The Politics of Aging and Political Feasibility

Lawrence R. Jacobs
Walter F. and Joan Mondale Chair
Director, Center for the Study of Politics and Governance
University of Minnesota

January 18, 2009
Intergenerational politics of aging society

Core policy challenge: design equitable policies for children, families, and seniors in an aging society

Core political challenge: altering distribution of costs and benefits of existing policies (Sawhill)

Law of politics: policy traits → who & how individuals and groups engage in electoral & legislative arenas

Madison’s Curse: extensive veto points → advt intense opposition (distrib benefits & esp concentrated costs)

Working hypotheses: differential effects of policy traits
- Policies that overtly concentrate costs → intense opposition from threatened organized interests
- Encompassing organization and self-conscious identities required to produce policies that distribute costs & benefits

Puzzle: How avoid likely dynamics of significant intergenerational divergence & rare convergence?
it’s hard to imagine Minnesotans voting for someone that outrageous.

FRANKEN for SENATE?
2 warnings:

1. Functionalist fallacy
   Functionalism: demographic & econ imperatives → policy
   Missing: intervening political process (citizens, interests, organizations, electoral & institutional processes)

2. Political Science: Mostly MIA for analyzing political & policy dynamics of aging society
   - Aging is studied commonly as chronological variable with regard to political behavior/attitudes; even less analysis of life cycle transitions (limited to marriage, child rearing) or new social roles, with even less attention to institutional and policy changes
   - Disaggregation of analyses poorly positioned to study broad societal change
I. How to think about the changing politics of an aging society?

A. Society-oriented explanations

Civil society → politics → policy

1. Interests and Rationality determined by life cycles & cohort effects

2. Organization: societal interests form associations to advance their well-being in halls of government

Concern: political inequality
Less well-established are more often unorganized, underorganized, & fragmented
B. Policy as Environment

1. Policy produces politics (Campbell; Mettler; Soss)

2. Impacts of Policy

a. Form rationality and identity (“senior” as deserving group)

b. Create incentives to organize to promote interest (AARP)

Implication: Policy $\rightarrow$ differential cohort rationality and incentives to invest in organizing & pushing for concentrated benefits & distributed costs (Social Security, Medicare)
Implications of societal pressure & established policy on Generational Coalitions:

**Generational divergence likely**

- Older generations intensely oppose concentrated costs (reductions in govt benefits and increases in taxes) and well-organized to win concentrated benefits (Medicare Pt D)

- Lack of intergenerational encompassing organization (unions)

- Existing govt programs provide incentives for seniors to organize and weak incentives for younger Americans to organize
II. Politics of Inequality – Suggestive Data

1. Data: Page & Jacobs study of public attitudes toward market distributions, govt transfers, and taxation 6 decades of previous surveys plus new survey (summer 2007)
2. Examination of age subgroups to distributional issues
3. Explore (1) philosophical attitudes towards less or more govt (conservative or liberal); (2) attitudes toward concrete govt activities
4. Reveals
   - Significant cases of divergence of 30 pts or more (expected)
   - Significant convergence of majorities across age groups (unexpected)
A. Philosophical Conservativism ("center right")

1. Convergence: Americans accept some inequality

- In order to get people to work hard, large differences in pay are probably necessary.
Americans embrace the American Dream

It's still possible to start out poor in this country, work hard, and become rich.
Support Private Property

The government must always protect private property.
2. Divergence: Youth less devoted to laissez-faire faith

Our freedom depends on the free enterprise system.

- 60+: 85%
- 45-59: 85%
- 30-44: 72%
- 17-29: 44%

The people in the government waste a lot of money we pay in taxes.

- 60+: 85%
- 45-59: 78%
- 30-44: 76%
- 17-29: 59%
B. Pragmatic Liberalism: Respond to reality
1. Intergenerational Convergence (more over time)

Differences in income in America are too large.

- 60+: 71%
- 45-59: 72%
- 30-44: 68%
- 17-29: 77%
Large intergenerational majorities for govt help with jobs and wages

The government in Washington ought to see to it that everyone who wants to work can find a job.

Favor own tax dollars being used to help pay for...Retraining programs for people whose jobs have been eliminated.

Favor having the government set the minimum wage high enough so that no family with a full time worker falls below the official poverty line.
Large intergenerational majorities for education

The federal government should spend whatever is necessary to ensure that all children have really good public schools they can go to.

The federal government should make sure that everyone who wants to go to college can do so.

Spending tax money to provide a college education for those who can't afford it is a good idea.

Favor own tax dollars being used to help pay for...Early childhood education in Kindergarten and nursery school.

Willing to pay more taxes for early childhood education in Kindergarten and nursery school.
Large intergenerational majorities for reducing starkest – government assistance for poor

One should always find ways to help others less fortunate than oneself.

- 17-29: 96%
- 30-44: 97%
- 45-59: 96%
- 60+: 93%

Government must see that no one is without food, clothing or shelter.

- 17-29: 75%
- 30-44: 64%
- 45-59: 71%
- 60+: 63%

Favor own tax dollars being used to help pay for...Food stamps and other assistance to the poor.

- 17-29: 84%
- 30-44: 76%
- 45-59: 76%
- 60+: 78%
Large intergenerational majorities favor programs for seniors (Note: stronger youth support challenge presumption of warfare)

- It should be the responsibility of all employers to provide retirement benefits coverage.
  - 17-29: 70%
  - 30-44: 60%
  - 45-59: 65%
  - 60+: 62%

- The Social Security system should ensure a minimum standard of living to all contributors.
  - 17-29: 77%
  - 30-44: 60%
  - 45-59: 70%
  - 60+: 57%

CENTER for the STUDY of POLITICS and GOVERNANCE
Americans support government help with health insurance (but note NHI divergence)

- It is the responsibility of the federal government to make sure all Americans have health care coverage.
  - 17-29: 77%
  - 30-44: 71%
  - 45-59: 73%
  - 60+: 71%

- It should be the responsibility of all employers to provide health insurance coverage.
  - 17-29: 68%
  - 30-44: 64%
  - 45-59: 65%
  - 60+: 67%

- Favor national health insurance, which would be financed by tax money, paying for most forms of health care.
  - 17-29: 83%
  - 30-44: 64%
  - 45-59: 59%
  - 60+: 54%

- Favor expanding [a government program that provides health insurance for some children] to include all uninsured children.
  - 17-29: 90%
  - 30-44: 84%
  - 45-59: 80%
  - 60+: 75%
2. Divergence: 
a. Less Senior support for Expanding Medicare

Favor expanding Medicare to cover people under age 65 who do not have health insurance.
b. Intergenerational differences on taxes: Seniors bit less supportive of wealth tax

Our government should redistribute wealth by heavy taxes on the rich.
Youth less supportive of tax on income

People with high incomes should pay a larger share of their income in taxes than those with low incomes.
Political Feasibility Scenarios
Political Scenarios for intergenerational redistribution

1. Technocratic Solution
   a. Policies that specifically target seniors for reduced benefits → opposition from general public (esp youth) and intense opposition from AARP
   b. Absence of encompassing org for younger Americans → incomplete and ineffective early childhood education, expansion of health insurance to younger families, etc

Concerns regarding technocratic approach:
- Politically infeasible (e.g. Clinton health plan)
- Increasing Soc Sec/Medicare taxes & reducing benefits → undermine cross-class coalition
- Distributional effects & potential to worsen inequalities (e.g. increasing Soc Sec NRA)
2. Systemic transformation to satisfy imperatives (unmet need, cost, quality)

Logic: Need → Policy Scope

Cautionary Case of NHI’s Century of Defeat

Mistaken conclusion from focus on personalities & situation (eg, Clinton)

Core barriers: Structure of American politics:

- institutional vetoes – legislative & judicial
- interest group – more, less cohesive, potent
- individual calculations re concentrated costs & perceived risks -- personal circumstances; conservative uneasiness
3. Strategic leveraging to achieve feasible incremental change

a. Cross-generational coalitions
Significant intergenerational concern re inequality & support for range of transfers (esp. jobs, education)
Strangebedfellows: business support for early childhood education; insurers, hospitals and Families USA

b. Cohort Effect of early 21\textsuperscript{st} Century (e.g. Youth bit less drawn to laissez-faire faith)

c. Modalities matter for political feasibility
  - Design of tax policy: intergenerational conflict over wealth vs income taxation (Campbell; Mettler)
  - “Salami Slicing” (Medicare approach)
Learning from Original Medicare “Approach”

Defeat of NHI in 1940s→focus on political feasibility:

- Adopt trade off:
  - Accept programmatic limit in Policy Scope (population & services)
  - Improve probability of legislative success both (1) Short term enactment and (2) Long-term dynamic of incremental expansion

Examples today: Extending SCHIP to 250% of FPL, Extending Medicaid to all below FPL, Extending Medicare to near retirees
Caveat: The Multiplier Effect of Advantage

Politics of Inequality (APSA Task Force; Bartels; Jacobs/Page)

- Occupational benefits
- Social policy (SS eligibility tied to employment rather than citizenship & benefits indexed to earnings)
- Tax policy (tax exemptions)

Lessons:

- political feasibility of self-restraint in program parameters
- embrace historical time horizon → short-term compromise to achieve equity-oriented long-term institutional development (e.g. Soc Sec benefit formula)