



## Demographic Change : Country Profiles

### Demographic Profile Germany: Government Policies

**The taboos that long paralyzed population and family policies in Germany are disappearing, but it could already be too late to prevent steep demographic decline. The government is looking for ways to cope with an aging population and better integrate the country's seven million immigrants.**



German Chancellor Angela Merkel and her government have addressed demographic change in Germany, including integration and pension reform. Here she speaks at a press conference on family policy in 2006 (Photo: Reuters)

#### Family Policy

The fact that the Nazis pushed German mothers to have as many children as possible during the 1930s and 1940s has cast a shadow over postwar governments willingness to tackle population issues. Even though the birthrate has been clearly sinking since the early 1970s, politicians have been reluctant to intervene for fear of being branded as far-right.

But after over thirty years of neglect, German politicians can no longer ignore population issues. To soften what is likely to be a bumpy demographic decent from the "baby boom" heights of the 1960s, the quickest solution would be to start having more kids - fast. But with more women in the workforce than forty years ago, fewer are willing to sacrifice their careers to start families.

Since 2005, government has tried enable young women to have both - a career and kids. The centerpiece of this new family policy is Elterngeld ("parent money"), a concept taken from successful Scandinavian family policies begun in the 1970s. The German government now pays one parent per household two thirds of their net wage (up to 1,800 euros) while they take up to a year off to care for their baby. Elterngeld is extended by another two months if another parent - usually the father - also wants to stay home.

The German family ministry has also pledged to invest 1.8 billion euros to triple the number of daycare places in Germany by 2013, and give parents a legal right to a daycare place for all children under three years old. Nurseries will also stay open later into the afternoon, whereas they

traditionally closed around lunchtime.

## Germany Gallery



### Pension Reform

Even if the new family policies work wonders for the country's birthrate, Germany still faces a huge cohort of aging baby boomers who will retire over the next twenty years. Germany, which has a tax-funded retirement system dating back to 1889, has tried to make its social security system viable for future retirees, but the changes have been unpopular with many.

Over the last few years, the government has enacted many of the reform proposals suggested by the Riester (2001) and Rürup (2003) commissions, which sought to strengthen and improve private old age provisions. Another law passed by parliament in 2007 will gradually increase official retirement age from 65 to 67. Other changes include cutting pension benefits by about ten percent, taking measures to discourage early retirement, and introducing a "stability factor" that adjusts annual pension benefits based on the country's ratio of retirees to workers.

Just how much more Germany can cut from its traditionally generous pension scheme seems limited, particularly when the aged are becoming an increasingly important political force. Over half of the likely voters going to the polls in next year's federal election will be over 50, raising fears over a "pensioner's democracy" resistant to painful, but necessary reforms.

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### Immigration and Integration

The last reform of German immigration policy was the 2005 Immigration Act, which kept the country's door open to asylum seekers, but maintained the country's restrictions on both skilled and unskilled migrant labor, even from within the European Union. A shortfall of skilled workers like engineers and programmers, which costs the German economy an estimated 20 billion euros a year, may soon push the government to actively recruit qualified workers from abroad.

There are also efforts underway to better integrate foreigners already in Germany. Battling disproportionately high unemployment and poor performance in school among people with "migration backgrounds" - about 15 million people in all - are the focus of a National Integration Plan, launched in 2006.

One aspect of this scheme requires foreign spouses to speak a basic level of German before joining their husband or wife in Germany. Some groups have criticized the law as a form of social screening, particularly because anyone from the EU or other visa-exempt countries are not required to prove their language skills.

Still, the British Council's Migrant International Policy Index rates Germany favorably for its political participation and family reunion policies. The country, however, scores below the European average in giving immigrants access to German nationality, which requires a sufficient income, eight years spent in the country, and a language exam.

Learn about the future of German demographics [here](#).

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