

See « Parlamentskorrespondenz » No. 134 of 20 February 2006

COSAC discusses impact of the decline in the birth rate in Europe

Fasslabend: A key issue for the European social model

Vienna (PK) - In the afternoon, COSAC continued its consultations chaired by Werner Fasslabend, turning to the Lisbon strategy and concentrating on issues of demographic development. "This is a key issue for the future of the European model of life and social model," Mr. Fasslabend introduced the subject, perceiving the reduced innovative capacity as the key problem of an ageing society and warning against the consequences of a faltering will towards investments in the wake of a decline in the birth rate.

Statistical data, forecasts and analyses on the subject were provided by Wolfgang Lutz and Alexia Prskawetz from the Vienna Institute of Demography at the Austrian Academy of Sciences. Professor Lutz started out with the dramatic demographic changes in the European countries, noting that there was cause for worry chiefly from the forecast that the ratio of working people to retirees (currently 4:1) could drop to 2:1 by 2050. To counteract this development, increasing the employment rate is one of the goals of the Lisbon strategy. However, most countries are currently below these objectives, among them Austria and Italy where the target is missed among the 55- to 65-year-old women. Only Scandinavia is above the European average.

Experts confirm that an ageing society must expect problems with regard to innovation and in improving productivity, adding that while occupational experience grows with age, other qualifications, such as manual skills, decline. Demographically younger regions compete with Europe for investments on a global scale, so that Europe is faced with great challenges.

However, it is impossible to make any accurate forecasts because trends in life expectancy, birth rates and migrations are precarious. There is similar uncertainty as to the effect of attempts to affect the birth rate at a political level. Introduction of the child-care benefit in Austria did boost the birth rate, albeit to a minor extent, and the question of whether this short-term effect will continue is still unsettled.

Never in the history of humankind has there been such a prolonged increase in life expectancy combined with a simultaneous drop in the birth rate, a process that will greatly change society and the economy, Professor Lutz concluded. He nevertheless does not perceive

any crisis but rather a challenge for Europe. For him, the Lisbon strategy is a motor to combat demographic developments.

Mario Greco (Italy) launched the discussion with a call not to lose sight of the links between implementing the Lisbon strategy and the Maastricht criteria, pointing at the tax differences between European regions. To solve the demographic problems, Greco recommended that the economy be promoted by improving the social protection system. It is important to have social stability and incentives for people to work longer. This was supported by Anton Kokalj (Slovenia) who in turn criticised the restrictions on the free movement of people in the internal market imposed on the new EU members.

Atanas Shterev (Bulgaria) reported on his government's measures to grant parents financial incentives by way of tax breaks and to prevent the social disintegration of families with children.

Sotirios Hatzigakis (Greece) called for a generous policy to solve the demographic problems, highlighting integration of migrants and the need for life-long learning.

The question asked by Mr. Golozemski from Poland how the Scandinavian countries are able to solve their demographic problems was answered by Elisabeth Arnold from Denmark. She reminded participants that since the 1960s women have increasingly been voted into community councils and parliament and fought for child-care facilities and better reconciliation of job and family. This had led to an increase of the birth rate. Nevertheless it must not be forgotten that families today decide freely how many children they want to have - birth rates like in former times when this was not yet possible are thus impossible according to Ms. Arnold.

Herman De Croo (Belgium) proposed to enhance educational efforts, extend life working hours and make working hours more flexible. He feels that this is necessary to keep Europe competitive. Mr. De Croo objected to artificial barriers in immigration, but criticised the policy of the US and UK to "import" skilled workers from poor countries that can hardly afford the cost of educating such workers.

Jozef Jeraj (Slovenia) reminded participants of his country's goal to raise the GDP to the EU average. In this connection, the women's labour force participation rate has increased while the birth rate has declined to the lowest level in the EU. At the same time the ratio of workers to pensioners has dropped to 2:1 because workers who had produced for the former Yugoslavian market were retired. As a result, there is a shortage of money to support families. Mr. Jeraj pleaded for a change in social policy aiming to increase the birth rate because immigration cannot solve the demographic

problems. Europe needs better conditions to make it easier for people to opt for children.

Petr Lachnit (Czech Republic) talked of a great economic and social challenge, calling for a new European social agenda and the need to achieve consent to the European constitution.

Similarly, Giacomo Stucchi (Italy) advocated taking up the demographic challenge by supporting the families and carefully steering immigration. He feels that it is necessary to have a concerted action on the part of the EU.

Edmund Wittbrodt (Poland) discussed the extent to which increasing productivity could compensate the effects of demography and the impact of the child-care benefit. Like many other participants from the new EU member states, Mr. Wittbrodt criticised the lack of the freedom of movement for persons in the internal market.

Gottfried Kneifel, chairman of the EU Committee at the Austrian Upper Chamber, similarly perceived a dramatic development. In 1900, Europeans had still made up 25% of the global population, but by 2050, this share will be down to 7%. He notes that the EU would need 1.6 million migrants per year in order to fill the job positions, and he described his personal history as being typical for the development in Europe: coming from a family of ten, he himself is the father of four already grown children, but not yet a grandfather.

In a responding round, Alexia Prskawetz looked at issues brought up by the discussion. Regarding the EU's employment policy, she thinks that attention should be given not just to the employees but also to the employers, not forgetting that greater mobility on the part of the workers can boost productivity and the innovative capacity of business, especially with regard to services. Ms. Prskawetz emphasised the importance of education and life-long learning. She pointed out that in diversifying the social system regard should be given to the social objectives.

Professor Wolfgang Lutz emphasised the difficulty of "measuring" the effect of family policy measures because the rise or fall of the birth rate is the result of several factors. It appears that France, whose family policy is rooted in the remote past, is an exception. He stated that ideas and ideals concerning family size do not change rapidly and cannot be changed in the short term.

In his concluding remarks, Werner Fasslabend noted that the demographic development was actually not a subject for the EU but rather a national subject for each member state. But since demographic development also impacts at the European level it is

important to discuss the subject at a COSAC meeting. It is possible to politically influence the demographic development, as demonstrated by France and the Scandinavian countries. Mr. Fasslabend concluded by pointing out the importance of creating awareness of the problem and developing political concepts.
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