 election and neither secured representation in the Dutch cabinet. Parties representing older voters have contested elections in other parliamentary democracies, but generally with little success. For instance, in Italy the Pensioners' party failed to win any seats at the general election in April 2006 and in Germany the Grey Panther party has thus far fallen well below the 5% threshold necessary to secure seats in the Bundestag.

These differences in the fortunes of parties representing older voters are attributable to at least two factors: the variable skill and success of mainstream parties in representing the interests of older voters and retaining their support; and the different electoral thresholds that apply in proportional representation systems. On the latter point, both Israel and the Netherlands have very low thresholds (less than 1% in each case). It is thus relatively easy for single-issue parties to win seats. By contrast, the thresholds in most other parliamentary systems are significantly higher – typically around 4%–5%. Given that New Zealand, like Germany, has a 5% threshold, it will be relatively difficult for a party representing older people to win parliamentary seats. But it is certainly not beyond the realms of possibility, especially when older voters come to represent a larger proportion of the electorate and if mainstream parties were to lose the confidence of a substantial segment of the 'grey' vote.

It is not, of course, necessary to win seats in the legislature for groups of voters, whether defined on the basis of age or other characteristics, to exercise significant political influence. Both in New Zealand and other parliamentary

democracies there is evidence of large, broadly based parties tailoring their policy platforms to secure older voters' support. For instance, the National party deliberately targeted retirees and those nearing retirement at the 1975 general election by offering a generous universal retirement income.

There have also been examples of minor parties targeting older voters as a central feature of their long-term electoral strategies. The best local example is the New Zealand First party. Since its formation by Winston Peters in the early 1990s, the party has consistently advocated policies designed to advance older voters' financial and other interests. This strategy has met with some success: New Zealand First has captured a disproportionate share of the 'grey' vote and has won some notable policy concessions from both major parties. In 1996 it was able to secure a coalition agreement with National that included a range of measures to assist older people. These included: the removal of the New Zealand Superannuation (NZS) tax surcharge from 1 April 1998; the removal of income and asset testing for long-stay geriatric public hospital care services and asset testing for long-stay geriatric private hospital care; and increased health funding to reduce waiting times for non-urgent surgery (Barker, 1997). Similarly, in 2005, New Zealand First negotiated policy concessions to benefit older voters as part of its agreement on confidence and supply with the Labour-led government. Among these were policies to increase the rate of NZS to 66% (from 65%) of average ordinary time weekly earnings, measures to enhance the provision of elder care, and the introduction of a Seniors Card (to be used to identify the holder's eligibility for public sector entitlements and to claim commercial discounts).

Populist parties like New Zealand First tend not to survive for long, and typically lose support on the retirement (or death) of their founder and leader. Whether New Zealand First will suffer this fate remains to be seen. What is clear, however, is that minor parties under a system of proportional representation have the capacity to capture the support of specific groups, including those defined largely on the basis of age. This capacity is plainly enhanced in a context where the major parties have pursued policies that have undermined their support base – as Labour did in the mid-1980s when it imposed, with little warning, a means-tested surcharge on NZS, and as National did in 1991 when it announced plans for a very severe means test on NZS (having previously campaigned on a pledge to remove the surcharge). It is also important to bear in mind that the policy influence of minor parties tends to wax and wane, and is at least partly related to their position on the political spectrum (or key issue dimensions). Parties like New Zealand First that are close to the middle of the spectrum are typically able to exert more influence than so called

‘captive’ parties (that is, those located at one or other end of the spectrum that have little choice over which of the major parties they will support).

Other political implications

What, then, of the future? Irrespective of whether New Zealand witnesses the formation of age-related parties, and regardless of whether there continue to be parties like New Zealand First that specifically target older voters, population ageing can be expected to have several discernible political consequences. First, interest groups representing older voters are likely to become more numerous, politically active and influential. Such activism will no doubt vary over time in response to emerging issues and concerns, and in reaction to unwelcome governmental initiatives. Equally important, Callister’s analysis (Chapter 3) reminds us that older people in future decades will differ from those previous generations in several respects, not least in the fact that they will generally be much better educated, have fewer children, be more likely to be living on their own and, in many cases, be richer. This may influence the nature of their political interests and demands. For instance, the current trend for more older people to enrol in tertiary education courses may well gather pace, generating new issues and pressures in relation to student finance and tertiary funding.

Second, competition between parties for the ‘grey’ vote is likely to intensify. This may prompt parties to prepare more detailed and comprehensive policy packages directed at older voters and to conduct more sophisticated campaigns that involve segmenting the electorate on the basis of age and life cycle stage. Parties may also develop ‘senior organisations’ within their wider structures to encourage older people’s membership and active participation, as has happened in other countries, including Germany.

Third, older voters’ needs and interests are likely to figure more prominently in the policy work of governments and their advisers. This will almost certainly apply across a wide range of policy domains, including health and disability services, social services (including elder care), housing, income support, public transport, energy efficiency and pricing, and labour market regulation. A greater emphasis on the integration and coordination of services for older people can also be expected. More generally, population ageing is likely to contribute to higher levels of electoral support for taxation and public expenditure (especially health expenditure). The evidence suggests older voters are more inclined than their younger counterparts to support higher state spending, and not surprisingly support for expenditure on pensions increases significantly with age (Metz, 2002, p. 326). Policy preferences of this nature are unlikely to change markedly

in the future, especially in a context where most older voters are heavily dependent on the public purse for their income, health care and social services. For such reasons, major cutbacks in the boundaries and generosity of the welfare state seem even less probable in the future than was the case in previous periods.

Fourth, and related to this, it will even more difficult in the coming decades – and it is already hard enough (see Pierson and Weaver, 1993) – for governments to make policy changes that impose significant visible ‘losses’ (financial or otherwise) on older voters (for example, reducing the real value of pensions, imposing means tests on universal forms of assistance, reducing the volume and/or quality of public services, or increasing the age-eligibility thresholds for particular kinds of social assistance). Such constraints may not present serious problems under conditions of moderate to strong economic growth. But if growth rates were to be low (or negative) for significant periods, governments would have little choice but to reduce expenditure (and/or increase taxation). In this environment, distributional (and intergenerational) conflict may intensify.

A key issue under such conditions will be whether the major parliamentary parties are able to reach a measure of consensus on the best way forward – as has occurred recently in Germany (already experiencing a much older population than New Zealand as well as very limited growth for some years). In the absence of a bipartisan (or multiparty) agreement, there is plainly a risk that one or more parties will seek to exploit the fears, anxieties and discontent of older voters in order to secure a large increase in their electoral support. Having said this, most types of social assistance in New Zealand are tax funded, meaning that policy changes are rather easier to implement than in countries (like Germany and the Netherlands) that rely heavily on earnings-related social insurance. Also, while major changes in future decades to retirement income policies may be neither politically feasible nor socially desirable, modest amendments to the current policy framework (such as a small increase in the age of entitlement and adjustments to indexation arrangements) may not be beyond the realms of possibility (see Chapters 4, 5 and 14).

Finally, as indicated earlier, whether population ageing has a major impact on the political landscape will depend at least in part on older voters’ evolving attitudes, preferences and values. Of fundamental importance will be whether (and to what extent) older people become more inclined to define themselves on the basis of their age (and hence according to their generational interests) or whether other loyalties and sources of identity remain the primary determinants of their political behaviour. In our view, the latter is more probable, but major

attitudinal and behavioural changes over the coming decades – with consequent political and policy implications – cannot be ruled out.

The generational contract

The introductory chapter gave several examples of the ‘time bomb’ approach to population ageing and the depiction of older people as a burden on the rest of society. Phillipson (1996) identified this concern as early as the report of the 1949 Royal Commission on Population in Britain and highlighted its re-emergence in the 1970s and 1980s, not only in Europe but also in the United States. This placed the notion of intergenerational conflict on the political agenda, pitching the interests of the young and the old in competition with one another. In such a competition, expenditure on older people could be depicted as much less beneficial to society – and, in particular, less economically productive – than expenditure on children, which could be viewed as social investment. On the other hand, the notion of a ‘generational contract’, described by Walker (1996), expressed reciprocity between age groups through welfare state provisions. This could be seen as an extension of family obligations, which are deep-seated in human societies widely separated by space and time.

Thomson’s (1991) concept of ‘selfish generations’, developed in a New Zealand context, proposed that particular cohorts had benefited disproportionately from social policy initiatives through the flowering of the welfare state in the 1950s and 1960s, usually dated from the incumbency of the Labour government of 1935–49. Differences between generations in terms of public sector benefits were highlighted once cut-backs in public provision began to bite in the 1980s and 1990s. At that time, universal family support was reduced and ‘user pays’ introduced for many public services. For instance, whereas earlier cohorts had enjoyed near-free access to tertiary education, individuals were now required to make substantial personal contributions. These changes were the result not only of economic imperatives, which threatened the sustainability of many government programmes, but also shifts in political ideology, exemplified by a greater emphasis on individual *responsibility* (in contrast to social *rights*) and a reciprocal relationship between citizens and the state, summed up in the slogan ‘From Welfare to Wellbeing’ (Davey, 2000).

In the 1990s, the rhetoric of ageing as a ‘burden’ came to be challenged by new policy slogans, such as ‘active’, ‘productive’ and ‘positive ageing’.¹ These now pervade social policy discourse in OECD countries and were taken up by the Labour-led government in New Zealand in its Positive Ageing Strategy (Minister for Senior Citizens, 2001). All advance a positive and preventive

stance, counter to the prescriptive use of the ‘disengagement’ theory of ageing and downplaying the dependency of older people. There has been some success in moving away from a negative view of old age, and the worst predictions of intergenerational conflict have not been realised. But at the same time older people are being called on to be active after retirement, in paid or unpaid work, to engage in health-sustaining activities and to be as self-reliant and as involved as possible, even in late life (European Union, 1999). This might almost be seen as the emergence of a new social contract between the generations, based on self-reliance, mutual obligation, social responsibility and ‘active’ citizenship (Walters, 1997).

It is uncertain for how long this approach (and the social philosophy that underpins it) will remain politically persuasive. In economic terms, as shown in previous chapters, the sustainability of retirement income policies and other provisions for older people depends on economic trends well beyond the capacity of the New Zealand government to control. In social and political terms, too, questions arise about whether the ‘Positive Ageing’ concept can be applied to the ‘baby boom’ generation, with its very different attributes and life experiences, compared to the older people of today. As is often the case, we will have to wait and see.

Notes

- 1 During the United Nations’ Year of Older People in 1999, the World Health Organization promoted its “global movement for active ageing”, emphasising the maintenance of health and independence for as long as possible, but with a broad interpretation that extended beyond physical wellbeing into social justice and citizenship (WHO, 1999).

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