THE DYNAMICS OF DEMOGRAPHIC DECLINE

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(editors)

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The photo on the cover of this book is called *Wooden nesting dolls* and displays five wooden babushka dolls, originated from Russia.

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Preface

Europe faces a time bomb – no other region in the world has fewer childbirths than the European Union today. This will unavoidably lead to a substantial decline in Europe's population. Indeed, for some European countries and regions population decline is already today's reality. Others will have to address it in the near or distant future.

Demographic change does not only affect the economic outlook for Europe, it also changes the way we organise social life today. Examples of this are the housing market, the labour market, or institutions and practices such as care, education, and culture. How should liberal politicians deal with these developments? Influencing the number of births would amount to social engineering, a nightmare for liberals. It is also exceedingly difficult to achieve as the state has almost no influence over what is and must remain one of the most intimate and important decisions in the individual life of men and women anywhere. The freedom of the individual should always be the point of departure for any liberal politician and the government should intervene only when it is proven to be truly necessary and unavoidable. But what does this mean in the case of demographic change? Should 'nature' take its course or is demographic decline a problem that needs to be addressed more thoroughly? And what can liberalism offer in all this?

These demographic developments are one of the biggest challenges of this century and therefore 'demographic change' is analysed and debated extensively among liberals. I am very pleased that the Telders Foundation (the Netherlands), the Open Society and its Friends (Lithuania), and the Friedrich Naumann Foundation for Freedom (Germany) are engaged in the ELF project 'The dynamics of demographic decline'. The project consists of a seminar and a book containing case studies of different regions within the European Union that, in one way or another, have to cope with demographic change. The aim of this project is to provide a liberal vision for problems related to these changes. Liberals (and everyone else) are encouraged to use this fountain of research and knowledge to identify the challenges and opportunities demographic change offers to policy-makers all over Europe.

Alexander Graf Lambsdorff
President of ELF

General background

I. Introduction

An introduction to demographic decline

Camilia Bruil and Patrick van Schie

Detroit (Michigan, USA) was once called the 'Motor City' and viewed as a model city for the rest of the modern world. Major car manufacturers such as General Motors and Chrysler settled here and brought considerable prosperity with them. From the early twentieth century onwards, the number of inhabitants therefore increased from 250,000 to 1.8 million in 1950. However, the introduction of automation from the mid-1950s onwards meant that more and more employees were replaced by machines and the number of jobs at Chrysler – the largest employer in the region at that time – fell from 130,000 to 50,000 within a few years. Unemployment in Detroit increased rapidly and people who had the opportunity to leave the city did so. Since then, the city's population has halved and is now just shy of one million. Detroit changed from 'Motor City' into 'Murder Capital', the most dangerous city in the USA. Entire neighbourhoods were deserted and many skyscrapers stood empty: 'Skyscraper Graveyard' was another commonly used nickname for Detroit.[1]

Examples of demographic change can be found in cities as well as outlying regions. Consider, for example, the adventures of Lucky Luke, who travelled across the American Wild West as a lonesome cowboy and passed through many a ghost town, where banging saloon doors were often the only reminder of the life that inhabited the streets once upon a time. In the nineteenth century, this decline in population was caused primarily by ever-diminishing gold deposits in outlying regions.

More and more initiatives – mainly from citizens and local companies – are being taken nowadays to make Detroit liveable again, thereby allowing the city to slowly recover and ensuring that Lucky Luke merely remains a cartoon character. However, the spectre of Detroit with its deserted train station, buildings and streets, and the abandoned towns in the nineteenth-century Wild West is still vivid among many people when they think about demographic decline.

Prognoses from the United Nations[2] (UN) reveal that the global population will continue to grow more slowly and will even shrink in due course; women are

1 T. Ronse, 'Detroit is dood, leve Detroit', *De Groene Amsterdammer*, 26 August 2009; 'Michigan: Decline in Detroit', *Time*, 27 October 1961.

2 The United Nations Statistics Division formulates demographic prognoses every two years on a national and global scale.

having fewer and fewer children on average. A woman had five children on average around 1950, but that number has halved in the meantime. Europe will be the first continent required to deal with a dwindling population.[3] This idea of a shrinking population often evokes fear. Images of Detroit, for example, are used as a possible doom scenario for the entire European Union, but developments in European counties also fuel these fears. In eastern Germany, for example, people are leaving peripheral areas and the region has many abandoned mines and rows of boarded-up houses. These areas are now being 'occupied' by packs of wolves from neighbouring Polish and Czech regions, who can live here untroubled thanks to the absence of natural enemies and abundance of food. Demographic decline is enabling these wolves to return to these areas after an enforced absence spanning over one hundred years.[4]

This development is typical of the new situation and the changing landscape on a regional level. However, no decline in population is expected on a European level during the decades ahead. The European[5] population will continue growing as a whole, although the rate of growth will slow even further. Europe will have an ageing population and a low fertility rate – the average number of children per woman. According to ESPON,[6] however, there will be significant differences on a national and regional level in developments relating to the demographic profile: some regions will experience a growth in population while others will experience a decline. But the change in population size is not only significant for the demographic profile; related processes such as the ageing population, a decline in the number of young people, and urbanisation must be included in the analysis. All of these specific developments will entail different consequences on a national and regional level. The whole of Europe will have to contend with an ageing population and a decrease in the potential working population – the number of people aged between 15 and 64. This will have implications for the tenability of the social security system – such as the pension system – and the labour market on a national level, but may also have far-reaching consequences for regional economies.

Since the expected demographic trends within the European Union are so dynamic, this collection will focus on the decline (or growth) in population among five different European countries and one Euregion. With the help of case studies, we will endeavour to discuss the problems from as many sides as possible in order

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3 G. Beets, 'Demografische ontwikkelingen in de wereld en Europa', in: N. van Nimwegen and L. Heering (eds.), *Bevolkingsvraagstukken in Nederland anno 2009: Van groei naar krimp. Een demografische omslag*, Amsterdam, 2009, pp. 27-57, p. 28.

4 'De wolven komen hier, dat houden we echt niet tegen', *De Gelderlander*, 7 July 2009; D. Crossland, 'Eastern Germany has gone to the wolves', *The National*, 2 September 2008.

5 Europe refers to the European Union or the EU-27, unless otherwise specified.

6 ESPON, *Territorial dynamics in Europe: Trends in population development*, Territorial Observation No. 1, November 2008. ESPON is the European Observation Network for Territorial Development and Cohesion, and supports policy development relating to the EU Cohesion Policy.

to portray this phenomenon as thoroughly as we can. Each case study will depict current and expected demographic trends in the relevant country or region. We will also emphasise (any) regional diversity and analyse the underlying causes and the specific consequences hereof within various regions. Finally, we will examine to what extent governments are pursuing a concrete policy in relation to these developments and to what degree this can be welcomed or rejected from a liberal perspective. The liberal point of view will play a central role in this collection: how great a problem is a declining population and how desirable or necessary is government intervention?

Before focusing on the case studies, this introduction will provide an overall impression of the declining population in Europe and related aspects.

Annual population growth (or decline) is determined by a natural increase – the number of births minus the number of deaths per year – and the migration balance – the difference between the number of immigrants and emigrants in a relevant year. Up until the early 1990s, natural growth was the key factor for population growth in Europe. The fertility rate has decreased since the 1960s, however, and has been below the threshold needed to renew the population – the Total Fertility Rate[7] (TFR) – of 2.1 children per woman for some time. This decrease in fertility is associated with the Second Demographic Transition.[8] Since the 1960s,[9] norms and values relating to relationship and family formation have changed significantly. This has also resulted in visible changes in behaviour, which are linked to sociocultural factors such as individualisation and the emancipation of women. Due to trends in individualisation, people opt to live together or marry later. On average, they also have their first child later nowadays. There are also more and more people with a higher level of education who deliberately choose to remain childless. Emancipation relates to the growing educational and labour participation of women, but also to the development, acceptance and wide-scale use of contraceptives. This has made it easier to 'plan' having children – which often also implies 'putting off' having children.[10]

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7 This is the average number of children born to every woman. The TFR must be at least 2.1 to maintain the population size by means of natural growth.

8 The First Demographic Transition occurred in the eighteenth century. Productivity in the agricultural sector in particular increased incredibly quickly thanks to the Industrial Revolution. As a result, prosperity and the population (a structural decrease in the mortality rate and an increase in the birth rate) underwent structural exponential growth.

9 With regard to this trend, countries in Eastern Europe are lagging behind Western Europe since the Second Demographic Transition only started in this region after the demolition of the Iron Curtain. Beets, 'Demografische ontwikkelingen in de wereld en Europa', p. 45.

10 Beets, 'Demografische ontwikkelingen in de wereld en Europa', pp. 44-45; F. van Dam et al., *Krimp en ruimte. Bevolkingsafname, ruimtelijke gevolgen en beleid,* Rotterdam, 2006, pp. 23-25.

Women in Europe currently have 1.6 children on average. This TFR is only 1.4 principally in countries in Southern and Eastern Europe. In northern and western countries, however, the TFR is between 1.8 and 2.1. Germany is an exception in this respect: the TFR here is similar to that of Eastern and Southern European countries.[11] Although the fertility rate in Eastern and Southern Europe is way below the threshold needed to renew the population, a structural increase in this rate has been apparent during the past few years. The TFR in former East Germany was still 0.77 in 1994, for example, and rose to 1.4 in 2008. This is due to the fact that more and more women postponed having their first child over the past few decades and teenage pregnancies were frequently prevented through the wide-scale use of contraceptives. This trend influenced the TFR period: 'the more vigorously people postpone having children (the so-called tempo effect), the lower the TFR in a particular calendar year.'[12] This postponement of having children has been levelling off increasingly since 2000. At present, the TFR is therefore increasing again slowly.

The number of young people is not only declining – the number of children being born is below the threshold needed to renew the population – but the population is also ageing. 'Double ageing' is occurring: there are relatively more elderly people – owing to the decline in the number of young people – and people are growing older on average. In 1950 the average age in Europe was still around 30, but nowadays this average is around 40. The average age in most regions is expected to be above 44 and even above 50 in some areas – such as northern Spain. This will have major consequences on a national but certainly also on a regional level: for the proportion of the potential working population in relation to the relative number of pensioners, but also for the regional economy.[13] Grey pressure – the number of people over the age of 65 per persons aged between 15 and 64 – is particularly high on a national level in countries such as Germany, Sweden and Spain. This pressure is low in Ireland, however.[14]

As already mentioned, natural growth has become an increasingly less important factor for population growth in Europe. Data from Eurostat – the statistical office of the European Union – have revealed that the European population grew by 0.40 per cent annually between 2001 and 2005. No less than 0.35 per cent of this growth was determined by the migratory balance[15] and only 0.04 per cent by

11 Sources: Eurostat. Figures for 2009.

12 J.R. Goldstein et al., 'Fertility rates are rising again in many Western countries. A more sustainable trend shift appeared possible', *Demos*, volume 26, number 7, 2010, pp. 7-8, p. 8.

13 ESPON, *Territorial dynamics in Europe.*

14 Beets, 'Demografische ontwikkelingen in de wereld en Europa', pp. 43-44.

15 In 2005, Europe had an estimated 2.2 million immigrants and 1.1 million emigrants. Two-thirds of immigrants came from outside the European Union. Half of the emigrants settled outside the Union. Beets, 'Demografische ontwikkelingen in de wereld en Europa', p. 46.

natural growth.[16]

Upon closer examination of the migratory balance in Europe, a clear distinction can be made between Western and Eastern Europe. Countries located in Western and Central Europe, the southern areas of Scandinavia and Ireland reveal a positive migratory balance. This trend is expected to continue during the decades ahead. Countries in Eastern Europe – especially Latvia, Lithuania, Romania and Bulgaria – have a negative migratory balance. This can be explained primarily by the economic instability that still exists here and the meagre social security system in comparison to numerous Western European countries. The number of emigrants in relation to immigrants is rising in these regions, especially in rural, more remote regions and former industrial areas. In general, however, most capital cities – particularly in the West – hold a great attraction for immigrants. In Eastern Europe, on the other hand, it is not so much the capital cities that attract many immigrants, but mainly neighbouring regions. These migratory patterns demonstrate that Europe is subject to urbanisation – a trend that will continue during the decades ahead. In 2009 the degree of urbanisation was 73 per cent, which the UN predicts will rise to 84 per cent in 2050.[17]

More than two-thirds of European regions are expected to have declining populations in 2050. In over twenty per cent of these regions, the demographic decline will even be more than thirty per cent. Regions already experiencing decline will continue shrinking. These regions are situated primarily in the European periphery, especially in Eastern Europe: Poland, the eastern part of Germany, Estonia, Latvia and Lithuania. Many of these regions are already experiencing decline. The growth regions, on the other hand, are located mainly in the central western part of Europe and the southern, more urban regions of the Scandinavian countries. Growth in some of these regions will even exceed ten per cent. Although regional differences are to be expected within all European countries, Germany and the Scandinavian countries in particular will experience major contrasts in terms of population development between their regions – even more so than now.[18]

The demographic decline in Europe from 2001 until 2005 and the prognosis from now until 2050 at NUTS-2 level[19] is depicted in the figures below.[20] They provide a clear indication of the regional dynamics of demographic developments.

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16 ESPON, *Territorial dynamics in Europe.*

17 United Nations, *World urbanization prospects: The 2009 revision*, New York, 2009. No clear definition for urban or rural areas applicable to all countries in the world can be given due to national differences. Please consult the UN website for more information: http://www.un.org/esa/population/.

18 Van Dam et al., *Krimp en ruimte,* pp. 64-69.

19 NUTS stands for Nomenclature of Territorial Units for Statistics. NUTS-2 level is a statistical classification consisting of 800,000 to 3 million inhabitants. This classification is based on existing national administrative subdivisions such as provinces.

20 Source: ESPON.

Figure 1. *Typology of population development, 2001-2005.*

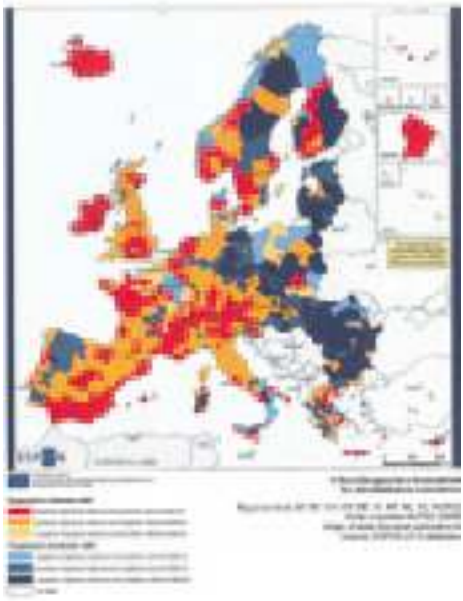
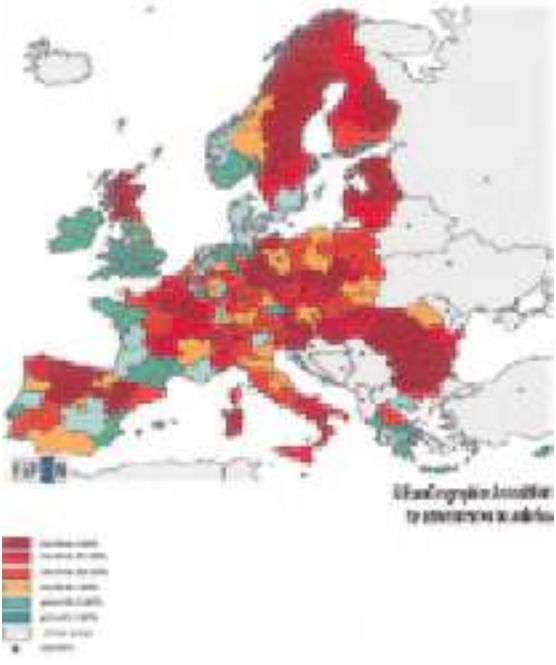


Figure 2. *Estimation of population development, 2000-2050.*



The consequences of demographic decline and other demographic developments will be very fundamental, especially on a regional level. The depopulation of peripheral areas in particular can entail significant consequences for available educational programmes, health care and other services at local and regional level. Distances to schools and Genaral Practioner (GP) clinics will increase and post offices and stores will disappear. Many of these services do not only have a practical function, but often also a social one: a meeting place for local residents. The loss of services can therefore have serious implications for people. However, many do not only vanish due to demographic developments, but also due to socioeconomic changes, including increases in scale and growing mobility. Nowadays, for example, many people do their shopping at large supermarket chains and only purchase the 'forgotten pack of sugar' from the local supermarket; marginal earnings from which these independent businesses can no longer survive.

The question that must be posed here is what constitutes a reasonable access for people to these services, particularly if this involves essential values such as care and education? What, for example, are acceptable distances to a school? Which response times for emergency services must be guaranteed and how great may the distance to a GP practice be? On the one hand, people in peripheral areas are becoming increasingly mobile due to growing car usage. On the other hand, relatively more elderly people live in these areas – young people in particular are moving away to cities where the majority of jobs are, and parents remain behind – who usually have a growing demand for care and decreasing mobility. These questions are related to social basic rights and the accompanying limits. These limits are explored in the following introduction by the Dutch philosopher and ethicist Martin van Hees.

The exploration of the limits of social basic rights can, in our opinion, be used to construct a liberal vision of demographic decline in all of its facets. The central question here is the extent to which these demographic trends in certain European regions must be viewed as a problem. From our point of view, citizens themselves and not statistics must be the main factor in the determination hereof – statistical figures are fanciful, after all.[21] Seen from a liberal perspective, demographic decline is a phenomenon to begin with. It is only a problem when citizens indicate that they consider it as such. This is therefore not determined from the top by the government. These problems are preferably dealt with via private initiatives and business. Consider, for example, the multifunctional use of a school building and initiatives relating to home care and e-health; health care practice supported by electronic processes and communication. The solution must only be sought among the government in the last resort. It is important to analyse existing laws and regulations critically to ensure that these do not unnecessarily thwart the entrepreneurship of citizens and companies.

[21] Prognoses in particular entail considerable uncertainty. A minimal adjustment to the expected birth rate can have significant consequences for the entire population in the long term.

The purpose of this introduction is not to prescribe the liberal answer for the authors who will follow hereafter. As befits a good liberal, we leave the individual authors free to formulate their liberal views. The decision to grant this freedom to the authors is not only a choice for reasons of principle, but also for practical ones. In view of the fact that demographic decline is a dynamic phenomenon, the proposed liberal solutions will often be regional in nature.

II. Liberal politics and demographic decline

Martin van Hees[1]

What stance should liberals take towards demographic decline? Does it require state intervention? If so, what kind of action is needed? This essay presents the outlines of a liberal answer to these questions. To establish the potential role of the state with respect to demographic decline, the first section examines more generally the grounds of liberal scepticism about the state. The second and third sections present the normative framework that will be used to formulate a liberal politics of demographic decline. It takes *autonomy* to be the core liberal value and views *rights* as instruments by which that autonomy is to be protected. The fourth section subsequently discusses how an application of the normative framework proceeds. It would consist of three steps: ascertaining the relevant policy domains and the rights that are at stake, stipulating the minimal degree of rights protection, and, finally, if needed, formulating policy measures. The derivation of the policy implications will depend on the specifics of local situations and thus is beyond the scope of this essay. Yet, as is argued in the conclusion, the normative perspective justifies scepticism about the need for the state to intervene in developments of demographic decline.

Demographic decline: a liberal dilemma?

To ascertain the role a liberal state should play regarding demographic decline, it is useful to examine first more generally the liberal view of the state and then proceed to examine what this entails for demographic decline.[2] Basically, liberals have given two reasons for distrust of state intervention.[3] The first is the *argument*

[1] For helpful comments I am grateful to Peter Timmerman.

[2] Throughout the text, the focus is on regional demographic decline. An *overall* population decrease is not to be expected in Europe in the next few decades (see introduction) and is therefore ignored. Another restriction is that the consequences of current changes in demographic profile, such as that of an ageing population, are not treated separately here.

[3] These arguments have a long history in liberal thinking. Prominent representatives of both views are: F.A. Hayek, *Law, legislation and liberty. A new statement of the liberal principles of justice and political economy*, London, 1982; R. Nozick, *Anarchy, state, and utopia*, New York, 1974; and K.R. Popper, *The open society and its enemies. Vol. 1*, Princeton, 1966. For the argument from autonomy, see: J. Rawls, *A theory of justice. Revised edition*, Cambridge, 1999. For a detailed and critical discussion of the view that autonomy entails that the state should be neutral with respect to conceptions of the good, see: J. Raz, *The morality of freedom*, Oxford, 1986.

from autonomy. It says that many state activities are aimed at the realisation of ends or goals that should be realised by citizens themselves. Citizens should themselves ensure that they are in good health, engage in meaningful social relationships, have a job, perform their civic duties, et cetera; these are not tasks of the state. Furthermore, individuals will often embrace different ideals and it is not up to the state to promote one set of ideals at the expense of others: respecting citizen autonomy is taken to imply that the state should be *neutral* with respect to the different views citizens hold about what constitutes a good life.

The second liberal argument for imposing limits upon state interventions may be labelled the *argument from inability*. There are different versions of the argument. The first, most basic version is the view that the state will often not be successful in realising its ends or goals. We should not put our trust in governments, it is argued, since they will clutter things up, often making their efforts counterproductive. If states adopt such noble goals as ensuring peace, security, or economic progress, the ideals may be made more difficult to realise than they would be without their efforts: the prospects of successful 'utopian engineering' (to use Popper's expression) are very grim. A second version of the argument allows for more optimism about the efficacy of state action. Yet while it is no longer precluded that states can do much to ensure the realisation of social aims and goals, it is assumed that they can only do so at the expense of our freedom. Attempts to diminish the threat of terrorism, it is argued, inevitably curtail our civil liberties, just as a quest for social justice will result in the loss of economic freedoms. Moreover, and this is a third version of the argument from inability, state activities will often have unintended consequences. These unintended consequences might be the loss of certain freedoms, but might also be of a different nature. Though many of these unintended consequences are unknown beforehand, there is one unintended consequence that we can safely predict and that is the expansion of bureaucracy. Because the initial intervention has unintended consequences, new legislation or new policy measures will be aimed at mitigating these consequences. But they in turn will have yet other unintended consequences, the negative effects of which the state also tries to soften, and so forth and so on.

Do the arguments from autonomy and inability also apply to demographic decline? The argument from inability should indeed make liberals concerned about attempts to *stop* or even *reverse* such developments. Each of the three versions of the argument from inability may be relevant here. First, demographic decline refers to a complex combination of social and economic developments. Precisely because it is of such a complex nature, it will be very difficult, if not impossible, to direct it in the way one wishes. Secondly, the pervasive nature of the various developments and their broad scope will entail that concerted actions aimed at stopping or reversing them will have to be far reaching. It can therefore be expected that they will affect the freedom of citizens negatively. Finally, there will be all sorts of unintended consequences. In particular, because the use of a wide variety of policy instruments will be necessary, an increase in bureaucracy

can be expected.

Whereas the argument from inability thus points in the direction of non-interference by the state, it is not obvious that the argument from autonomy leads to the same conclusion. The argument from autonomy does not apply to ends or goals which individuals are incapable of realising by themselves. In particular, the argument does not exclude the state's provision of *public goods* – e.g. national security, economic stability, a sustainable environment, et cetera. Some consider demographic decline problematic precisely because it endangers the provision of certain public goods – notably economic stability, a decent living environment, provision of health care. Moreover, if these public goods are necessary conditions for individual autonomy, an appeal to the importance of that autonomy may in fact be used to justify state intervention.

Thus, there seems to be a dilemma when it comes to the liberal position regarding the role of the state *vis-à-vis* demographic decline. The first horn of the dilemma is the belief that the liberal's classic distrust of utopian engineering is pertinent to the discussion about demographic decline. State intervention often will not be very effective and will have unwanted side-effects, and it is likely that this is all the more so with respect to attempts to influence demographic developments. The second horn of the dilemma is that the autonomy of citizens – a core value of liberal thought – may be negatively affected by decline, suggesting that state intervention is justified.

So, from a liberal perspective, there seem to be reasons both to reject and to support state intervention. Fortunately, as we shall see, there is a way out of the dilemma: liberal politics can be aimed at minimizing the autonomy-decreasing *effects* of social developments without having the ambition to stop or reverse those developments. By discarding any such grand attempts to social design, the risks of social engineering are prevented. Moreover, the focus on the protection of individual autonomy ensures the distinctive liberal character of this approach.

Liberalism and autonomy

We here take autonomy to refer to our freedom; to be autonomous means the possibility to make our own choices and choose the course of life that we see fittest. To respect a person's autonomy is to respect this freedom to make our own choices. However, freedom can be defined in different ways and different views about the circumstances under which it is affected thus are possible. For instance, if freedom is taken to be the absence of constraints *wilfully* imposed by others, then many of the implications of demographic decline will *not* affect the freedom of citizens. After all, it need not be the result of the wilful choices of others if in deserted areas some children can no longer attend the right schools, if the only remaining grocery shops are miles away, if people are unable to sell their houses and therefore cannot move to a place with better opportunities, et cetera. On the other hand, to say that a person is free if, and only if, there are no external constraints

whatsoever on his actions is not very attractive either. After all, we encounter all sorts of constraints on almost anything we do. Whether it is searching for a new job, going to the gym, doing the shopping, or raising one's children: it is all about trying to overcome constraints. Saying that there should be no constraints at all would equate freedom with omnipotence.

We can avoid these extremes if we realise that the freedom that constitutes our autonomy is of a particular kind: it is the freedom that is minimally required to view ourselves as agents who are *responsible* for the way we conduct our lives.[4] Without a certain minimal degree of control over the choices we make we cannot be treated as autonomous agents able to make our own choices. On this view, autonomy consists of the freedom needed for responsibility.

That responsibility requires freedom is something we are well aware of: we would not say it's a person's responsibility to make sure that his children get the right education if there are no schools to send the children to and if alternative options are not available or prohibited – for instance home schooling. Similarly, we cannot say that it is a person's own responsibility to get a job if no one will hire him and if he does not have the skills or opportunity to start a business of his own or find some other ways of making a living of his own. After all, one should have at least some possibility of actually realising whatever it is that is said to belong to one's responsibility. Furthermore, it should be a *reasonable* opportunity. Suppose that all the schools in a local community have closed and that the nearest schools are two-hours away by public transport. If we do not want to demand parents to let their children commute four hours every school day, we cannot hold parents responsible for making their children go to school: it would be demanding too much from them and the appeal to individual responsibility can therefore not be made.

To summarise, on the account sketched here liberal politics is aimed at the safeguarding and protection of our autonomy. Autonomy is defined in terms of our freedom insofar as freedom is necessary for viewing people (by themselves or by others) as agents who can be held responsible for the way they conduct their own lives. Whether individuals have such freedom depends on whether it is reasonable to say that they can be successful in exercising their responsibilities.

Rights and success

We saw (first section) that the protection of individual autonomy is an important

[4] The notion of responsibility used here is the so-called *prospective* (or forward looking) responsibility, which concerns the things that we *should* do, rather than about *retrospective* (or backward looking) responsibility, which is about the things we *have done*. See: H. Richardson, 'Institutionally divided moral responsibility', *Social Philosophy and Policy*, 16, 1999, pp. 218-249. Often the two notions are used in the same context, say when we talk about our responsibility to protect the environment (prospective responsibility) as well as about who is to be held responsible for some instance of environmental pollution (retrospective).

value for liberals. Autonomy was defined (second section) in terms of having a reasonable opportunity of being successful in carrying out one's responsibilities. The third and final ingredient of the normative framework concerns the relation between autonomy and rights. To have a reasonable opportunity need not mean that one can *ensure* the realisation of whatever it is one is held responsible for. Consider the freedom to vote. I have a reasonable opportunity to vote if I can indeed participate in democratic elections, that is, there are such elections and there are no legal constraints or other impediments against me participating in them. Yet it is still possible that I will fail to submit my vote: I may be stuck in traffic and not arrive in time at the voting booth or I may have lost my registration forms. Rather than requiring guaranteed success, it suffices for an agent's autonomy that there is a sufficiently high probability that he will be successful if he sets out to perform the action. This autonomy is to be protected by rights. That is, rights must ensure that the probabilities with which a person can successfully adopt certain courses of action are sufficiently high.[5]

Before discussing the approach in more detail, let me explain its rationale on the basis of the well-known distinction between first- and second-generation rights. First-generation rights refer to civil and political rights. They include for instance the right to physical integrity, the right of free speech, freedom of religion, freedom to vote, and the right of assembly. Second-generation rights concern social, economic and cultural rights. Examples here are the right to work, the right to social security, the right to education, and the right to participation in cultural life. Most first-generation rights can be interpreted as *negative* rights. They are about the duties of others *not* to perform certain actions. The right of free speech, for instance, means that others should not prevent you from expressing your opinions. It is not a *positive* right – that is, it does not oblige others to enable you to actually express your opinions or to listen to you when you do. Second-generation rights are often taken to be positive rights. In particular, they are usually understood as stipulating that the state is under a duty to ensure its citizens can work, that there is social security, that everyone has access to education, and so forth.[6]

Whether the state indeed has such duties has of course been a subject of considerable controversy. Many liberals have argued that second-generation rights should not be protected or, if they are, that they should be seen as negative rights

[5] The analysis of rights presented in this section is based on K. Dowding and M. van Hees, 'The construction of rights', *American Political Science Review*, 97, 2003, pp. 281-293; K. Dowding and M. van Hees, 'Counterfactual success and negative freedom', *Economics and Philosophy*, 23, 2007, pp. 141-162.

[6] The distinction between first- and second-generation rights does not correspond exactly to that between negative and positive rights. The (first-generation) right to a fair trial, for instance, is often interpreted as a positive right. Conversely, the right to family life, which is part of the International Covenant on Economic, Social and Cultural Rights, is at least partly to be understood as a negative right, that is when it refers to the duty not to force others into marriage.

at best. On the latter view, the state should ensure that people will not be interfered with when trying to pursue the various goals, but it does not have a duty to realise those goals. Note that the debate is particularly relevant for the discussion about the responsibilities of the state with respect to demographic decline. After all, this issue is mostly about diminished access to the goods social, economic and cultural rights are meant to protect, that is to say medical care, education, work, and an adequate standard of living.

Yet there is no need to enter a debate about whether liberal rights are positive or negative, or of the first or second generation. The reason is that the distinctions are too crude to be very helpful anyway. An alternative account that is more fruitful is based on the assumption that any right (whether first-generation or second-generation, and whether negative or positive) is about how *successful* we are in performing some action or in realising some state of affairs. Consider the right to free speech. It entails that a person will not be interfered with if he expresses his opinions on some issue. If the right is violated he will not be successful in expressing his views: his blog on the internet may be censored, newspapers will refuse to publish the op-ed he has sent in, et cetera. The probability of expressing his opinions will thus be low. It need not, however, be zero – he may try to disseminate his thoughts in other ways, say by going underground or putting anonymous posts on the internet. On the other hand, to have one's right to freedom of speech respected does not mean that one can be *certain* that one's views will be heard: newspapers may decide not to publish one's writings because they feel they are badly written or because other news items are taken to be more important. Hence, to say that the right to free speech is respected means that the probability with which one can express one's views if one were to try to do so is *sufficiently* high. That is, the probability should be above a certain *threshold value*.

Other types of rights can also be analysed in terms of success factors. Consider the right to work, which is a second-generation right that is contested among liberals. On the account given here, if we were to take it to be a right, it is respected if the probability that a person will be employed if the person were to try to find a job is sufficiently high. If someone already has work, the right is respected in a trivial sense: the probability in that case is one and thus always above whatever threshold is set for this right. Conversely, if a person is out of work and has no chance whatsoever of finding it (or starting some business of his own or getting training for some alternative function) then on this account the right is said to be insufficiently protected.

Of course, this is just a rough outline of a definition of rights in terms of suc-

cess and it ignores various complications.[7] Yet it has important advantages. First of all, it can be seen that the threshold values for various rights will differ. One reason for such differences is that rights will differ in the importance we attach to them. Those rights that we find of central importance (say the right to physical integrity) will have a much higher threshold value than rights we deem less important. Indeed, given the analysis of autonomy, those rights that are essential for our autonomy will have the highest threshold values. Note that this also accommodates the scepticism that many liberals have about second-generation rights. Yet rather than saying that such rights need no protection at all, or that they do not 'exist', setting the threshold values lower means they require *less* protection. A second reason has to do with the limitations of what the state *can* do. Even if one argued that, say, ensuring employment for everyone is an important social goal – that it forms what Amartya Sen has called a *goal right*[8] – as long as realisation of the goal is not feasible we have to settle for more realistic targets. This means that the threshold value of such a right is set lower. Indeed, to say that a person has a fifty-fifty chance of losing his job in the next three months is not yet an indication that his rights are not properly secured. On the other hand, they surely are if a person in the next three months has an even chance of being the victim of violence.

Applying the framework

The relevance of the normative framework for formulating a politics of demographic decline should be obvious. One of the most conspicuous characteristics of such decline is that for a range of activities, some people may encounter a decrease of the probability that they will be successful in realising their aims. As a result, their rights and their autonomy are threatened. It may become very difficult for them to find employment, get access to medical care, live in a neighbourhood they feel is safe, or send their children to school. So how do we go about? How to arrive at a liberal 'answer' to the question of how to deal with such developments? Such an answer would refer to the protection of individual rights needed for autonomy, and the protection involves three steps: specifying the relevant policy domains and the rights that are at stake, setting the threshold values, and, where needed, formulating policy measures.

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7 To give an indication of just one such complication: it is very important to specify the exact nature of the situation that we use to assess whether a person can be successful or not in his attempts. Consider a person who cannot get work simply because he does not have any skills for which there is a demand. Should we indeed say that his right to work is violated? Or, consider a person who is unable to express views in any articulate way, say because of a neurological disorder. Is the person's right to freedom of speech violated, simply because he does not have the ability to express his views? One possible response is to say that in cases as these, the situation that is relevant for assessing whether the right is sufficiently protected is the hypothetical one in which the person does have the required abilities.

8 A.K. Sen, 'Rights and agency', *Philosophy and Public Affairs*, 11, 1982, pp. 3-39.

Step one: defining five domains

A first step is to delineate the relevant policy domains or spheres of state action. Given the importance we attach to autonomy and its protection through rights, the natural thing to do is to examine *which* rights are at stake. As indicated, since most first-generation rights are negative ones, they are less likely to be affected by demographic decline than second-generation rights. Yet it is important to note that the negative rights involved not only concern the relation between citizens and the state, but also between citizens themselves. Particularly relevant here is the degree to which public safety measures can be upheld in areas from which people are migrating and, if not, what level of law enforcement provides the minimum degree of protection of one's right to physical integrity. However, as long as we have no reason to suppose that special problems will arise here, there is no need to view public order and safety as a separate policy domain.

The *labour market* is the first domain. The most important second-generation economic right here is to an adequate standard of living. This is usually taken to encompass further economic rights like the right to work, the right to social security, as well as the right to adequate housing and nourishment. For the discussion here, a right to work is the relevant one since it will be affected in regions characterised by demographic decline and bleak economic prospects. High unemployment rates as such need not mean that a person's right to work is threatened; other considerations are relevant as well. As discussed, whether the right is affected or not will depend on whether we can appeal to a person's responsibility to find work. That appeal need not exclusively be made in terms of finding employment, but may also refer to the possibility of starting one's own business. Moreover, having a right to work does not entail the right to have a job in a particular geographical area. People can move to a place where economic prospects are better and the right can only be said to be violated if such an option is closed off.

The next domain is that of the *housing market*. The obvious problem here is the a-symmetry between supply and demand which results in the widespread existence of vacant and abandoned properties. This will affect living conditions in a neighbourhood negatively and, more importantly, is indicative of limited possibilities of migration from those areas. If the market value of one's property is below the mortgage value, then migration may not be an option. In combination with unemployment, a 'lock-in' process may result: demographic decline results in economic decline, and economic decline in turn entails an overall worsening of one's prospects. In these situations, the autonomy of citizens may indeed be under threat and appeals to individual responsibility for turning the tide will have less plausibility. Yet when formulating policy measures, it is important to realise that we cannot simply assume that such lock-in processes always occur whenever there are many vacant properties or when the market value of properties has dropped substantially. Moreover, just as with the labour market, adequate policy measures may consist of the removal of existing barriers rather than of new interventions. This is particularly important because an active housing policy is bound to interfere with existing property rights.

The next two domains are those of *education* and *medical care*. The issues here are more or less similar. Demographic changes entail that fewer people will make use of existing educational and medical facilities. As a result, it becomes more difficult to ensure that those facilities are provided at the same level as before. Should the state ensure the continued existence of all schools in some area if enrolment numbers have dropped substantially? It may be reasonable to merge schools that are aimed at the same type of students, and which on their own attract too few students, but what to do with schools that have a very particular profile if there are no similar schools in the area? Should the state guarantee the existence of schools for children with learning disabilities? Or of schools for children who belong to, say, the very best five per cent? The very same questions can be asked in the context of the provision of medical care. Which provisions should be secured if cost-effectiveness has decreased because of demographic decline? How acceptable is it not to have immediate access to a general practitioner, dentist, or physical therapist? What should the maximum distance to the nearest hospital be, and which hospital facilities are essential and which are not? Note that making decisions such as these is something we are not unfamiliar with. After all, we believe that every hospital should have an emergency department but also accept a division of labour between hospitals regarding specialised treatments; not every hospital should have, say, the capacity to treat tropical diseases or perform heart transplants.

A fifth domain that can be distinguished pertains to having adequate *socio-cultural living conditions*. The idea is that the quality of one's living conditions not only depend on economic considerations, but will also be affected by the disappearance of a lively cultural scene, sports facilities, and so on. The loss of social cohesion that might emerge would result in a further deterioration of quality of life. Yet, as we shall see below, rights belonging to this domain will be less pressing than those of the other domains.

Step two: setting the thresholds

Given these five policy domains, the second step in the actual application of the framework is to determine the threshold values of the rights in questions: what degree of success should be minimally ensured? Of course, in many cases we cannot really calculate exact threshold values. In those cases we settle for proxies. We then formulate, for instance, the average number of general practitioners or dentists we find acceptable, the maximum time needed for an ambulance to arrive in case of an emergency, et cetera. As argued in the previous section, the threshold values will depend on the importance of the rights, but also on feasibility and responsibility considerations. Personal safety is more *important* than having the opportunity to go to the theatre, and the corresponding threshold rights will therefore be set much higher. If a right is easier to protect, that is, if it is more *feasible* to protect it adequately, and if doing so is less likely to elicit unintended consequences, the threshold value can also be set higher than it would be otherwise. Finally, if people

themselves have reasonable opportunity to realise the ends in question, an appeal to their individual *responsibility* will affect the threshold value. Here we can again note the difference between sociocultural rights and other rights. To organise or engage in cultural activities is something that it is easier to hold people responsible for than to protect their own safety, and the threshold values for them can therefore be lower.

Step three: formulation of policy measures

After having specified the relevant policy domains and the threshold values, the third step is to formulate policy measures. Since the focus in this essay is on the normative framework as such, and not on the particular implications of it, I will not say too much about it here. Moreover, the exact nature of these measures will depend on the specifics of the issue at hand as well as on the rights that are at stake: negative rights will need a different sort of protection than positive ones, some rights – like the right to work – will need more concerted efforts than others, and different local contingencies, like diversity of population and existing migration rates may require different ways of dealing with them. However, three general remarks can be made. Firstly, it is important to note that many of the effects of demographic decline will *not* necessitate state action. Even though social or economic changes resulting from decline may make it more difficult to find jobs, to provide the right education for one's children or have access to medical care, it does not follow that the various threshold values will not be reached. To justify policy measures, the question is not whether it has become *more* difficult to have access to work, school or medical care, but whether it is has become *too* difficult, that is, whether the threshold values are not reached. If the various developments reinforce each other and result in people not having any perspective on changing for themselves their living situation, then interventions may be justified. But we cannot simply assume that any region affected by decline is characterised by such locked-in situations. Secondly, if interventions are justified, they need not always be in the form of the adoption of *new* policy measures. Insofar as problems caused by demographic decline are reinforced by existing state regulations, a liberal policy would require removing those barriers. Deregulation, possibly on a regional scale, of the labour market or the housing market could go a long way towards ending locked-in situations. Thirdly, insofar as new policy measures are needed, the appeal to individual responsibility is of paramount importance. Liberals should give priority to policy measures that are first and foremost aimed at enabling people to exercise their responsibilities. The primary objective of a liberal policy should be not to soften or prevent the various negative effects of demographic decline, but to secure the conditions under which people have the possibility to do so themselves.

Conclusion

The normative framework proposed here is based on two important ideas. Firstly, and this is the negative angle, it expresses fundamental doubts about the degree to which the state can realise social goals. Any aspiration to utopian engineering should be distrusted since such engineering is bound to have regrettable unintended consequences. Secondly, and this is the more positive part, it takes the autonomy and hence responsibility of citizens to be of central importance; the state's primary task is to ensure and protect the circumstances in which individuals can indeed fulfil their responsibilities. A liberal politics regarding demographic decline uses these two presuppositions to focus not on attempts to influence the process of demographic decline itself, but on the effects this process has on the rights of individuals. The question is whether those rights need extra protection.

Rights are said to be sufficiently protected if individuals were to be minimally successful if they attempted exercising their rights. What degree of success is the minimal level needed – which threshold values we use – will depend on the importance of the rights in question, as well as on feasibility and responsibility considerations. A right that is crucial for exercising our responsibilities will have a high threshold. On the other hand, if a right is difficult to protect, or if one can do so only by risking a great deal of negative side-effects, then the threshold can be lower. Similarly, it will be lower if it can be taken to be people's own responsibility to exercise their right successfully. Conversely, if protection of the right is feasible, and if people cannot protect their rights themselves, then the threshold can be set substantially higher.

The exact policy implications that result will depend largely on the contingencies of specific instances of demographic decline and thus cannot be anticipated here. However, we saw that it is by no means obvious that all such instances do indeed undermine people's responsibility to the extent that state intervention is needed. Furthermore, in situations which do require intervention, the emphasis should be on the removal of existing regulations and the enactment of responsibility-enhancing measures. In sum, liberal caution about state intervention aimed at alleviating the effects of demographic decline is justified.

Case Studies

III. 'The Netherlands fallacy'
Demographic decline and the Dutch housing market

Camilia Bruil

'The Netherlands fallacy', the idea that overpopulation does not necessarily mean the end of the world, originated in the 1980s. The Netherlands was put forward as an example of a very densely populated, yet flourishing country. Paul Ehrlich, well known as the leader of the 'anti-overpopulation' movement, refuted this idea by pointing out that 'the people of the Netherlands didn't build their prosperity on the bounty of the Netherlands, and are not living on it now. Before World War II, they drew raw materials from their colonies; today they still depend on the resources of much of the world. Saying that the Netherlands is thriving with a density of 1,031 people per square mile simply ignores that those 1,031 Dutch people far exceed the carrying capacity of that square mile.'[1]

The Netherlands has a global reputation as one of the most densely populated countries in the world, but our damp little country is equally well-known for 'the Netherlands fallacy'.

According to national and international population forecasts, the Netherlands will experience demographic decline on a national level around 2040. On the basis of these forecasts, experts warn that the demographic reversal from growth to shrinkage will entail major consequences and that both policymakers and citizens must prepare for them.

Apart from a couple of (city-)states, the Netherlands is the most densely populated country in the world, with a population of 491 residents per square kilometre.[2] Shrinkage would therefore appear to be a better prospect than if the Dutch population were to triple again, as it did in the last century. Furthermore, in 2040, when the demographic reversal takes place, the Dutch population is expected to number 17.8 million souls. This means that the size of the population will increase by around 7.2 per cent in the next 30 years (16.6 million people now live in the Netherlands). The population is not expected to shrink very rapidly when the reversal takes place, either. In 2060, the Dutch population will still number more

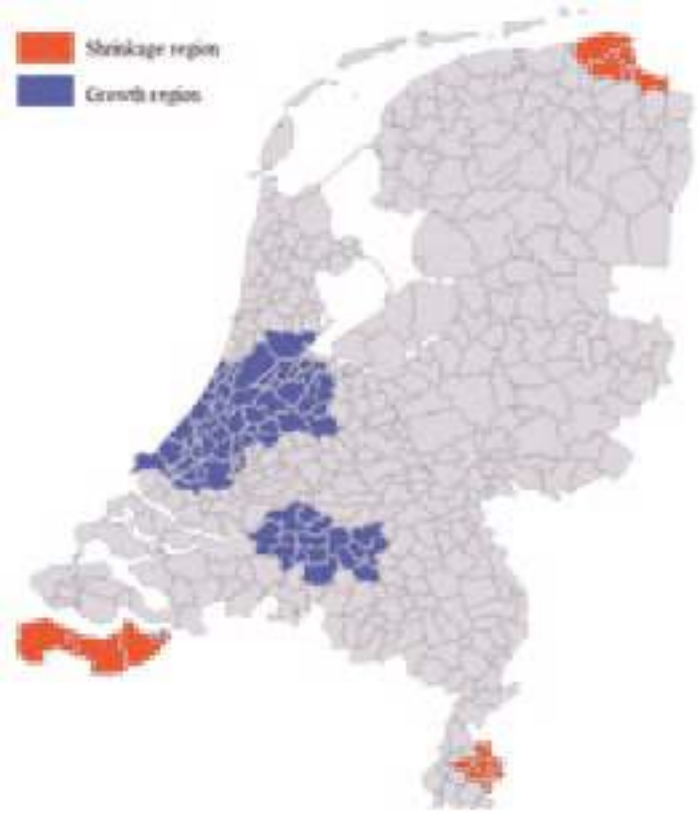
1 P. Ehrlich and A. Ehrlich, *The population explosion*, New York, 1990, p. 38.

2 Measured in 2010. Statistical data of the Dutch Central Bureau of Statistics (CBS). http://www.cbs.nl/.

people than is currently the case, which will be 17.7 million.[3]

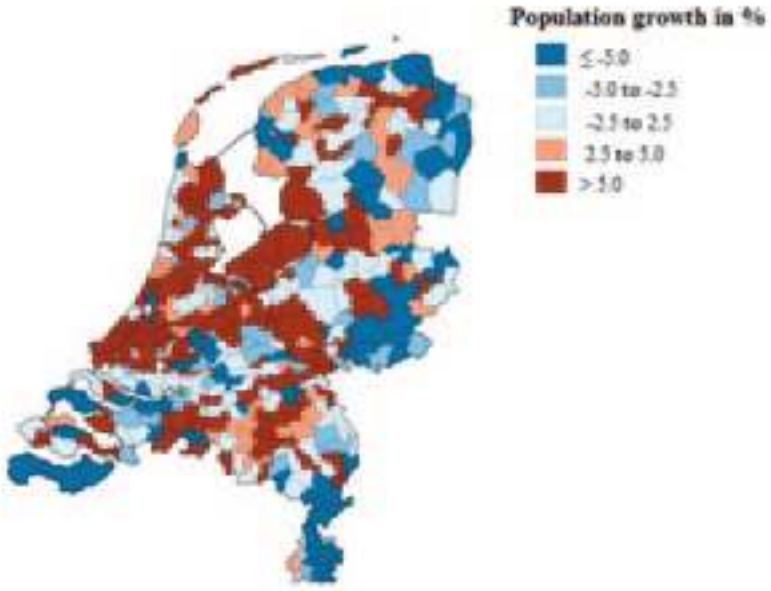
Demographic decline in the Netherlands is more complicated than it appears on the face of it. Firstly, not only will the size of the population decrease, but its composition will also change. The Netherlands will, thus, comprise increasing numbers of elderly people and fewer young ones. Secondly, big differences in population changes are discernible at the regional level. At the moment there are three 'shrinkage regions' in the Netherlands: Parkstad Limburg in the south-east; Eemsdelta in the northeast; and Zeeuws-Vlaanderen in the southwest of the Netherlands. These are regions made up of various neighbouring municipalities which are undergoing structural shrinkage (see *figure 1*). Other regions, such as the Randstad conurbation (situated in the west) and the central and northern parts of North Brabant (situated in the south, see *figure 1*) will continue to grow in the coming decades (see *figure 2*).

Figure 1. *Municipalities in the Netherlands, showing the current shrinkage and growth regions.*



[3] C. van Duin and J. Garssen, 'Bevolkingsprognose 2010-2060: sterkere vergrijzing, langere levensduur', *Bevolkingstrends*, first quarter 2011, pp. 16-23.

Figure 2. *Forecast of regional population changes 2008-2040.*



Source: PBL/CBS regionale bevolkings- en huishoudensprognose 2009-2040.

It was made clear in the introduction that demographic decline is not, in itself, a problem, but a phenomenon – a demographic development – prompted by sociocultural and regional economic factors. These factors cause specific types of shrinkage, such as a decrease in the number of young and highly educated people, or a high degree of greying, that is, ageing, of the population. In turn, these specific types of shrinkage subsequently have characteristic consequences for the regional housing market, economy and level of services and facilities. Particularly in the less densely populated areas where shrinkage is taking place – Eemsdelta and Zeeuws-Vlaanderen – the demographic developments will have considerable consequences for the services available, such as education, care, and employment, but also for shopping facilities.

Demographic decline is a natural and inevitable phenomenon that must be approached as such. This means that it is not the government's task to fight shrinkage. Government intervention of this type appears to be based on the idea of 'manipulability' or the extent to which social change can be effected by government policies. As expounded earlier in this compilation by Martin van Hees, this is a utopian idea which is highly undesirable from the liberal point of view.[4]

[4] M. van Hees, 'Liberal politics and demographic decline', pp. 9-19.

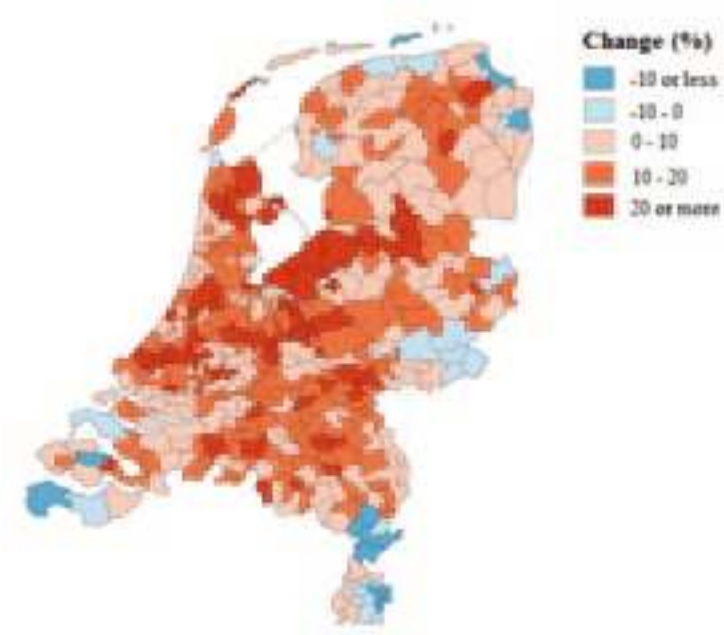
Neither is it up to the government to determine what will, or will not, be the problematic consequences of shrinkage; this is up to the individual (and the business community). By that I am not advocating that the individual can simply pass on his/her shrinkage-related problems to the government. Firstly, the individual must him/herself show initiative and tackle the matter in question by means of innovation (including social innovation) and self organisation. To this end, the individual will, however, have to be given the latitude to do so and existing legislation must not be an obstacle. If this is the case, the possibility of deregulation, or a certain degree of deregulation, must be looked at. Moreover, the individual must be able to act freely and autonomously. The disappearance of services and facilities may result in access to care, education and employment, for example, being too limited, as a result of which the freedom of the individual is jeopardised. The various fundamental rights and fundamental social rights, at issue here must, therefore, be examined.

A more practical approach to this liberal framework will be applied on the basis of the Dutch housing market.

Shrinkage on the housing market

Demographic changes have a big influence on the housing market. To be able to see this influence, one has to look at the number of households and their composition rather than the size of the population in general. After all, it is these domestic units that live in houses. The latest figures from the Dutch Central Bureau of Statistics (*Centraal Bureau voor Statistiek*, CBS) show that the number of households in the Netherlands will only begin to fall after 2045. This decrease will start later than the fall in the population, because households will be 'diluted'. This trend entails a decrease in the number of people in the average household in the Netherlands, that is, the average household will comprise fewer and fewer people. The number of one-person households, in particular, will increase considerably in the coming years. There are, on the one hand, demographic causes for this phenomenon, such as the ageing of the population, and, on the other, social causes including individualisation. Changes in the composition of households are also taking place because of the increasing proportion of older people, and consequently the decreasing proportion of younger people, in the population. Living requirements will change as a result.

Figure 3. *Forecast of regional changes in number of households 2008-2040.*



At a regional level, demographic developments will vary greatly (see *figure 3*). Furthermore, the impact on the local housing market can also be very diverse. If the demand for houses falls in a tense market – there is a high demand and relatively low supply – this will lead to a greater residential mobility, lower prices for owner-occupied houses, shorter waiting lists for the rented market and more choice for the consumer. The local housing market will change from a buyers' to a sellers' market, with more scope and attention for specific living requirements. In an already relaxed market, however, falling demand can lead to a surplus of houses and low occupancy. This applies particularly to less attractive parts of the housing market. Villages in unattractive landscapes and peripheral rural regions also appear vulnerable to exoduses.

Not only do the consequences of decreasing demand for housing differ for tense and relaxed markets, the consequences for owner-occupied and rented housing also vary. In the owner-occupied sector, the price and value of houses will be driven down. This can, particularly in a tense market, attract new buyers. However, in a market that is already relaxed, this can mean that houses become unsaleable and that house owners are 'trapped' in their houses; they are unable to release

their capital – which is in their house – and, therefore, cannot move to another one. An oversupply of houses in the rented sector leads to falling incomes for landlords and lessors, such as housing associations. The lack of earning capacity can mean that associations run into financial difficulties. It is also more difficult to sell rented houses in a relaxed market.[5]

Before taking a liberal look at the above-mentioned consequences of shrinkage, we will take a brief look at the Dutch housing market.

The Dutch housing market

Compared to other European Union (EU) countries, the Dutch housing market is highly regulated and is characterised by a relatively high percentage of rented houses. In 2009, 40.5 per cent of the existing housing stock consisted of rented accommodation.[6] The average for the 27 EU countries in the same year was slightly below 30 per cent and, for example in Spain, Greece and Italy, rented houses made up less than 20 per cent of the existing housing market. In addition, a relatively large proportion of the overall housing stock in the Netherlands comprises subsidised rented accommodation: more than 30 per cent. This is by far the highest percentage within the entire EU. The German housing market is, incidentally, characterised by the highest percentage of rented housing within the EU – 60 per cent –, but this largely concerns privately rented properties. Less than 10 per cent of the German housing market comprises subsidised rented accommodation.[7]

The financing of Dutch owner-occupied houses is also unique from the international point of view. As a result of the mortgage interest relief – a tax deductible item – house owners have relatively high mortgage debts. In 2009, the total Dutch mortgage debt was, thus, more than 600 billion euro, which is comparable to the Gross Domestic Product (GDP) of the country in the same year.[8]

The last difference with other European countries is the highly regulated housing development in the Netherlands. As a result, the number of new-build houses per year has a smaller effect on house prices than in countries where there is greater free market operation.[9]

The housing market in the Netherlands is so highly regulated that it can hardly be called a market: there is little, if any, free market operation. The government

5 F. van Dam et al., *Krimp en ruimte. Bevolkingsafname, ruimtelijke gevolgen en beleid*, The Hague, 2006, pp. 72-84; Deetman Advisory Committee on population shrinkage in Limburg, *Verslag van werkzaamheden tot en met juli 2010*, September 2010, pp. 8-10.

6 Source: CBS Statline, consulted on 13 May 2011.

7 Bouwfonds REIM Research, *Europese woningmarkten vergeleken. Regionale verschillen in te verwachten woningvraag tot 2015*, Ouderkerk aan den IJssel, 2009.

8 J. de Haan et al., *Conceptueel kader speerpunt woningmarkt*, The Hague/Heerlen, 2011.

9 Ibidem.

regulates by means of financial interference, but also by means of legislation and regulations (primarily by means of the spatial planning policy).

In the first instance, the government interference with the housing market was prompted by the desire to promote public health by preventing the dilapidation of neighbourhoods and stimulating the construction of good quality housing. This was regulated in the Housing Act of 1901, which provided for government support in the form of loans.

After the Second World War, the role of the government became greater and greater. It attempted to alleviate the enormous shortage of housing and promote new construction by issuing 'object subsidies'. Housing associations, in particular, made use of this form of subsidy, as a result of which their market share rose from 9 per cent in 1947 to 38 per cent in 1964. In addition, further regulation – primarily of the rented sector – was implemented under the socialist-dominated Den Uyl cabinet (1973-1977) which, among other things, introduced the individual housing benefit and put the rent policy into operation.

Partly because of the object subsidies, Dutch housing stock grew, in quantitative terms, at a tremendous rate. However, the object subsidy also signified a very large increase in the government's expenditure. The government had to pay landlords and lessors – principally the housing association – operating costs for the unprofitable part of a house annually for fifty years (the average life of a house) because the costs of a house could never be recovered within fifty years due to the low statutory rent. Since the housing stock increased from 3.7 to 5.9 million houses between 1971 and 1991, it is not difficult to understand why the government's expenditure increased explosively.[10] Partly because of this, the financial links between the government and the housing associations were largely severed in 1995 by the grossing up operation under Secretary of State for Housing Enneüs Heerma. Ongoing object subsidies were paid out in one go by the government and the associations, for their part, settled their outstanding loans from the government. Since then, subsidised rented housing has been the property of the associations, which are themselves responsible for financing new construction projects and operating expenses. In this same period – 1993 – the Subsidised Rented Sector (Management) Decree was introduced so that the government no longer had a controlling role with regard to housing associations. In this way, the leeway for fixing rents was expanded. However, the government still always lays down the maximum price for housing within the subsidised rented housing sector, as well as the maximum statutory annual rent increase. Performance agreements, as they are known, can also still be made between municipalities and housing associations.[11]

Among other things, the tasks of housing associations include 'providing suitable accommodation for the target group (people whose incomes fall within the

[10] B. van der Klaauw and U. Kock, *Deregulering van de Nederlandse woningmarkt*, Amsterdam, 1999.

[11] CPB, *Woningcorporaties: prikkels voor effectiviteit en efficiëntie*, The Hague, 2002.

income limit for housing benefit – defined by the former Compulsory Health Insurance Act limit –, the elderly, the handicapped and people who need care and guidance) and promoting the quality of life in the district.'[12] The associations are monitored by municipalities, the housing association financial regulator and government supervision.[13]

Housing costs in the Netherlands are relatively low because of these government interventions. If one examines the relative housing costs – as an element of the total consumption – the Netherlands is one of the cheapest countries within the EU. The rented housing sector, in particular, is characterised by direct government subsidies, such as the housing allowance for people with an income below a certain limit. What is more, in 1996, the rents in the subsidised rented housing sector were twenty per cent lower than in the nonsubsidised rented housing sector, differences in quality having been included in the comparison.[14] This is partly caused by the regulation of price increases; the law lays down how much the rent for subsidised rented accommodation may increase annually. It has been agreed in the current coalition agreement that the annual rent increase may keep pace with inflation. In 2007, this meant a maximum increase in rent of 1.3 per cent.[15]

As a result of the price regulation, rents within the subsidised rental sector are kept low, which disrupts the market balance and, in turn, leads to a shortage in this sector. House hunters therefore seek accommodation in other segments of the market, such as the nonsubsidised rented housing sector and the owner-occupied sector, which leads to price rises in these segments, thus increasing the price differences between the subsidised rented sector and the other sectors.[16] Because of these large differences, tenants of subsidised rented housing are very reluctant to move, which promotes an imbalance between the occupation of social housing and levels of income, that is, people with relatively high incomes live in relatively cheap housing. This situation is also maintained by far-reaching security of tenure, so that tenants cannot be evicted from their houses even though they no longer

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12 W. Buiter et al., 'Over goede intenties en de harde wetten van de woningmarkt', *Tijdschrift voor Politieke Ekonomie*, volume 27, number 6, 2006, pp. 20-42, p. 30. Translated.

13 The Central Fund for Social Housing (CFV) is the housing association financial regulator. The government supervision is carried out by the Inspectorate General of Housing, Spatial Planning and the Environment (VROM), a merger between the Environmental Protection Inspectorate, the Spatial Planning Inspectorate, the Public Housing Inspectorate and criminal investigation department.

14 Van der Klaauw and Kock, *Deregulering van de Nederlandse woningmarkt.*

15 J.P.H. Donner, *Circulaire. Huurprijsbeleid voor de periode 1 juli 2011 tot en met 30 juni 2012, kenmerk MG 2011-01*, The Hague, 29 March 2011. This price regulation applies to housing with a rent under the liberalisation limit of €652.52 per month.

16 The average rent rose by 18 per cent between 2000 and 2006, whereas the prices in the owner-occupied sector rose by 37 per cent in the same period. Buiter et al., 'Over goede intenties en de harde wetten van de woningmarkt'.

meet the financial conditions laid down when they moved into the house.[17]

Residential mobility is also limited by regulation in the owner-occupied sector, particularly by the high transaction costs. These costs amount to an average of twelve per cent, approximately six per cent of which comprises transfer tax, the other six per cent primarily comprising notarial charges and estate agents' fees. These high costs mean that a buyer has to live in his/her house for at least five years before recovering them.[18]

House building is also very highly regulated by the government. Firstly, the spatial planning policy imposes restrictions on construction. Where developers are and are not allowed to build is determined largely by this policy. A large number of strict environmental standards – regarding particulate matter and noise nuisance, for example – have also limited the number of construction sites.[19]

Construction commissioned by housing associations is restricted by the maximum rent laid down for the subsidised-rented sector too. Because of this, construction has become a highly unprofitable investment for associations. These uneconomic investments show a sharp increase every year. Research carried out by the research agency RIGO has shown that in 2009 associations incurred an average of 60,000 euro unprofitable investment per house. In 2007, this figure was 45,000 euro.[20] The costs are rising this fast because, on the one hand, the revenues are kept artificially low by the rent capping. And, on the other, the building costs, among other things, are rising in line with market conditions. Furthermore, the continually rising quality requirements, which are chiefly laid down by the government,[21] also result in increasing investment costs. By selling existing houses and new builds, housing associations can recoup some of their costs, but sales in this area have stagnated with regard to price and number in recent years.

A liberal view on the housing market

Accommodation is one of the fundamental social rights, as they are known. Social rights have been included in the Dutch Constitution since the general constitutional amendment in 1983. The idea behind this was that, besides negative freedom – like freedom of speech – positive freedoms, such as the right to care and

17 Van der Klaauw and Kock, *Deregulering van de Nederlandse woningmarkt.*

18 J. van Ommeren and M. van Leuvensteijn, *New evidence of the effect of transaction costs on residential mobility. CPB discussion paper no. 18*, The Hague, 2003.

19 Ibidem.

20 R. de Wildt and T. Luijkx, *Onrendabele Nieuwbouw. Investeringen in de sociale huursector*, Amsterdam, 2011, pp. 25-26.

21 More and more far-reaching quality requirements are being laid down for house construction via the Buildings Decree. Examples of such requirements are: the dimensions of doors, the height of storeys and the sizes and sanitary facilities in the bathroom. **Buiter et al., 'Over goede intenties en de harde wetten van de woningmarkt'.**

education are also basic conditions for a qualitatively good life. Citizens must not only be protected from the government by means of classical basic rights, but the government must also create services and conditions to enable citizens to develop their capacities as well as possible and enjoy their freedoms. After all, without positive freedoms, negative freedoms have far less value: without good health, for example, the right to free speech is not as valuable.

Contrary to the negative freedoms, positive freedoms require an active approach by the government, in order to give citizens the maximum possible scope with regard to the negative freedoms. These positive freedoms are the concerns of the government. The social rights are legally binding, but are not enforceable in a court of law. In other words, they are not 'absolute duties of care' of the government. There is, therefore, a big difference between them and the classical basic rights. If, for instance, the basic right of freedom of speech is violated, a citizen or group of citizens can take the matter to court.

Section 22.2 of the Dutch Constitution reads as follows: 'It shall be the concern of the authorities to provide sufficient living accommodation.'[22] In other words, the government must ensure that people are not forced to live on the street because too little housing is available. However, this does not mean that citizens can demand a house from the government, or that citizens have a right to a house within a certain region. What it does mean is that people who have insufficient financial means to pay for their own accommodation should be supported by the government. This financial support can be justified from the liberal point of view by the idea that without the possibility of a home – or roof over one's head – one cannot live in complete freedom. Precisely when a citizen has insufficient means, how far the government support should go and how it should be provided, is the subject of political discussion. Liberals will draw the line much sooner than social democrats in this respect, since government interference has a disruptive effect on the market and restricts the freedom of the individual. As sketched above, the Dutch housing market is very highly regulated and so disrupted that we cannot, in fact, call it a 'market'. A non-functioning, locked housing market is disastrous for the economy, but above all for the individual and his/her freedom since it has a negative effect on mobility and people's ability to move.

Residential mobility

Statistical data show that, at the moment, around ten per cent of the Dutch population move house every year. Most of these moves only involve short distances. This is known as residential mobility and it is primarily based on demographic and living-related motives. When, for example, people have children they want to move to a bigger house or a house which meets their requirements – a big garden,

[22] Section 22.2 of the Dutch Constitution. Translated.

for example – better than their current one does. A smaller proportion of the moves concern interregional migration: only a third of them involve moves across municipal boundaries. A quarter of these inter-municipal moves take place within a radius of ten kilometres.

This means that only few of the house moves involve longer distances. These long-distance moves primarily concern migration for educational and employment reasons and, thus, have specific destinations. The destinations of education-related moves are chiefly large cities with universities and universities of applied science, such as the Randstad conurbation (in the west of the country) and cities such as Groningen (in the north), Enschede (in the east) and Eindhoven (in the south). However, once they have graduated, students often leave the more peripheral student cities, Groningen for instance, for the Randstad area, because that is where jobs for highly qualified people are concentrated. According to Gert-Jan Hospers, professor of Economic Geography at the University of Twente in Enschede, this is in line with the 'escalator theory'. This theory is based on the assumption that people make use of different areas to improve their social position: hometown – student city – employment city. It is mainly people in the age group 25 to 44 years who move longer distances because of education or employment. Since jobs for highly-qualified people are not evenly distributed throughout the country, such migration flows can bring about brain drain in peripheral areas where there is a low supply of higher and other forms of education and highly qualified jobs. Labour migration for jobs for less-highly qualified people, on the other hand, occurs less often because such jobs are far more evenly distributed throughout the country than those for which higher qualifications are required. The same applies to education-related migration.[23]

Because of the poor and disrupted housing market forces, the freedom of movement of individuals is restricted and the market is locked: those buying a house have to pay a lot of tax, there are long lists for subsidised rented housing in some regions, and in many areas starters cannot get onto the first rung of the housing market ladder because the prices of houses are very high due to the various existing mechanisms.

As described earlier, in shrinkage areas where there is already a relaxed housing market, houses may not even be saleable so that house owners are 'trapped' in them. As they are not able to sell their current house and are therefore unable to purchase another one, their freedom of movement is restricted. The right to employment, for example, can be 'damaged' as a result, but other rights such as the right to education may be jeopardised as well.

Although this 'lock-in' phenomenon in Dutch shrinkage regions is not a very common occurrence, the restriction of the freedom of the individual is an undesir-

[23] G. Hospers, *Krimp!*, Amsterdam, 2010; P. Feijten and P. Visser, 'Binnenlandse migratie: verhuismotieven en verhuisafstand', *Bevolkingstrends*, second quarter 2005, pp. 75-81.

able development from the liberal viewpoint. It means, in fact, that the individual is no longer free to take his/her own responsibility and move for educational or employment reasons. In other words he/she is not able to act as autonomously as would otherwise be the case. In a case like this, action by the government would be justified. However, instead of thinking up more measures in the form of legislation and regulations – for example that municipalities buy up unsaleable houses – the government should scale down. A crucial problem is that the housing market does not work because of overregulation by the government. And as long as the problems on the housing market remain unsolved, the related shrinkage problems will not disappear either.

Conclusion

The Dutch housing market is highly regulated in comparison with those of other European countries. Government measures that contributed to the reconstruction of the Netherlands after the Second World War are now responsible for a housing market lock-in effect and the fact that there is, effectively, no longer any question of free market operation. As a result, the freedom of movement of individuals in terms of residential mobility is limited. In the event of demographic decline, this can even mean that people can no longer sell their houses and are 'trapped' in them. From the liberal standpoint, this is a bad business. The entire government regulation of the housing market – both the owner-occupied and rented sectors – should be reconsidered. The existing legislation and regulations result in damage to rather than the promotion of social rights with regard to housing. From the liberal point of view, and from any other viewpoint for that matter, this can surely never be the role of the government. As a report by the Netherlands Council for Social Development (*Raad voor Maatschappelijke Ontwikkeling*, RMO) shows, the right to financial support has been too generalised – it is not only restricted to the housing market. This financial support should be revised. 'Only if we are able to deploy a public contribution in a targeted and specific manner, where it is absolutely necessary, will we succeed, in time, in keeping the vulnerable and the strong members of society together. The new set of instruments must, therefore, be able to draw a sharp line between who is and who is not eligible for support by means of public funds. The point of departure must be that the public contribution is a supplement to the private individual's responsibility and not the other way round. In this way, the new set of instruments must be geared to, and make use of, the qualities, means, initiatives and efforts of the people it concerns. This means that citizens also have the latitude and incentive to develop their own initiatives.'[24]

Giving more scope to the market itself, and to individuals, will enable the latter to act autonomously and take responsibility for their own existence and

[24] RMO, *Verschil in de verzorgingsstaat. Over schaarste in de publieke sector*, The Hague, 2004, pp. 18-19. Translated.

development. This is not possible if there is a 'lock-in' situation caused by an overkill of government interference. The solution of this problem of shrinkage on the housing market and related consequences must certainly not be sought in the area of more government measures. That would only restrict the freedom of movement of individuals even more and ultimately mean that we jump out of the frying pan and into the fire.

IV. Against the tide
Demographic trends in Ireland

Mark van de Velde

For a long time, Ireland was a demographic outsider in Europe. From the mid-nineteenth century until well into the twentieth century, this country was out of step with the population trends in other European countries. While elsewhere the demographic transition took place, as a result of which populations continued to grow despite a lower birth rate, after 1841, the Irish population decreased so rapidly that on the threshold of the twentieth century it had halved. Notwithstanding an exceptionally high birth rate, there was no demographic recovery after the Second World War either. This means that Ireland does not have the typical baby boom generation which, in many countries, will be retiring en masse in the coming decade and putting pressure on the affordability of old-age provisions and health care. Unless, that is, the welfare state is reformed.

In more recent times, from about the mid-1990s, on the other hand, Ireland has stood out due to a vigorous growth in its population (see *table 1*). Many European countries have to contend with stagnating or even shrinking populations, but the Irish population is expected to grow by around 50 per cent in the coming half century. In the period between the last (2011) and the previous (2006) censuses, it increased by 8.1 per cent, after it had already increased by 8.2 per cent between 2002 and 2006.[1] A substantial contribution was made by natural growth, which partly explains why Ireland, of all 27 EU member states, has the highest percentage of residents in the age category 0 to 14 years (20.6 per cent). This large group automatically reduces the percentage of other age groups, but even then, the proportion of senior citizens (65 years of age and over) is strikingly low: 11 per cent in Ireland as opposed to 17 per cent in the European Union.[2] The explanation for this also lies in Ireland's extraordinary migration history, which is still making its mark on the composition of the population.

This chapter attempts to explain why the Irish demographic history deviates to the extent that it does from the general pattern in the rest of Europe, why, contrary to the European trend, the Irish population has recently been growing and what the prospects for the coming decades are. Various European countries are already facing problems such as the depopulation of rural areas, a shrinking working population and ageing, but Ireland will barely be affected by these problems,

1 CSO, *Census of population 2011. Preliminary results*, 30 June 2011; CSO, *Census 2006. Principle demographic results*, Dublin, 2007, p. 11.

2 Eurostat, *Europe in figures. Eurostat yearbook 2010*, p. 166.

if at all, at least in the medium term. This contribution also considers a phenomenon that is indissolubly bound to the history of Ireland and from which the Irish thought to have been delivered since the 1990s: the emigration of young people out of economic necessity. Finally, (un)intended aspects relating to the population politics of the Irish government will be looked at from a liberal perspective.

Table 1. *Population development in the Republic of Ireland 1841-2011.*

Census year	*Population*	*Census year*	*Population*	*Census year*	*Population*	*Census year*	*Population*
1841	6,528,800	*1901*	3,221,800	*1956*	2,898,300	*1986*	3,540,600
1851	5,111,600	*1911*	3,139,700	*1961*	2,818,300	*1991*	3,525,700
1861	4,402,100	*1926*	2,972,000	*1966*	2,884,000	*1996*	3,626,100
1871	4,053,200	*1936*	2,968,400	*1971*	2,978,200	*2002*	3,917,200
1881	3,870,000	*1946*	2,955,100	*1979*	3,368,200	*2006*	4,239,800
1891	3,468,700	*1951*	2,960,600	*1981*	3,443,400	*2011*	4,581,269

Source: *CSO,* Statistical yearbook of Ireland 2010, *Dublin, 2010; CSO,* Census of population 2011. Preliminary results, *30 June 2011. http://www.cso.ie/.*

From decline to stagnation: demographic history 1841-1961

It is sometimes said that demographers, unlike their colleagues in the other social sciences, can predict developments in the long-term with a reasonable degree of certainty. Well, that may generally be the case but, when it comes to Ireland, demographers have often been misled by the capricious behaviour of the Irish population and economy. Who could have imagined that Ireland would transform itself from a nigh on inexhaustible source of manpower into a magnet for Eastern European workers? Or, to start in the year of the first reliable Irish census: who, in 1841, could have predicted that more than one and a half centuries later, three of the four Irish provinces would have fewer inhabitants? And who could have foreseen that so many Irish people would leave their native country that, these days, Saint Patrick's Day is practically an international holiday?

The first Irish census to yield reliable results, according to contemporary criteria, was held in 1841. The size of the population of the whole island was found to be around 8.2 million inhabitants, more than 6.5 million of whom lived on the territory of the present Republic of Ireland.[3] This was almost a third of the population of the United Kingdom in those days, as opposed to a tenth nowadays. One glance at *table 1* makes clear that Ireland has never again had such a large population in the 170 years succeeding the census in question. Depending on the assumptions underlying the various forecasts of the Central Statistics Office

[3] CSO, *Statistical yearbook of Ireland 2010*, Dublin, 2010, p. 7. Unless otherwise stated, for the purposes of this chapter, 'Ireland' refers to the Republic of Ireland or, if the period before 1922 (Irish independence) is concerned, to the traditional 26 southern Irish counties.

(CSO) and the United Nations, it will take at least until 2030, but more probably until 2050, before Ireland once more reaches the size of population it had in 1841.

The 1901 census arrived at a figure of 3.2 million inhabitants, so that in the improbably short period of sixty years, the Irish population halved. The combined action of causes that led to this unprecedented demographic collapse is still being investigated by numerous academic disciplines. The question of the extent to which the Great Famine, which ravaged Ireland between 1845 and 1852 as a result of a series of failed potato harvests, could have been prevented or at least mitigated by more resolute action by the (British) authorities is also being looked at. For a while, the dominant theory was the Malthusian belief that the famine was an inevitable natural correction of the explosive increase in population from the mid-eighteenth century: 'The headlong population growth, the poverty and subdivision, the overdependence on a single source of food, and the culmination of all these in the Great Famine, would seem ready-made ingredients for a Malthusian tale.'[4] Whether the Irish famine can or cannot be explained on the basis of Malthus' predictions is being discussed to this very day, but it is beyond doubt that some (English) contemporaries who were responsible for the food aid were sometimes perversely eager to plead the ideas of the English economist as an excuse.[5] The irony of this is that Malthus himself only once ever turned his attention to the situation in Ireland in an anonymously published essay in 1808. In it, he wrote that the Irish population could not continue to grow at the current tempo, but he ruled out the possibility that the growth would be stopped by an enormous famine.[6]

The cultivation of potatoes peaked in Ireland in 1845, when a third of all agricultural land was used to grow this crop.[7] In that year, half of the harvest was destroyed by an unknown disease, the first of a series of successive bad harvests. Because the potato was the principal ingredient of the Irish diet, poor harvests were able to cause a famine of catastrophic proportions. Approximately a million

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4 C. Ó Gráda, *Ireland before and after the famine. Explorations in economic history, 1800-1925*, Manchester, 1993, p. 1.

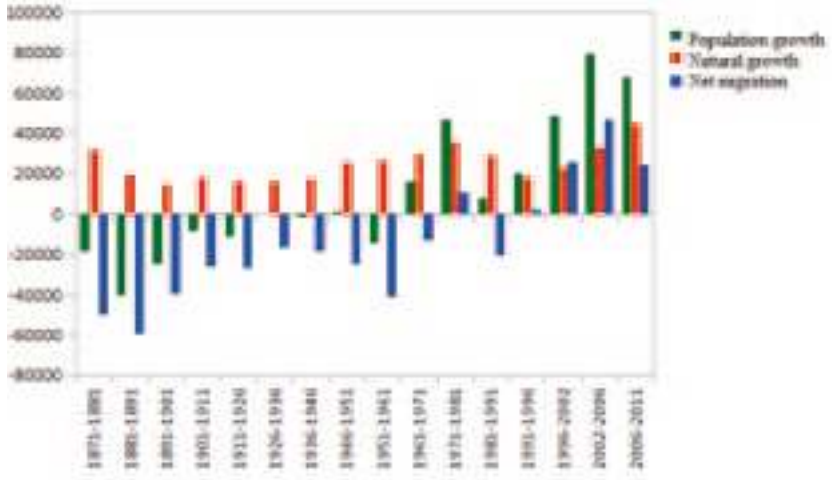
5 While famine was still sweeping the country, Charles Trevelyan, responsible for the food aid to Ireland, published his book *The Irish crisis*, in which he called the catastrophe (among other things) 'a direct stroke of an all-wise and all-merciful Providence'. C.E. Trevelyan, *The Irish crisis*, London, 1848, p. 201. Trevelyan, and many with him, blamed the population explosion and the famine on the moral depravity (lack of sexual self-control) of the poor, an evil which would only spread if food aid was distributed.

6 C. Ó Gráda, *The great Irish famine*, Cambridge, 1989, pp. 26-27.

7 C. Kinealy, *This great calamity. The Irish famine 1845-52*, Dublin, 1994, pp. 6-32. In the nine months succeeding the potato harvest, the average adult man in Ireland consumed a staggering 4.5 to 5.5 kg potatoes on a daily basis.

people died of starvation or of disease resulting from malnutrition.[8] Besides the direct human losses due to the Great Famine there are two other characteristics of the Irish demographic collapse which, to this day, make their influence felt: mass migration and changes in the demographic behaviour of those who stayed in Ireland. In this contribution, we leave untouched the matter of whether hunger was the primary cause of these two phenomena or functioned mainly as booster to trends which already existed.

Figure 1. *Changes in population since 1871 (annual average for each census period).*



Source: P.J. O'Connell and C. Joyce, International Migration in Ireland, *2009, ESRI Working Paper No. 339, March 2010, p. 7; CSO,* Census of population 2011. Preliminary results, *30 June 2011.*

A striking feature of post-famine Ireland was the increase in the number of people who opted for a completely celibate life. In 1871, 43 per cent of the women in the age category 15 to 45 years were married, whereas in 1911 this figure had fallen to 36 per cent.[9] In the 1930s, the willingness of the Irish to marry was the lowest ever: half of the 30 to 34-year-olds and no less than 27 per cent of the 50 to 54-year-olds were unmarried. Men who did marry were on average 33 years of age and women 28 years of age.[10] Notwithstanding the lack of popularity of marriage, around 1930, Irish families were the biggest in Europe as a result of the exception-

8 The estimates of the numbers of death resulting from the famine vary from half to one and a half million. P.P. Boyle and C. Ó Gráda, 'Fertility trends, excess mortality, and the great Irish famine', *Demography*, 23 (4), 1986, pp. 543-562.

9 M. Luddy, *Women in Ireland, 1800-1918. A documentary history*, Cork, 1995, p. 5.

10 T. Fahey and C.A. Field, *Families in Ireland: An analysis of patterns and change*, Dublin, 2008, p. 15.

ally high marital fertility rate. While many European countries underwent a demographic transition after the Second World War, Irish fertility figures remained very high up to the 1970s. By way of illustration: as late as 1960, for every 100 first-born children, there were no less than 150 children born into families that already had four or more children. These were mostly poor working class families who suffered greatly from the sky-high import taxes on clothing and footwear.[11] Besides the close entanglement of Catholic social teaching and government policy, the large age difference between man and wife in marriage may help to explain why family planning did not catch on in Ireland.[12] In half of the marriages, the man was five years older than the woman and, in a quarter of the marriages, even ten years, which was probably not conducive to the emancipation of women. Parents also knew that if there was not enough work, their children could go to Great Britain.

The decline of the Irish population continued when the twentieth century dawned, although the tempo in which it took place slowed drastically. The expectation among Irish politicians was that the demographic tide could be turned as soon as Ireland had cast off the British yoke. In 1931, Éamon de Valera (1882-1975), for decades the dominant figure on the political stage of the young Irish Republic and founder of the default party in power Fianna Fáil, claimed that the implementation of his economic programme would yield enough resources for a population of twenty million.[13] That turned out to be grandiloquence. The first four decades of the Irish independence, received in 1922, were marked by stagnation from the demographic as well as the economic point of view. In this sense, *figure 1* speaks volumes: the natural population growth was more than cancelled out by the negative migration balance. Migration was at its peak in the 1950s, when Ireland lost 41,000 people annually on balance. These were primarily young adults who left to go to Great Britain. The cumulative effect of this migration became visible in the 1961 census, when Ireland still only numbered 2.8 million inhabitants and reached its absolute all-time demographic low.

Although in the predominantly agricultural Ireland the level of public services in the period of 1841 to 1961 naturally cannot be compared with those of Germany today, the population decline was not without consequences. Because the decline chiefly took place in rural areas, the Irish were concerned about the quality of life in the country. Not only did the maintenance of churches and schools exert increasing pressure on a shrinking population and were uneconomic railway lines closed, but the psychological climate deteriorated too. The Commission on Emigration and Other Population Problems, or the Emigration Commission for short, wrote in its 1954 report it was impressed with the 'relative loneliness, dull-

11 Ibidem, p. 21; M.E. Daly, 'Marriage, fertility and women's lives in twentieth-century Ireland (c. 1900-c. 1970)', *Women's History Review*, 15 (4), 2006, pp. 571-585, pp. 579-580.

12 Daly, 'Marriage, Fertility and Women's Lives in twentieth-century Ireland', p. 582.

13 H. Patterson, *Ireland since 1939*, Oxford, 2002, pp. 78-79.

ness, and general unattractive nature of life in many parts of rural Ireland.'[14] As regards urban dynamics, Ireland also withheld from the developments which were taking place elsewhere in Europe. Industrial estates and residential districts were being built in rapid succession in other countries, certainly in the post-war years. In Ireland, however, the construction of the town Shannon was the only witness to any planning on a larger scale.[15] At the same time, it may be assumed that the massive emigration did lead to a decrease in the social tensions that often arise in a situation of economic hopelessness and population growth.

The delayed demographic transition: population trends after 1961

Demographic changes take place slowly, but if one year can be pinpointed as a turning point then it is 1961. In fact, from that census year the Irish population has shown a marked and almost uninterrupted upward trend. This reversal can chiefly be attributed to changes in the migration balance, which were strongly influenced by the economic revival which Ireland underwent from the end of the 1950s. Then the unsuccessful strategy of import substitution and the vain hope of an Ireland full of family farms were dropped in favour of free trade, export focus and foreign investments. This link between economic performance (mainly jobs), the migration balance and the size of the population runs as a connecting thread through the post-war history of Ireland. With a little exaggeration it can, therefore, be said that Irish population policy is, in essence, economic policy. From the late 1970s, the reproductive behaviour of the Irish also began to look much more like the European average. This seems to indicate that Ireland slowly started to give up its unique demographic position until the country, fairly unexpectedly, had an unprecedented economic and demographic growth spurt in the mid-1990s.

Fertility

The Irish fertility rate remained far above the European average until the early 1970s (3.98 in 1971), when it rapidly decreased (2.09 in 1991) to fall below the replacement level of 2.1 in the following two decades.[16] It looked as though Ireland would become an average European country as regards fertility, but after a further slight drop (1.90 in 2000) fertility has been increasing again in recent years (2.07 in 2009).[17] A rise can, incidentally, also be seen in the European Union as a whole, from 1.47 in 2002 to 1.54 in 2008. Irish fertility appears, thus, to have

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14 Cited in: T.W. Guinnane, *The vanishing Irish: Households, migration, and the rural economy in Ireland, 1850-1914*, Princeton (NJ), 1997, pp. 9-10.

15 M.E. Daly, *The slow failure. Population decline and independent Ireland, 1920-1973*, Madison (WI), 2006, pp. 245-246.

16 Department of Health and Children, *Health statistics 2002*, p. 36. (http://www.dohc.ie/)

17 Department of Health and Children, *Health in Ireland. Key trends 2010*, p. 6.

stabilised at an appreciably higher level than in the rest of the EU. These figures are, naturally, averages, but the fact that in 2003 for every 100 first-born children, a mere 11 (compared to 150 in 1960) newborns had four or more older siblings, indicates that the traditionally-large Irish family has become an exception.[18]

Marriage

The 30 per cent growth of the Irish population in the last twenty years despite this large decrease in fertility cannot simply be attributed to Ireland's noteworthy appeal as a destination for migrants since the mid-1990s. The cause of the recent increase in population also lies in the formation of new families: the number of marriages increased by 40 per cent between 1995 and 2006. The number of first-born children rose by 57 per cent between 1994 and 2006; the number of second-born children rose by 43 per cent and the number of third-born children also increased − only slightly, but nonetheless this is a remarkable fact when viewed against the demographic background of other countries.[19] The fall in fertility discussed above is, therefore, compensated for by the substantial growth in the number of small families.

To a certain extent, the growth in the number of marriages is simply linked to the population growth since the 1960s, but there are two other explanations that play a role in this phenomenon. The first is that, since 1997, it has been possible to apply for a divorce in Ireland and, therefore, to marry again. Secondly, in the 1990s, the willingness to marry among single thirty- and forty-year-olds increased considerably. Presumably they were people who, perhaps because of the poor economic circumstances in the 1980s, had delayed marrying, because the desire to marry among young adults continues to fall.[20] This latter development may be linked to the increasing acceptance of cohabitation and having children without being married. Until the 1980s only a few per cent of children were born out of wedlock, but this figure has risen extremely fast since then. By the end of the 1990s around one in three children was born out of wedlock.[21]

Dejuvenation and ageing of the population

Given the large-scale demographic changes that have recently taken place in Ireland, it is remarkable that some indicators – in this case the proportion of people who are 65 years of age and older in the total population – have been stable for almost a century. Since 1920, the proportion of elderly people in the Irish population fluctuated around ten per cent. From an international perspective that was on the high side, but now – in the light of the ageing in other countries – this seems

18 Fahey and Field, *Families in Ireland*, p. 33.
19 Ibidem, p. 33.
20 Ibidem, p. 7.
21 CSO, *Vital statistics. Third quarter 2010*, Dublin, 2011, p. 4.

a very modest percentage.[22] In 1950, Ireland took 5th place in the list of countries with the oldest populations; by 2000 it had fallen to 38th position.[23] This is an exceptional situation, particularly when viewed in a European context: the proportion of people who are 65 and older in all the other 26 member states of the European Union increased between 1990 and 2010, but remained the same in Ireland. This country currently has a very favourable ratio of working-age population to retired people and this is expected to remain so in the coming decades. The old age dependency ratio in 2010 was 18.5 per cent and, in 2026, will be around 25 per cent, compared with a European average of 28 and 37 per cent respectively.[24]

The number of senior citizens will have doubled to around a million by 2031, but because the population as a whole will continue to grow considerably, the proportion of elderly people will remain limited to 18 per cent.[25] Only in 2041 will the proportion of elderly people rise to that currently the case in Germany, that is, about 22 per cent. Only 3.6 per cent of the Irish Gross National Product (GNP) will then be used for pensions, as opposed to the OECD average of 7 per cent.[26] In spite of this, the pensionable age is being raised in steps to 68 years in 2028. This is an element of the comprehensive financial support package from the EU and the International Monetary Fund (IMF) in consequence of the banking crisis in Ireland. The ratio between retired and working people is still very favourable (1 to 5.6) but will inevitably change as a result of the ageing, the expectation being 1 to 2.6 in 2041 and 1 to 1.8 in 2061. The fact that occupational and private pensions in Ireland do not yet amount to much and that most people are dependent on public pensions must also be taken into account.[27] On the other hand, Irish senior citizens have a much higher degree of labour force participation (14.4 per cent) than the average in the European Union (6.6 per cent).[28]

The relatively modest number of elderly people in Ireland naturally has to do with the substantial influx of often young migrants and the high birth rate, but is also a result of the wholesale exodus of young adults in the 1950s. Many haven't

22 T. Fahey, 'Population', in: S. O' Sullivan (ed.), *Contemporary Ireland. A sociological map*, Dublin, 2007, pp. 13-29, pp. 14-15.

23 D.T. Rowland, 'Global population ageing: History and prospects', in: P. Uhlenberg (ed.), *International handbook of population ageing*, Dordrecht, 2009, pp. 37-65, p. 44.

24 European Commission, *Demography report 2010*, p. 61; CSO, *Ageing in Ireland 2007*, 2007, p. 12.

25 R.A Kenny and A. Barrett, 'Introduction', in: A. Barrett et al. (eds.), *Fifty plus in Ireland 2011*, pp. 11-21, p. 14.

26 OECD, *Pensions at a glance 2011: Retirement-income systems in OECD countries (Ireland)*, p. 1. (http://www.oecd.org/)

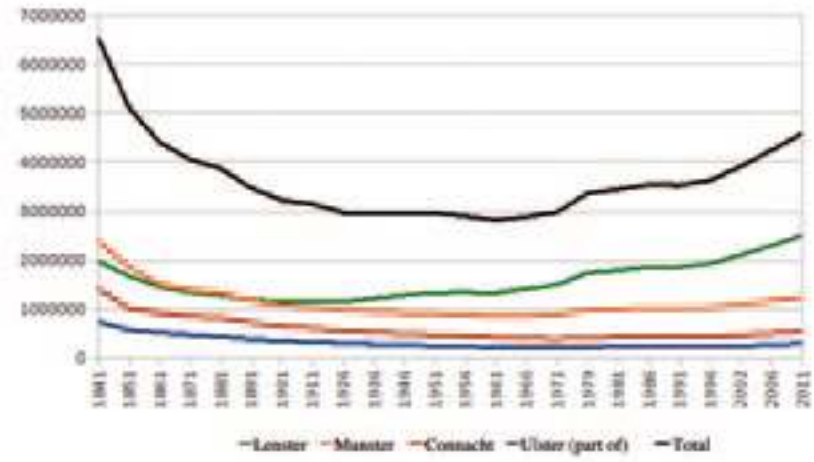
27 L.F. Agudo and M.A. García, 'The Republic of Ireland: A young country, but is it young enough to avoid future problems in public pensions?', *Pensions*, 15 (4), 2010, pp. 259-267.

28 CSO, *Ageing in Ireland 2007*, p. 24.

returned to Ireland and have reached pensionable age abroad.[29] This explanation is simultaneously a warning for all too much optimism about the affordability of the Irish pensions, because as discussed briefly below, the migration of young Irish people is once more booming.

Another reason is that, until the early 1940s, the life expectancy of the Irish was only about sixty years. Furthermore, in the 1930s, Ireland was the only European country in which women had a lower life expectancy than men. This is a fact which has remained largely unexplained, although the very high birth rate can have contributed in the sense that, for some women, the childbed became the deathbed.[30]

Figure 2. *Population by province 1841-2011.*



Source: CSO, Statistical yearbook of Ireland 2010, *Dublin, 2010, p. 7; CSO,* Census of population 2011. Preliminary results, *30 June 2011.*

Migration

It is said that seventy million people all over the world can claim Irish origins. Whether this figure is anywhere near the truth or not, the magnitude of the Irish dispersion is a living witness to the turbulent Irish past. If one uses a narrower definition of 'Irish', the size of the diaspora naturally shrinks considerably but,

[29] Nevertheless, 22 per cent of pensioners have lived abroad for at least six months, which hints at the extraordinary extent of the migration from and to Ireland. Y. Kamiya and N. Sofroniou, 'Socio-demographic characteristics of older people in Ireland', in: A. Barrett et al. (eds.), *Fifty plus in Ireland 2011*, pp. 23-36, p. 24.

[30] C. Ó Gráda, *A rocky road. The Irish economy since the 1920s*, Manchester, 1997, pp. 207-208.

measured against the modest size of the population in Ireland, it is still impressive. Approximately three million Irish people live abroad, 1.2 million of whom were born in Ireland.[31] In the Irish context, migration is not just a demographic component but rather the driving factor in the development of the population of Ireland.

The familiar migration pattern comprised Irish people who wanted to escape from the lack of economic prospects and fan out all over the world, although many did not go further than neighbouring Great Britain. Due to its proximity, its comparatively gigantic labour market and the lack of language barrier and visa requirement, the latter country had a tremendous attraction for the Irish. This is why they react more strongly to differences in remuneration than migrant workers in other countries. Recently, however, migration has acquired a new dimension for Ireland. In the 1970s, for the first time, Ireland attracted migrants on balance. This started because of a considerable increase in the jobs available, which caused some of the earlier emigrants to retrace their footsteps and go back home.[32]

In the first instance it was also returning Irish migrants who in the 1990s formed the major part of the for Ireland unprecedented influx, attracted by the astounding economic success of the Celtic Tiger. The ethnic composition of the stream of migrants was very limited from a European perspective. In 1991, more than two out of three migrants still originated from the United Kingdom and the United States; similarly, two out of three had the Irish nationality and half of those who were not Irish were British. Later, the flow of migrants diversified rapidly and in 1996, for the first time, half of the immigrants did not have the Irish nationality.[33] The trend continued and greatly changed the composition of the Irish society in a very short time. Ireland transformed from an ethnically homogeneous, largely agricultural country into an economic magnet which exerted a great deal of attraction on migrants from the new (mainly Eastern European) member states of the European Union. The fact that between 2002 and 2006 the proportion of Irish in the Irish population fell from 94.1 to 89.8 per cent is very revealing. Incidentally, the migrant community in Ireland is not as varied as elsewhere in Western Europe. In 2006, more than a quarter of the inhabitants who were not Irish had the British nationality and the number of Polish and Lithuanians together was larger than all nationalities from Africa and Asia combined.[34]

The net migration has been responsible for more than half of the growth in population during the last ten years (*table 2*). The knowledge that the perfor-

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31 Kamiya and Sofroniou, 'Socio-demographic characteristics of the migration from and to Ireland', p. 30.

32 Ó Gráda, *A rocky road*, pp. 216-217.

33 G. Hughes and E. Quinn, *The impact of immigration on Europe's societies: Ireland*, Dublin, 2004, p. 9. (http://www.esri.ie/)

34 CSO, *Statistical yearbook of Ireland 2010*, p. 14. Socioeconomic and geographic profiles of the largest ethnic minorities can be found in CSO, *Census 2006. Non-Irish nationals living in Ireland*, Dublin, 2008.

mance of the national economy is the determining factor for that balance obliges us to be cautious in predicting Irish population trends. This is being painfully corroborated by the economic crisis which has had Ireland in its clutches since 2008. Unemployment has almost quadrupled in a couple of years' time to nearly fifteen per cent (2011), which has had its repercussions on the migration figures.[35] Ireland hasn't counted as few immigrants since 1994 and as much emigrants since 1989, the net result being the largest negative migration balance (-34,500 people) of the last twenty years. It must be said that the draconian austerity programme, which will be implemented under the close supervision of the IMF and the European Union, will be felt for a long time yet.

Table 2. *Demographic indicators 2000-2010.*

Year (in April)	**Births** *(x1000)*	**Deaths** *(x1000)*	**Natural growth** *(x1000)*	**Emigrants** *(x1000)*	**Immigrants** *(x1000)*	**Net migration** *(x1000)*	**Growth in population** *(x1000)*
2000	54.0	32.1	21.8	26.6	52.6	26.0	47.9
2001	55.1	30.2	24.8	26.2	59.0	32.8	57.7
2002	58.1	29.3	28.8	25.6	66.9	41.3	70.0
2003	60.8	28.9	31.9	29.3	60.0	30.7	62.6
2004	62.0	28.6	33.3	26.5	58.5	32.0	65.3
2005	61.4	27.9	33.5	29.4	84.6	55.1	88.6
2006	61.2	27.0	34.2	36.0	107.8	71.8	106.0
2007	65.8	27.0	38.8	42.2	109.5	67.3	106.1
2008	72.3	27.7	44.6	45.3	83.8	38.5	83.1
2009	74.5	29.4	45.1	65.1	57.3	-7.8	37.3
2010	74.1	28.2	45.9	65.3	30.8	-34.5	11.4

Source: CSO, Population and migration estimates (April 2010), *21 September 2010, p. 2.*

[35] CSO, *Live register May 2011*, 1 June 2011; CSO, *Population and migration estimates (April 2010)*, 21 September 2010, p. 2. (http://www.cso.ie/)

Figure 3. *Provinces and traditional counties of Ireland.*

Source: William MacKenzie/Andrein (Wikimedia Commons).

Regional developments

The urbanisation in Ireland was late getting into its stride. Despite the population explosion in the eighteenth century, only 7 per cent of the Irish lived in cities of more than 10,000 residents around 1800, as opposed to 20 per cent in England and 17 per cent in Scotland. In 1750, however, Dublin was already the second largest city of the British Isles with 130,000 residents, an early portent of Dublin's

highly prominent position compared to other urban areas in Ireland.[36] Although the degree of urbanisation in Ireland is well below the European average (61.6 versus 73 per cent according to the United Nations), Ireland is a European front runner in terms of the percentage of city dwellers living in a single urban agglomeration. Dublin, with 39 per cent of the Irish urban population, is third on the European list behind Athens (47 per cent) and Lisbon (43 per cent).[37] The degree of urbanisation in Ireland is expected to rise to 78 per cent in 2050 and, in doing so, will follow the European trend, although at a good distance.

In many European countries, the combination of the urbanisation process and decreasing population growth leads to an exodus from the rural areas. Ireland, on the other hand, is facing strong population growth which, moreover, is fairly evenly distributed over the country. Dublin is, without doubt, the dominant urban agglomeration, but the city is not draining the Irish country. On the contrary, Dublin's growth in population even lags behind that of the seven other NUTS-3 regions in the country in forecasts for the period from 2011 to 2026. It could – depending on how the internal migration develops – even make a complete turnabout and decrease by more than 100,000 people compared with 2006.[38] Only two Irish counties (Limerick City and Cork City) have had to deal with limited population decline, but the fact that the counties Cork and Limerick are among the greatest risers shows that this is only a population shift to the adjacent suburban area.[39]

The smallest administrative unit is the electoral division, of which Ireland has

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36 R.A. Houston, *The population history of Britain and Ireland, 1500-1750*, London, 1992, p. 32. Besides Dublin, Ireland currently only has three cities with more than 50,000 residents: Cork, Limerick and Galway.

37 United Nations, *World urbanization prospects. The 2009 revision*, New York, 2010, pp. 26, 42. However, the OECD alleges that the degree of urbanisation in Ireland is less than 30 per cent (approximately 10 per cent below the OECD average). OECD, *Trends in urbanisation and urban policies in OECD countries: What lessons for China?,* 2010, p. 26.

38 For statistical purposes, Eurostat has divided the European Union into various NUTS levels (Nomenclature of Territorial Units). The territorial unit NUTS-2 is frequently used by Eurostat and statistical agencies of the European member states to map regional demographic developments. In the case of Ireland, which consists of only two European NUTS-2 regions, this division is too crude to illustrate regional developments. This is why the eight Irish NUTS-3 regions are given below, with the administrative units falling under them given in brackets: Dublin (Dublin City, Dún Loaghaire-Rathdown, Finegal, South Dublin), Mid-East (Kildare, Meath, Wicklow), Mid-West (Clare, Limerick City, Limerick County, North Tipperary), South-East (Carlow, Kilkenny, South Tipperary, Waterford City, Waterford County, Wexford), South-West (Cork City, Cork County, Kerry), Border (Cavan, Donegal, Leitrim, Louth, Monaghan, Sligo), Midland (Laoighis, Longford, Offaly, Westmeath), West (Galway City, Galway County, Mayo, Roscommon).

39 CSO, *Census 2006. Preliminary report*, Dublin, 2006, p. 10; CSO, *Census of population 2011. Preliminary results*, 30 June 2011.

3,440. Less than 900 of these electoral divisions experienced a decrease in population between 2006 and 2011, more than 700 grew by at least 15 per cent and another 550 by more than 10 per cent. There is a larger concentration of electoral divisions with a decreased population in the western half of the country, but otherwise the structural significance of these population changes seems limited. After all, the question concerns very small population figures for each unit (3,440 divisions for a population of 4,581,269). The growth and shrinkage regions are mixed up criss-cross between one another so that no clear regional patterns can be derived from them.[40]

For a long time, the Irish countryside was a supplier of migrants, who frequently sought their salvation abroad rather than in the capital city, but we can now say that it is undergoing a renaissance. Interpretations of the terms 'urbanised' and 'rural area' vary considerably, but however it is defined, the trend is the same: the Irish rural population is growing. If the static official Irish definition of rural and urban areas is adhered to, the rural population grew between 1991 and 2006 by 29 per cent, compared with almost 10 per cent growth in urban areas. If the dynamic OECD method (which uses an upper limit of 150 residents per square kilometre for rural areas) is used, the ratios are precisely the reverse (almost 9 per cent rural population growth), which is still a remarkable development in European perspective.[41]

The composition of the population in rural regions promises a vigorous future for the Irish countryside, assuming that the Irish economy climbs out of its deep abyss. The proportion of the age category 5 to 19 years decreased less between 1991 and 2006 than in urban areas and the category 25 to 44 years grew by a third. This is the crucial group for family formation, a group which, furthermore, has to rely on itself for social and economic security and, thus, on employment in the region. Unlike the situation in urban areas, the proportion in the group aged 65 to 79 years decreased, a late echo of the familiar flight from the country to the city or abroad. The course of demographic history only seems irreversible on the Irish islands, which have never been densely populated anyway. The number of residents decreased from 34,219 in 1841 to 8,983 in 2006, although the island population has been reasonably stable for the last twenty years.[42] This may be related to the services provided on the islands, which are perceived as greatly

40 CSO, *Census of population 2011*, p. 5 shows the percentage changes for the 3,440 electoral divisions, in colour.

41 D. Meredith, 'Population and settlement change in the Republic of Ireland 1991-2006. Demographic impacts and implications for rural areas', in: Teagasc Rural Economy Research Centre, *National rural development conference 2008*, Galway, 2007, pp. 41-61, p. 49. (http://www.teagasc.ie/). Depending on the definition, only two to four per cent of the Irish land area is classified as urbanised area.

42 CSO, *Population (number) by off Shore Island, sex and year*. (http://www.cso.ie/)

improved by the vast majority of the residents.[43] Public transport, in particular, is essential for the quality of life on the islands. The increase in car ownership has also made many of the services accessible for rural residents, but island residents are still usually dependent on the boat connections with the mainland. These connections have been improved since the 1970s, particularly with the Irish-speaking communities, and electricity and running water have become available. More recently, the telecommunication network has been fundamentally modernised, which has not only been beneficial for the residents, but has also enhanced the potential of the islands for tourism.

Population politics and liberalism in Ireland

Ireland can hardly be considered a European country from neither the demographic nor the political-ideological point of view. Most European countries have a social-democratic, Christian-democratic (conservative) and a liberal political movement, but only the first of these three has blossomed in the Republic of Ireland, with the caveat that, for a long time, the Irish Labour Party was an outsider in the European social-democratic family because of its marginal political influence and its often clerical attitude. In the first place, the political landscape was dominated by Fianna Fáil and subsequently by Fine Gael, two conservative, nationalistic people's parties which had close relationships with the Irish Catholic church. The difference between Fianna Fáil and Fine Gael can be traced back to the chaotic genesis (1919-1923) of the Irish Republic and are difficult to fathom for non-Irish observers. Furthermore, the distinction has lost significance over the course of time, so that a columnist on the eve of the last elections sighed that 'listening to some of the differences between Fianna Fail and Fine Gael is like eavesdropping on Gulliver's Lilliputians as they quibble about which end of their boiled eggs to crack.'[44]

Liberalism as political ideology has never amounted to much in independent Ireland. After a decade of free trade and limited government by Fine Gael and its predecessor, in 1932 Fianna Fáil came to power with an explicitly illiberal programme: 'economic interventionism, state-led industrialisation, discouragement of foreign investment and import substitution industrialisation behind high tariff walls were given a determined trial between 1932 and 1959.'[45] This nationalistic and protectionist economic policy was fed by the ideal of industrial self-suffi-

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43 M.D. Cross, 'Service availability and development among Ireland's island communities – the implications for population stability', *Irish Geography*, 29 (1), 1996, pp. 13-26.

44 M. Devlin, 'Put country first, Michael – and merge with Fine Gael', *Irish Independent*, 27 January 2011.

45 T. Garvin, 'Democratic politics in independent Ireland', in: J. Coakley and M. Gallagher (eds.), *Politics in the Republic of Ireland*, London and New York, 1999, pp. 350-363, p. 360.

ciency and of an Irish countryside full of family farms. Regarding to its aims the policy failed miserably. Hundreds of thousands of workers crossed the Irish Sea to work in British industry, however much Prime Minister De Valera claimed that they were not doing themselves a service when they did so: 'There is no doubt that many of those who emigrate could find employment at home at as good, or better, wages − and with living conditions far better − than they find in Britain' where according to De Valera as many as fifty labourers lived in very cramped conditions under a single roof.[46]

Despite the exceptionally high marital fertility, Irish politicians and priests were concerned about a possible decline of the Irish family. With mistrust, they saw how in Great Britain, for example, contraceptives within the marriage became more and more broadly accepted. In 1929, the freedom of publication was, therefore, curbed by the Censorship of Publications Act, which also censored printed matter that prompted 'the unnatural prevention of conception'.[47] Not long afterwards, the import and sales of contraceptives themselves were forbidden. It was not until 1979 that the sales of contraceptives were legalised for married couples and until 1992 for unmarried people aged seventeen years and older. From the viewpoint of population politics, the concerns about the size of families were rather remarkable, given the impressive numbers of Irish who did not practise family planning or sought salvation abroad anyway. In the strict reproductive sense, the population politics may have been successful, but from the broader demographic point of view, they were a failure: the country could only offer any kind of future to some of its children.

The uneasiness about smaller families was shared by the previously mentioned Emigration Commission, the first and so far only time that Ireland explicitly examined the possibilities of population politics. 'The downward trend in family size is unwelcome and every effort should be made to arrest it', the Commission said in 1954.[48] But ultimately it advised against forms of direct government intervention, such as restricting emigration or granting marriage loans, which would erode individual freedom.[49] It had become obvious, moreover, that there was a clear link between economic prospects, the migration balance and the demographic developments in Ireland; attempts at population politics would break down as a result of the unsavoury socioeconomic reality anyway. The most significant instrument relating to population politics that the commission advocated was, therefore, the economic development of Ireland.

At the end of the 1950s, when nearly a million, mainly young, Irish people

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46 Cited in: Daly, *The slow failure*, p. 270.

47 Cited in: Daly, 'Marriage, fertility and women's lives in twentieth-century Ireland', pp. 574-575.

48 Cited in: B.M. Wash, *Some Irish population problems reconsidered*, ESRI General Research Series No. 42, 1968, p. 6.

49 K.A. Kennedy et al., *The economic development of Ireland in the twentieth century*, London, 1988, pp. 150-152.

had already turned their backs on their independent country, the pursuit of economic autarky was abandoned and Ireland opened up to foreign investments.[50] This change in course is reflected in the size of the population: since the demographic trough in 1961, Ireland has had more inhabitants at every successive census. The 1960s and 70s were a golden age by Irish standards, though the country lagged behind in terms of Western European criteria. In the mid-1980s Ireland was still dangling at the bottom of the European table as regards economic performance. 'Plausible reasons for that poor performance – tariff protection, misguided fiscal policies, a bloated public sector, the power of sectional interests, a poorly-functioning labour market, the wrong investment mix, the lack of competition, emigration and the brain drain, an anti-success cultural ethos – were not hard to find.'[51] As per the usual pattern, the numbers of emigrants shot up, resulting in a minimum population growth in the 1980s.

Likewise, the rapid increase in population since the 1990s is also linked to Ireland's unprecedented economic success, enabled by a liberal economic regime focusing on the reduction of taxes, fiscal austerity and privatisation. The subsidised services (child care, paid maternity leave, et cetera) for Irish parents and children are, indeed, still more frugal than in many other European countries, which is a further indication of the weak effect of measures aimed at raising the fertility rate.[52] Another interesting point is that employment among Irish women, which has grown enormously, coincided with the *boom* in family formation, while the fertility stabilised at an extremely high level by European standards. It is, for liberals, an encouraging conclusion that greater economic independence and reproductive self-determination of women are not merely objectives worth striving for in themselves. Contrary to what conservatives often feared, these factors can also form important building blocks for achieving balanced demographic development.

50 Ó Gráda, *A rocky road*, p. 1.
51 Ibidem, p. 2.
52 Fahey and Fields, *Families in Ireland*, pp. 40-41.

V. The localist revolution

Demographic decline in Great Britain

Tristan Duchenne

In the 1930s, the British Empire was the most powerful in the world, with no less than a quarter of the global population (500 of the approximately 2000 million) within its borders. At the time, the Malthusian economist John Maynard Keynes was afraid that it would, at some point in the future, meet with disaster as a result of a structural decrease in its population. This concern was based on the thoughts of the British economist Thomas Malthus. The latter's ceiling theory that population growth is bounded by the limited availability of raw materials has, to be sure, been superseded by the nineteenth century Industrial Revolution, but it has a timeless origin in the principle of a mismatch between the supply and demand sides of the economy. This was, thus, the basis for Keynes' modern anxiety regarding a British decline for demographic reasons.

Although the geopolitical power base did, indeed, shift to the other side of the Atlantic Ocean after the Second World War, demographic decline cannot in any way be deemed one of the causes. Quite the reverse: by mid 2050, the United Kingdom will have replaced Germany as the country with the most inhabitants in Western Europe with 77 versus 71.5 million people.[1] With an increase of 23.8 per cent of the current population (62.2 million) and a continuing growth in fertility, British demography runs radically counter to the general European trend. The average European Total Fertility Rate (TFR) – the number of children a woman would have if she lived through her entire reproductive life and experienced current age-specific fertility rates – is in fact 1.6, whereas a fertility rate of 1.9 has been established for the British. The last three decades have also shown a rise in fertility, the primary reason being the social emancipation of women, who now also bear children at a later age (that is, in their thirties and forties). This change in culture has chiefly manifested itself in the recent past – since 2001 the growing fertility has been accompanied by a substantial decrease in the number of marriages.[2]

According to the academic journal *Demographic Research*, marriage and family are not, however, bygone ideals from the pan-European point of view, ('on the contrary'), but in the spirit of contemporary times, more the result of a well-

[1] Unless otherwise stated, all the statistics in this essay have been derived from the Population Reference Bureau's 2010 World Population Data Sheet.

[2] http://www.guardian.co.uk/uk/datablog/2010/apr/23/factfile-uk-population-immigration-race-marriage/.

considered decision than they used to be. 'What has changed is the motivation for parenthood. Childbearing is less frequently seen as a "duty towards society" or as an inescapable destiny, and it has increasingly become a result of a second demographic transition, "a quintessential narrative of ideational and cultural change".' The first transition was the phased shift from a community with high to low birth and death rates, which took place between 1750 and 1960, roughly speaking. The second transition, the journal continues, distinguishes itself from the first through an 'overwhelming preoccupation with self-fulfilment, personal freedom of choice, personal development and lifestyle, and emancipation, as reflected in family formation, attitudes towards fertility regulation and the motivation for parenthood.'[3] From the liberal rationale – which elevates self-determination and development to things of paramount importance – this can only be seen as praiseworthy.

In 2009, this concerted action between the British birth and death rates even resulted in a natural increase in population that ousted the positive migration balance, for the first time since 2001, as the main cause of growth of the British population. And it should be noted that this happened in a period of economic ebb, when uncertainty regarding people's jobs and financial situations generally has a negative effect on fertility. The rise in fertility is also remarkable because the British government does not pursue a birth rate policy such as that which has already existed in France since the nineteenth century. In 1870, France lost the French-Prussian war against Germany and feared that, without birth rate politics, it would not be a match for the newly-emerged empire in the future either. This policy has persisted to this day with generous allowances and schemes which endeavour to make having children *compatible* with enjoying a career. The British government has not turned to intervening in the bedroom and, given the high fertility rate, does not feel called to do so either. According to Wendy Sigle-Rushton, an expert on the field of social policy and family formation, the opposite is even the case. 'In contrast to most other countries in the "high fertility belt", the government has been reluctant to implement policies to encourage childbearing, and many of its policies aimed at supporting families with children reinforce a traditional gendered division of labour. In this context, women may find it difficult to combine (full-time, well-paid) work and childbearing. Put simply, fertility appears to have remained stable despite, rather than because of, government actions.'[4] As

3 T. Sobotka, 'The diverse faces of the Second Demographic Transition in Europe', *Demographic Research*, 19, July 2008, p. 172. There is a certain degree of ambiguity among scholars regarding the precise aspects of the second demographic transition, but it is assumed that this began in the West with a breakthrough in the area of contraceptives during the 1960s, and subsequently spread to the South and East of Europe.

4 W. Sigle-Rushton, 'England and Wales: Stable fertility and pronounced social status differences', *Demographic Research*, 19, July 2008, pp. 494-495. The 'high fertility belt' is a construction of the Czech demographer Tomáš Sobotka and – in addition to the United Kingdom – comprises countries in the North West of Europe: France, Ireland, Denmark, Finland, Iceland, Norway and Sweden.

already pointed out, even a possible competition with Germany would not be reason to engage in this form of government intervention in the individual's view of life. After all, the demographic figures noted by the United Kingdom in recent decades refute the tenor of John Keynes' 'prophetic' words in a radical fashion.

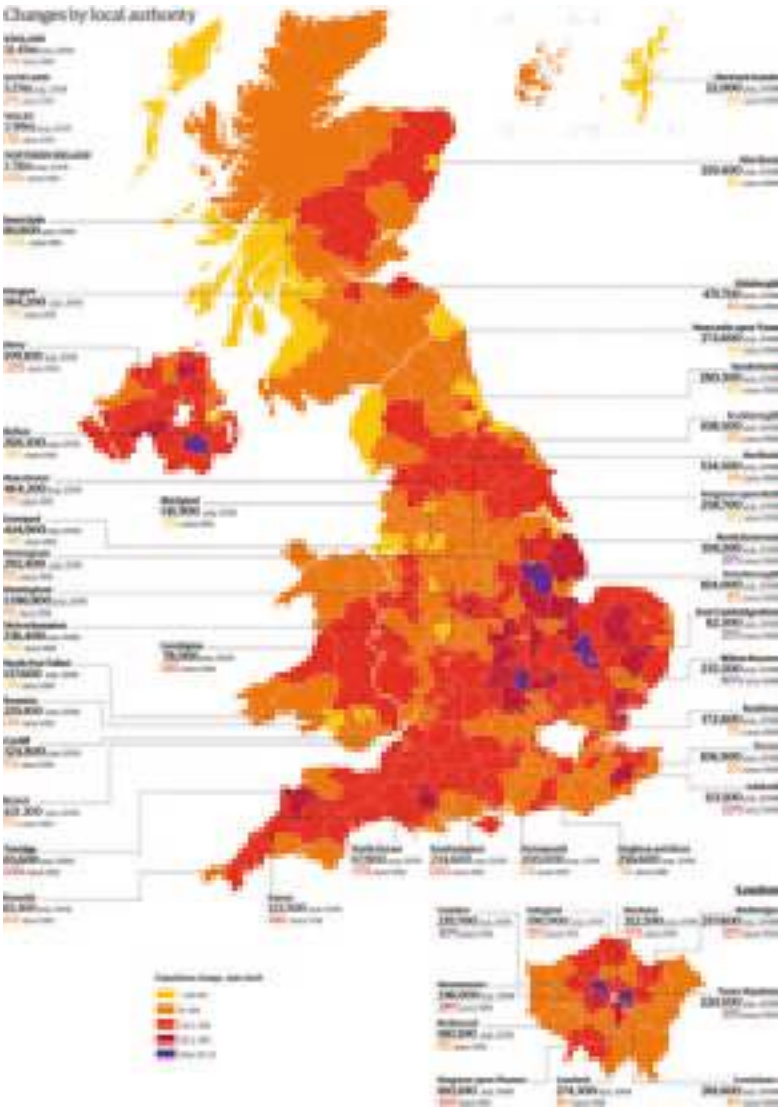
Demographic decline at the nation state level may be an unknown phenomenon to the British as a whole, but this does not apply to certain specific regions. Besides the East of Scotland and the South of Wales, this chiefly concerns the northwest (Lancashire and Cumbria) and the northeast (Northumberland) regions of England; this argument will be directed primarily at these latter areas. In the southeast of England, a process is taking place which corresponds more to the developments on the nation state level. The extraordinary growth in the economy and population in Milton Keynes (Buckinghamshire), East Cambridgeshire and North Kesteven, in particular, appears to be based on the people follow jobs principle – the size and destination of migration flows are prompted by the condition of the economy. If this development continues, Milton Keynes, one of the so-called new towns established in the 1960s, will be a larger city than say Liverpool and Nottingham by mid-2050. This city, with a current population of around 230,000 people, was growing at a rate of no less than thirty per cent as early as 1991.[5]

Northeast England is undergoing another radical development – shrinkage. This can definitely not be attributed solely to urbanisation – which, with a national level of no less than ninety per cent, is traditionally high – but is mainly due to the departure of young adults (people in the age category of 15 to 29 years). A clear example of this can be seen in Sunderland, a city which, in the last few decades, has had to make a break with the heavy, severely outdated industry which was grafted to the shipping traffic to a modern, more technical economy (chiefly realised in the car industry and office jobs). The diversity in the jobs on offer is, however, low and this manifests itself both in the non-utilisation of the knowledge present in the form of highly-qualified residents and a considerable uniformity as regards people's incomes. This issue is also reflected in the homogeneous offer on the housing market, where many people are frustrated by the lack of possibilities, principally concerning high-value housing. For years this has been the main reason why many people have been leaving. Between 1991 and 2001, the population of Sunderland had already decreased by 11,000 people, and since a few years back, more people have died here than have been born. If this trend continues, Sunderland will have a population of 267,000 in 2021, compared with 284,000 in 1991. The local administration has undertaken to actively combat the shrinkage by, among other things, making building land available for new projects on a large scale in order to give people more choice in both the quantitative and qualitative sense. This is part of a master plan to make the city attractive to live, work and

[5] http://www.guardian.co.uk/uk/datablog/2010/apr/23/factfile-uk-population-immigration-race-marriage/.

study in, in the first place.[6] What strikes one is the resolution of the government to actively fight the shrinkage with a central role for the government. The council of Sunderland is traditionally dominated by the Labour Party, whose vision does not correspond with the liberal body of thought which, these days, is prominent at the national level.

Map 1. *Overview of the percentage change in the size of population by local authority in the period 1991-2008.*



Source: http://www.guardian.co.uk/uk/datablog/2010/apr/23/factfile-uk-population-immigration-race-marriage/

[6] http://www.sunderlandecho.com/news/local/housing_plea_to_halt_population_decline_1_1117371/.

The Cameron-Clegg government, the first alliance between the Conservatives and the Liberal Democrats in parliamentary history, is, in name, the most liberal cabinet that England has ever had.[7] The coalition agreement forged by this cabinet is the pithiest ever – the terse document consists of only 3000 words, none of which refer to demographic decline, regional or otherwise. In my opinion, this has primarily to do with the nature of the coalition agreement and the way in which the coalition came about. In fact, the two parties concerned hold different views on a number of important topics, including the British attitude to Europe and the development and use of nuclear energy. The coalition agreement comprises a list of these difficulties and immediately names the manner in which the two parties will solve them or, in other words, what compromises have been reached. The agreement between the Conservatives and the Liberal Democrats is, for this reason, chiefly a basic declaration of mutual trust; apart from an announcement of cutbacks in the short term to guide Britain through the economic crisis, it does not present a coordinating philosophy for the long-term. Demographic decline in the region and tackling the perceived negative consequences do, however, play a large role in the government's policy and particularly in the vision of the Conservative Party.

With a view to the national elections of 2010, the Tories published the *Conservative Manifesto.* Among other things, the pamphlet includes a paragraph entitled 'Change politics – Make politics more local'.[8] This paragraph concerns a plea, based on the basic liberal premise for reconfirmation and renewal or, rather, reinforcement, of democracy at a local level. In the last four decades, under every government, regardless of political persuasion, there has been a gradual centralisation of power and increase in bureaucracy. However, this development accelerated dramatically under the so-called new-left rule of the Labour Party (1997-2010). According to the Conservatives, the shift of power to the 'distant politicians and unaccountable officials in Whitehall' has severely eroded society's faith in politics and it is time to give citizens control over their own lives again. This must not take place by installing a bureaucratic body of 'phoney citizens juries', but by means of an entirely new form of politics – collaborative democracy, in which people exercise powers that were previously reserved for the state. This philosophy is based on the liberal notion that the more responsibilities people are given, the more responsibly they will behave.

The Conservatives argue that people should have more control over their lives, such as being able to decide where their children go to school and in which hospital they are treated. Furthermore, the Tories want to give citizens more influence

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7 The conservatives and liberals worked together in a coalition under the leadership of the liberal Prime Minister David Lloyd George (1916-1922). The liberals were, however, very divided as regards participation in the government and the support for the coalition therefore came predominantly from the conservative camp.

8 *Invitation to join the government of Britain – The 2010 Conservative Manifesto*, pp. 73-76.

on the way they are governed, the wishes of the individual being central. The 'open source' planning system will enable local residents to indicate precisely what development they have in mind for their neighbourhood and these plans will subsequently be merged in a zoning plan for the entire municipality.

Housing and traffic developers will be obliged to compensate the local authority for the inconvenience and costs of the infrastructure. Some of this compensation will be spent on the development of the neighbourhood and the realisation of explicit local ambitions; a clear incentive for municipalities that aspire to growth. The yearned for relaxation and democratisation of new construction or (private) renovation projects will be further reinforced by the following measures:

- Abolish the power of planning inspectors to rewrite local plans;
- Amend the 'Use classes order' so that people can use buildings for any purpose allowed in the local plan;
- Limit appeals against local planning decisions to cases that involve abuse of process or failure to apply the local plan;
- Encourage county councils and unitary authorities to compile infrastructure plans;
- Give local planning authorities and other public authorities a duty to cooperate with one another;
- And allow neighbourhoods to stop the practice of 'garden grabbing'.[9]

The striking thing here is that all the bodies involved are obliged to work together and combine forces instead of competing or merely advocating their own interests. This is essential for a local democracy with high-quality, efficient services. In the framework of administrative reform, it must be possible to call a local referendum on every local issue if five per cent of the local population endorses the initiative in question. Moreover, the party is also in favour of the introduction of a power of veto on substantial increases in local tax, as well as the increase in the tax and premium burden for companies proposed by Labour. The current powerlessness of citizens is, however, mainly apparent from their helplessness against the closing of municipal services, such as post offices, by the authorities. With the aid of the 'right to bid' principle, citizens should be able to take control of local community services that are threatened with closure from the state. This 'community right to buy' guideline should also enable the local football team to fall under the cooperative management of the faithful flock of supporters. The democratic efficiency of the local administration is further enhanced by the measures below:

[9] Ibidem, p. 74.

- Giving local councils a 'general power of competence', so that they have explicit authority to do what is necessary to improve their communities;
- Ending ring-fencing so that funding can be spent on local priorities;
- Scrapping the hundreds of process targets Labour have imposed on councils;
- Ending the bureaucratic inspection regime that stops councils focusing on residents' main concerns;
- Scrapping Labour's uncompleted plans to impose unwieldy and expensive unitary councils and to force the regionalisation of the fire service;
- Ending the 'predetermination rules' that prevent councillors speaking up about issues that they have campaigned on;
- And encouraging the greater use of ward budgets for councillors.[10]

The core values of this change of course in favour of liberalism seem to me to be decentralisation, responsibility and transparency. The Conservatives have faith in the ability of an inspiring leader to give his/her region renewed vitality and ambition. In the twelve (apart from London) largest cities in England – Birmingham, Bradford, Bristol, Coventry, Leeds, Leicester, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Wakefield – the mayor will be elected, so that the most significant decisions will be broadly supported by the community and, contrary to 'remote and costly quangos' he/she can be held accountable by the local democracy. As an element of the pursuit of decentralisation, the London Government Office will be closed, so that the mayor and the boroughs will have more powers at their disposal. Parallel to this administrative renewal the Conservatives are aiming at greater transparency in the information citizens are provided with. In order to be able to use this political voice in projects responsibly, the public must have knowledge of the estimated costs – the financial management of local administrative agencies must, in any case, be clearer and more accessible to citizens. This and the actual control of citizens over the financial policy in their municipality must be regulated through the full implementation of the Sustainable Communities Act and the reintroduction of the Sustainable Communities Act (Amendment) Bill. This legislation enables citizens and their local councils to submit legislative bills to the central administration in Westminster through the bottom-up principle.

The critical and independent functioning of the local media is an essential condition for the success of the decentralisation of power. Local newspapers must be permitted to assert their rights in the public space by means of other media (such as a television broadcasting station), and at the same time there should be a more selective approach to the information published, whether in the context of a campaign or not, by local authorities from public funds. By way of stimulating decentralisation, the pamphlet ends with the plea for a greater say for citizens in the development of their own living environment.

[10] Ibidem, pp. 75-76.

The Conservatives' government partner developed its own vision on local administration and quality of life in the Liberal Democrat Manifesto. As a relatively new player on the political stage and a small party with no experience in government participation, in the 2010 elections, the LibDems launched an attack on both Labour and the Tories by associating their regimes with old politics which was very distant from the citizens and let districts down.

The section on municipal matters, entitled 'your community', is clearly steeped in this strategy.[11] Just like the Conservatives, the Liberal Democrats aim to retain municipal services, such as the post office, maternity services and emergency medical aid, that are threatened with closure against the wishes of citizens. Other spearheads addressed in this pamphlet were the lack of public security, the dismantled local health care, the expensive and poorly-organised public transport, and the insufficiently heterogeneous housing market as a result of which young people, in particular, move from the areas where they were born. The collection of measures below contain the vision of the Liberal Democrats regarding local administration and quality of life:

- Give local people a real say over their police force through the direct election of police authorities. Authorities would still be able to co-opt extra members to ensure diversity, experience and expertise;[12]
- Give councils greater powers to regulate bus services according to community needs so that local people get a real say over routes and fares;[13]
- Empowering local communities to improve health services through elected Local Health Boards, which will take over the role of Primary Care Trust Boards in commissioning care for local people, working in co-operation with local councils. Over time, Local Health Boards should be able to take on greater responsibility for revenue and resources to allow local people to fund local services which need extra money;[14]
- Abolish the Infrastructure Planning Commission and return decision-making, including housing targets, to local people. The Liberal Democrats promiss to create a third-party right of appeal in cases where planning decisions go against locally agreed plans.[15]

Recent history has, however, shown that the Liberal Democrats and Conservatives are not the only parties to have instigated the enlargement of local authorities and control over the own region.

As early as November 2004, on the initiative of then deputy Prime Minister

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11 *Change that works for you. Building a fairer Britain. The 2010 Liberal Democrat Manifesto*, pp. 71-86.
12 Ibidem, p. 73.
13 Ibidem, p. 79.
14 Ibidem, p. 43.
15 Ibidem, p. 81.

John Prescott (Labour Party), North East England organised a referendum on the introduction of a political body that was to replace the central coordination by the national parliament in Westminster. The new body was to have authority in the field of various regional matters, varying from health care to culture, and from housing to traffic. The aim was to enlarge the local authority and grant more say to the region, supported by a budget of 350 million pounds that could be supplemented by another 600 million. However, the plan ended in an enormous fiasco. Firstly, the local population had very little faith in these powers, that is, the political decisiveness of the body, and there was a great deal of apprehension that the local assembly would call more civil servants into being. Secondly, the high cost estimate, which was emphatically underlined by 'North East says no' (the counter campaign, supported by the Tories) played a role, as did the fear that the high costs would be passed on to the citizens by means of a special tax. After the massive initial enthusiasm, an overwhelming majority of the local population voted against the introduction of this regional assembly. Of the 1.9 million people entitled to vote, half turned out to do so and no less than 78 per cent said 'no'. The Labour Party had lost its home game with impressive figures.[16]

Prescott's response to the shooting down of his proposal was interesting, to put it mildly. 'The North East public have answered in an emphatic way. I am a democrat and I accept that. […] I was surprised by the clear majority and I think there was a number of reasons for that – and claims of more politicians and greater council tax has an effect. […] It was an overwhelming defeat for the proposal put before the North East public. As a government we believe in letting the people have their say.'[17] Bernard Jenkin, spokesman of the Conservatives for the North East, stressed the fact that the residents had in no way spoken out against the principle of administrative reforms and more direct influence and control, but that they had no confidence in this particular plan. 'The whole idea of regional government has been blown out of the water by this vote. People are fed up with being dictated to from Westminster but they don't want a toothless talking shop as offered by the Labour Party.' Ironically enough, by setting up the Department for Communities and Local Government – the successor to the Office of the Deputy Prime Minister as of May 2006 – Prescott was the founder of the ministry from which the Secretary of State and conservative politician Eric Jack Pickles currently makes policy in accordance with a 'radical localist vision' that is, 'turning Whitehall on its head by decentralising central government and giving power to the people.'[18] This passage expresses the same radical reformism as the observation in the *Conservative Manifesto* in which people are granted political power by means of collaborative democracy over which only states have ever had control.

The Department for Communities and Local Government aims to create freedom, honesty and responsibility in the public space in which we live, 'the big

16 http://www.guardian.co.uk/society/2004/nov/05/regionalgovernment.politics/.
17 http://news.bbc.co.uk/2/hi/uk_news/politics/3984387.stm/.
18 http://www.communities.gov.uk/corporate/about/.

society', by combating big government. The age of top-down government is, thus, at an end. A new revolution has been heralded, and its motto, is 'localism, localism, localism'.

For this liberal vision, it is important to understand the nature of the demographic decline. To what extent should this development in certain regions of Britain be deemed a problem? From my point of view, statistics should not be the leitmotiv in answering this question, but the people themselves. Considered from the liberal standpoint, in the first instance, demographic decline is a phenomenon, and it will continue to be a phenomenon until citizens indicate that they perceive it to be a problem. This qualification will, therefore, not be imposed as such from above by the government. Services are, after all, for the benefit of the people, and the government is not being asked to retain these services at all costs, particularly if the decrease in financial support is accompanied by a decrease in the demand from society. The perception of quality of life in the area is key at all times. Quality of life is a complex concept, regarding the fact that it cannot be expressed in figures and, as a result, cannot serve as an abstract statistic for policy-making. Quality of life is a subjective value which is defined by everyone in their own unique way on the basis of safety, the presence of a nature reserve or recreational area, the care available and so on. If demographic decline is, thus, actually perceived to be a problem, liberalism prefers to take care of it through private initiatives rather than having people looking directly to the state for a solution. This approach might include the multifunctional use of a school building (so that people are provided with a platform for developing and accommodating services), and other initiatives that enhance the quality of life and, consequently, the appeal of a region.

In June 2007, BBC Online News reported that the number of empty places in schools in England had risen to 758,000, the highest number since 1998. This surplus of 758,000 places equals 2000 primary schools and 250 secondary educational establishments of average size. The principal reason for this development is the demographic decline in peripheral areas, which is partly the result of a falling birth rate, but is primarily due to the willingness of parents to travel greater distances so that their child can attend the educational establishment of their choice. This development is inextricably linked to the increased mobility of people resulting largely from greater use of the motorcar by young adults. Durham, Norfolk and Lancashire have 56, 60 and 90 schools with a surplus of more than 25 per cent, respectively. More than 1,200 schools were closed or merged between 2000 and 2004 and, besides the problem of the high costs of empty places, more schools will inevitably be threatened with closure in the future. In response, the Conservative Party is championing a greater role for private initiatives. This will make it easier for parents to set up a school themselves and to create a greater diversity in the education available, given that the problem lies with the mismatch between the education parents want and the type of school providing the education on offer. The charter schools in the United States serve as a model here. These

are schools which, in theory, are open to public financing (in addition to private donations and intensive cooperation with the business community), but which, contrary to regular state schools, do not focus entirely on the regulations and requirements laid down by the government. They may be judged on the basis of the results of pupils and students as laid down in a charter and specialised curriculum drawn up specifically for the school concerned. This is authorised by the state or drawn up in consultation with local school districts.[19]

This plan fits in with the introduction of the Education Freedom Act proposed by the LibDems which excludes politicians from interfering with the daily routine at schools. The government influence must, generally speaking, be pushed back, so that teachers are no longer frustrated by the regulations and once more have the peace and quiet to apply themselves to their teaching. The local authorities do not manage the schools either, but do play an important role in checking the level of the administration and performance of the pupils and students. The Liberal Democrats want, moreover, more room for schools to innovate and experiment with specialisation and diversity. 'We will ensure a level playing field for admissions and funding and replace academies with our own model of "Sponsor-Managed Schools". These schools will be commissioned by and accountable to local authorities and not Whitehall, and would allow other appropriate providers, such as educational charities and parent groups, to be involved in delivering state-funded education.' The fact that the government parties have found common ground in their fight against the compulsory rules of the central administration is apparent from the proposal by the Liberal Democrats to 'axe the rigid National Curriculum, and replace it with a slimmed down "Minimum Curriculum Entitlement" to be delivered by every state-funded school.'[20]

This example shows that population shrinkage does not have to lead to disastrous scenarios, but that the phenomenon can act as a touchstone for the way in which services are organised and how this can be improved in the future. In other words, the system must be evaluated so that can be better geared to the wishes of society. Given that the regional demographic decline is an irreversible process in England, the government, having accepted that there is no longer a growth situation, but one of shrinkage, must make a second essential cultural reversal. The consequences of demographic developments must be managed instead of resisted, and broad community support for the structural adaptation of the landscape and services must be aimed at. Seeing that this adaptation is intrinsically a matter for the people themselves, as are the demographic developments that have caused the situation, it is up to the government to investigate how to maximise their role in reorganising their municipality. This is a form of politics which, in the past decades, has too often been frustrated by the centralisation of authority. Just as England did not allow itself to be seduced into pursuing birth rate politics in

[19] http://news.bbc.co.uk/2/hi/uk_news/education/6718683.stm/.

[20] *The 2010 Liberal Democrat Manifesto*, p. 37.

the nineteenth century when this politics reigned supreme on the continent, the government must now leave the management of demographic decline, and its consequences, to the people in the districts. The wish of the individual is key in both cases.

The Cameron-Clegg cabinet has indisputably taken this course. And it will, therefore, have to be the main guiding principle for the relatively young government. In a few years' time, this liberal policy will be judged partly on how citizens throughout the entire country, but especially also in shrinkage areas with services that are under threat, have experienced the revolutionary transfer of power from Westminster to their own neighbourhoods. The methods used can be tailored to suit each time and place; customisation of this kind is, after all, one of the cornerstones of liberal philosophy.

VI. The oldest of the old world
The process of demographic change in Germany

Csilla Hatvany

Germany is somewhat of a 'pioneer' in demographic change among industrialised states. The country reports Europe's highest average age, the highest percentage of women without children and a heavy population decline. The fertility rate is one of the lowest in the European Union and the old-dependency ratio is among the highest in the EU. Furthermore, the net migration rate has turned negative, and consequently not only is natural population decrease the cause of Germany's population decline, but also high emigration. Despite these figures, German politics has for many years ignored the consequences for the economy and society. It is high time to take action and to start adapting to an ageing and shrinking population. The main issues are the reorganisation of work due to a longer life expectancy, a better work-life balance in order to raise the fertility rate, and open migration management in order to court for high-qualified migrants. The first steps are well taken, however, more must follow.

Introduction

Demographic change is the talk of the town. It is one of today's 'megatrends'. It means that, for the last decades, highly industrialised countries have faced low fertility rates and rising life expectancy. As a result, the portion of elderly people compared to younger generations is constantly growing, while the population on the whole is declining. The effect is an ageing and shrinking population, in particular in Europe. Admittedly, there are significant regional differences, but the demographic development is travelling in the same direction.[1] In contrast, developing countries have a growing and juvenescent population.[2] While an old and shrinking population in industrialised countries is seen as a threat to maintaining material prosperity, in developing countries a young and growing population is an obstacle for poverty and unemployment reduction. Thus, to be precise, demographic change is the talk of the town, but every town talks differently about it.

Germany is somewhat of a 'pioneer' in demographic change among industri-

1 S. Kröhnert et al., *Europe's demographic future – Growing regional imbalances*, Berlin Institute for Population and Development, Berlin, 2008, p. 6.

2 Department of Economic and Social Affairs of the United Nations, *World population prospects: The 2008 revision*, Population newsletter number 87, 2009.

alised states.[3] It reports Europe's highest average age (44.2),[4] the highest percentage of women without children (21 per cent of the 1974-1978 female cohort)[5] and a heavy decline of the population (from 82 million in 2010 to 64 to 70 million in 2060, that is 20 per cent in 50 years).[6] The fertility rate is one of the lowest in the European Union (1.36) and the old-dependency ratio is among the highest in the EU (30.08 per cent).[7] Furthermore, the net migration rate has turned negative (-12,782 in 2009), and consequently not only is natural population decrease the cause of the population decline, but also high emigration.[8]

All this is not a new phenomenon in Germany. The change in the demographic structure dates back to 1972. Since then, the mortality rate is constantly higher than the birth rate.[9] Experts on demography indicated years ago that population change is on its way; however, awareness of the consequences to society took a very long time to emerge in German politics. For many years, falling birth rates and migration processes were mainly ignored and, even today, demographic change is hardly a winning topic for politicians. Demographic decline, senescence and childlessness are rather unpleasant issues. They come as apocalyptical future scenarios that one prefers to postpone. Furthermore, they always imply that our social security systems are heavily under pressure, and that our social standards are no longer maintainable unless unpopular reforms are undertaken soon.[10]

Since the aforementioned cannot be denied, it is inevitable that we broach the issue of demographic change, inform the population, think of required measures and take action. We have to address our future, because it already dominates our present. Additionally, this trend may be easily influenced, but not reversible. For most people, demographic change seems to be a virtually unattainable goal; very few people see it as an opportunity to rethink and reform outdated structures. Bound by visible outputs, politics alone is hardly capable of bringing about an effect on the demographic process, which would only become apparent decades from now. However, this is not a legitimate argument for not acting – particularly when, in this case, non-intervention has already been decided. Looking at

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3 S. Kröhnert et al., *Europe's demographic future*, p. 156.

4 'Deutschland ist das Altersheim der EU', *Neue Züricher Zeitung Online*. (http://www.nzz.ch/nachrichten/politik/international/deutschland_ist_das_altersheim_der_eu_1.10107617.html/, on 12 April 2011)

5 Federal Statistical Office of Germany, *Microcensus 2008 – New data on childlessness in Germany*, 2010. (http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Kinderlosigkeit/Kinderlosigkeit__Ueb,templateId=renderPrint.psml/)

6 Federal Statistical Office of Germany, *Germany's population by 2060*, 2009.

7 European Commission, *Demography report 2010*, 2011.

8 Ibidem.

9 Federal Statistical Office of Germany, *Population and employment 1946-2009*, 2010 (only in German).

10 T. Mayer, 'Demografiepolitik – Gestalten oder verwalten?', *Aus Politik und Zeitgeschichte,* 10 november 2011, p. 12.

the German demographic change, three key issues require action: life expectancy, fertility rate and migration.

Life expectancy

Not only do we live longer, we also lead healthier lives.[11] In the last 150 years, the life expectancy of women in highly industrialised countries has increased by approximately three months per year. The trend line marks just over 45 years in 1850 and swings up to 85 years in 2000.[12] Moreover, mortality figures seem not to change much, so the ageing process remains the same, it merely starts later in life.[13] We remain healthy and live longer. First of all, this is good news and a great achievement for modern civilisation. It is a major gift, and we should make the most of it.

Table 1. *Life expectancy in Germany.*

Life table		2004/2006	2005/2007	2006/2008	2007/2009
Age 0	*Male (years)*	76.64	76.89	77.17	77.33
	Female (years)	82.08	82.25	82.40	82.53
Age 20	*Male (years)*	57.24	57.49	57.74	57.90
	Female (years)	62.56	62.72	62.85	62.97
Age 40	*Male (years)*	37.98	38.20	38.44	38.59
	Female (years)	42.92	43.08	43.20	43.32
Age 60	*Male (years)*	20.58	20.75	20.93	21.04
	Female (years)	24.49	24.61	24.71	24.81
Age 65	*Male (years)*	16.77	16.93	17.11	17.22
	Female (years)	20.18	20.31	20.41	20.52
Age 80	*Male (years)*	7.51	7.56	7.65	7.67
	Female (years)	8.87	8.92	8.97	9.04

Source: Federal Statistical Office of Germany

At the same time, organising a modern society based on technology development and output performance with a constantly growing portion of elderly people is a major challenge. With more elderly people and fewer young people joining the labour force, the economic balance is highly vulnerable: pensions may become a burden for the contribution payers, productivity is likely to fall, and medical aid will hardly be feasible financially. The bad news is that this is not a future scenario, but a present challenge. It is our reality, not that of future generations.

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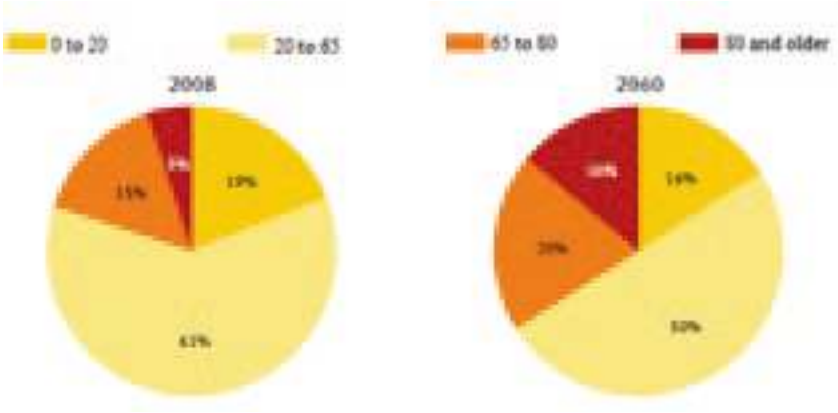
11 R. Hank, 'Die Geschenkten Jahre', *Frankfurter Allgemeine Sonntagszeitung*, 24 April 2011.

12 K. Christensen et al., 'Ageing populations: The challenges ahead', *Lancet*, 374, 2009, pp. 1196-1208.

13 J.W. Vaupel, 'Biodemography of human ageing', *Nature*, 464, 2010, pp. 536-542.

Figure 1. *Population in age groups.*



Source: Statistisches Bundesamt Deutschland.

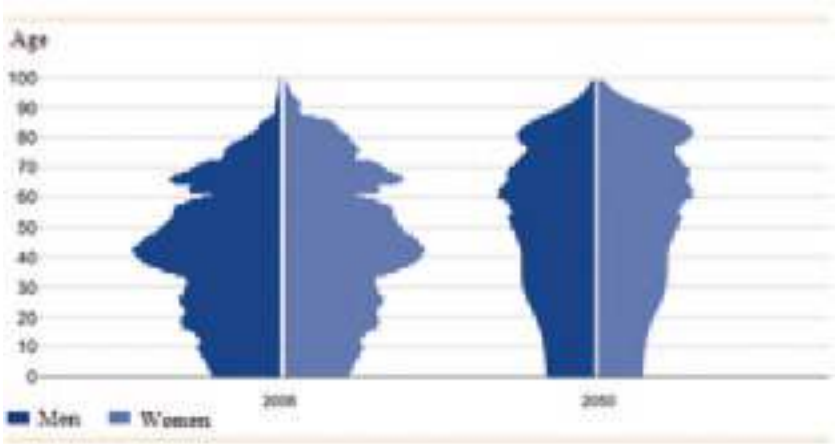
The likelihood of a child born today in Germany becoming 100 years old is at least fifty per cent.[14] In fifty years' time, one third of Germany's population will be over 65 years of age and there will be twice as many 70 year olds in the country than the number of children born.[15] From 2015, the baby boom cohorts, the most populous age group, will reach retirement age and will no longer be contributors to the pension insurance scheme, but recipients.[16] Forty years from now, only two working people will have to pay one pensioner's expenses. The old-age dependency of today (34 per cent of senior citizens) will almost double to 67 per cent in 2060.[17] Today's children are already part of an elderly population, and the social security system will inevitably collapse without immediate fundamental changes. Two issues come here to the fore: the reorganisation of working life and pension.

Looking at our present employment system from an objective point of view, one may wonder about a few things. In Germany, the retirement age is 65. It has been 65 for the last 100 years. In this period, life expectancy has gone up by 30 years. At the same time, only about 45 per cent of people above the age of 55 are still employed,[18] the activity rate of women is 15 per cent lower than that of men[19]

14 Christensen et al., 'Ageing populations: The challenges ahead'.
15 Federal Statistical Office of Germany, *Germany's population by 2060*, p. 14.
16 Ibidem, p. 18.
17 Ibidem, p. 20.
18 http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-91695BF1-872890DC/bst/hs.xsl/17477_18246.htm/, on 12 April 2011.
19 http://www.bmfsfj.de/Publikationen/genderreport/2-Erwerbstaetigkeit-arbeitsmarktintegration-von-frauen-und-maenner/2-3-entwicklung-der-erwerbsbeteiligung-von-frauen-und-maennern-in-deutschland,did=54182,render=renderPrint.html/, on 12 April 2011.

and the average age for career entry has risen in the last ten years.[20] In essence, although we live longer, we have less time to earn our goods needed in our lifetime. During this working period of approximately 35 years, we also have to balance family life and care management for elderly parents. No wonder that many people consider this too heavy a burden and decide not to start a family, or not to give up work in order to raise a family, or to retire as soon as possible. Consequently, we have a continuingly shrinking group paying for a continuingly growing group. This is no longer feasible. The approaches made by demographic and economic experts mention the same guidelines time and again: on the one hand, expand the working life, and on the other, increase the labour force participation rate.

Figure 2. *Development of the population pyramid in Germany.*



Source: Statistisches Bundesamt Deutschland.

Living longer does not mean being old and ill longer. On the contrary, all the connotations of 'being old', that is, being unhealthy, slow, tired, inactive, technique-averse or old-fashioned, do not meet reality. Being old or feeling old today differs greatly from what it was thirty or forty years ago. Studies show that the process of ageing is changing greatly. Our lifespan, within which we are healthy, powerful and capable of work, becomes wider in the way we live longer. A 50-year-old person today is roughly as fit as a 40-year-old in 1970, and a 65-year-old is as healthy as a 55-year-old was at that time. Thus, seniority becomes more active, more agile. Thanks to medical improvements and a healthier environment, the majority of people above the age of 65 have a very good condition – and they are unemployed. If people can easily expect to become 85 years old, it means they have 20 years ahead of them without the responsibilities of a certain job. Elderly

[20] C. Wingerter, 'Der Eintritt junger Menschen in das Erwerbsleben', in: Federal Statistical Office of Germany, *Economy and Statistics*, 2011.

people are capable of working longer and of bearing responsibility in the labour market – and most of them want to.[21] Hence, it would be reasonable either to increase the retirement age or to abolish it altogether.

In 2007, the German government agreed to increase the retirement age from 65 to 67 in small steps starting from 2012. However, this is only a small adaptation. It is not enough to produce an effective result. Since life expectancy continues to increase, any fixed retirement age becomes obsolete. Furthermore, bearing in mind the controversial discussion in Germany that accompanied the law and the unpopularity of the longer working period, it will be quite a while before politicians will want to deal with rising retirement age again.[22] A better option, therefore, would be to abolish a fixed retirement age. This would be fairer and financially more feasible. Since there is no fixed age to start working there is no reason why there should be one to stop working. Instead, there should be lifetime accounts and the possibility to decide individually how to organise work and how to distribute the workload during one's lifetime.[23] The relatively short working period allows no flexibility to reflect the current personal situation. Starting a family or taking care of one's parents happens at a time when the labour market expects a one-hundred per cent involvement. The working life would become more manageable and effective if there were far more alternatives to full-time jobs. Part-time jobs, for example, are not only suitable for young families, especially women, but also for elderly people. And perhaps a gap year every eight to ten years may prove to have more positive effects on work motivation and on mental and physical health than studying and working full-time for a period of 40 to 45 years. Lifelong learning taken seriously means there must be time for a learning period, for training, for a further degree, or simply for just refreshing one's knowledge. The argument that elderly colleagues are not as productive or up to date as younger ones then becomes redundant.[24]

It would be much wiser, healthier and economically better to let flexible opportunities shape the individual work-life. Young people would have more time to spend with their children (they would probably have more children), more well-educated women would return to work after having a child, and elderly people would manage to stay trained and work longer. The personal situation of each individual is so specific that the regulation of a fixed retirement age and fixed working hours is way beyond modern times. Since the portion of the labour force is shrinking, it is necessary that each person capable of working is given the op-

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21 B. Schwentker and J.W. Vaupel, 'Eine neue Kultur des Wandels', *Aus Politik und Zeitgeschichte*, 10 November 2011, p. 5.

22 Schwentker and Vaupel, 'Eine neue Kultur des Wandels', p. 7.

23 Interview with James Vaupel, 'Rentenalter abschaffen!', *Zeit Online*, 2007. (http://www.zeit.de/online/2007/10/demografie-rente-interview?page=1/, on 13 April 2011)

24 Institut für Zukunftsstudien und Technologiebewertung, *Engagiert und produktiv mit älteren Menschen*, Werkstatt Bericht number 76, 2005, p. 50.

portunity to participate in professional life. Extending the professional life does not mean extending it as it is today. The modern working environment involves more education and shorter labour time spread out across a longer working life.[25]

Even if it is not true for each individual, in general it is a fact: we have a new generation of 'young old' people who can and have to contribute to their own expenses. It would be highly unfair to load the rising costs of a longer life onto the younger generation only. It will remain a special challenge to rebalance a new generation agreement that is considered to be fair for all age groups, but doing nothing will fuel the generation conflict. Actually the younger age groups have already started to denounce the generation agreement – by not having children. Knowing that the working period of a lifetime is difficult enough and that financial burdens are expected in the coming years, a high percentage of young people, especially in Germany, have decided against having a family (or many children). The low fertility rate and the high rate of childlessness in Germany cannot be explained by this factor alone, but it is an important one.

Fertility rate

Germany belongs to the countries with the lowest fertility rates worldwide. Between 2005 and 2010, Germany had an average fertility rate of 1.32 and was number ten on the list of low-fertility countries. Lower figures can be found, for example, in South Korea (1.22), Japan (1.27) or Ukraine (1.31).[26] Taking the present fertility rate into account, the generation of children is approximately a third smaller than the generation of parents.[27] Although some European countries have an even lower fertility rate such as Italy and Latvia, many countries have managed to bring about increasing figures.[28] In contrast, the low figures in Germany have been quite stable for the last forty years.[29] Looking at the data, there is no indication that the German fertility rate is about to rise or that it can be influenced by political measures. German women seem to act differently compared to other European women, therefore one has to look for the reasons behind the German birth behaviour.

Looking at the low German fertility rate, it is remarkable that there is still a gap between eastern and western Germany. While 25.8 per cent of the children in western Germany were born extramarital, the figure in eastern Germany was

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25 Schwentker and Vaupel, 'Eine neue Kultur des Wandels', p. 9.

26 Department of Economic and Social Affairs of the United Nations, *World population prospects: The 2008 revision*.

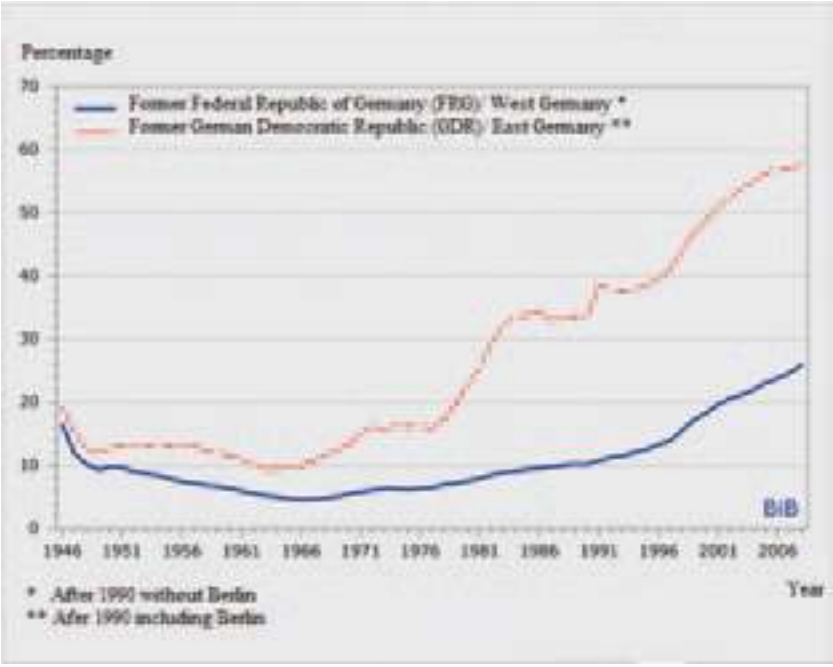
27 N.F. Schneider and J. Dobritz, 'Wo bleiben die kinder? Der niedrigen Geburtenrate auf der Spur', *Aus Politik und Zeitgeschichte*, 10 November 2011, p. 27.

28 European Commission, *Demography report 2010*, p. 26.

29 http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/Bevoelkerung/AktuellGeburtenentwicklung,templateId=renderPrint.psml/, on 13 April 2011.

significantly higher (57.8 per cent).[30] This figure is interesting because an international comparison shows a correlation between the fertility rate and extramarital birth: countries with a higher extramarital birth figure tend to have a higher fertility rate. One may assume that the institution of marriage has become less attractive for young people and that there is a strong tendency to uncouple parenthood from marriage. In many southern European countries where extramarital birth is not highly welcomed, this may have a negative effect on the fertility rate.[31] To a certain degree this may be true for western Germany too, as figures show. Married women have more children in West Germany (1.82) than in East Germany (1.69), while non-spousal women in the east have far more children (1.27) than in the west (0.91).[32]

Figure 3. *Non-marital quota of births in West and East Germany, 1946-2008.*



Source: Statistisches Bundesamt, estimations and graphic design: BiB.

These figures suggest that in eastern Germany marriage and parenthood are less interrelated than in the western part. Three assumptions are put forward in the

[30] Federal Institute for Population Research, *Nichtehelichenquote für West- und Ostdeutschland, 1946-2008*, 2010.

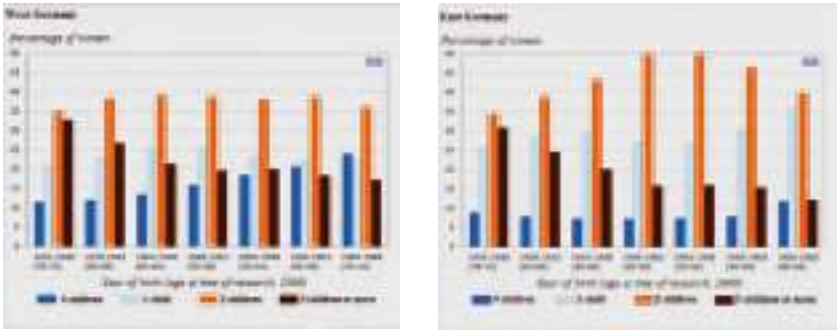
[31] Schneider and Dobritz, 'Wo bleiben die Kinder?', p. 27.

[32] http://www.bibdemografie.de/cln_090/nn_1881704/DE/DatenundBefunde/06/Abbildungen/abbildungen_node.html?_nnn=true/, on 13 April 2011.

demographic discussion. Firstly, the fertility pattern may be historically developed and existed already before the German partition. Thus, it may be the outcome of the small portion of Catholics in the traditionally Protestant region. Secondly, the specific behaviour pattern – generated by the conditions of the GDR's (German Democratic Republic) family policy, which actively supported single, divorced or unmarried mothers – still has an impact. The third assumption states that women from eastern Germany are financially more independent and, therefore, in the event of a childbirth, do not depend on marriage.[33]

Differences in birth behaviour between western and eastern Germany result from further statistical data. Figures of childless women in western Germany and of women with only one child in eastern Germany are significantly high. The eastern German pattern shows families with one or two children, while families without or with at least three children are not widespread.[34] Western Germany is marked by greater diversity showing significant figures of women without or three and more children.[35]

Figure 4a and 4b. *Women of 1933-1968 and number of children in West and East Germany.*



Source: Statistisches Bundesamt, Mikrozensus 2008, graphic design: BiB.

A correlation between numbers of children and the educational achievement of women is noticeable in the west. In general it is true that the lower her graduation degree the more children a woman has born. Women in western Germany without a school degree have 2.06 children, with a secondary education 1.48 children, and with a baccalaureate 1.31 children. According to these figures, 29 per cent of women without a school degree have at least three children, 38 per cent of women with a secondary school degree have two children and 32 per cent of

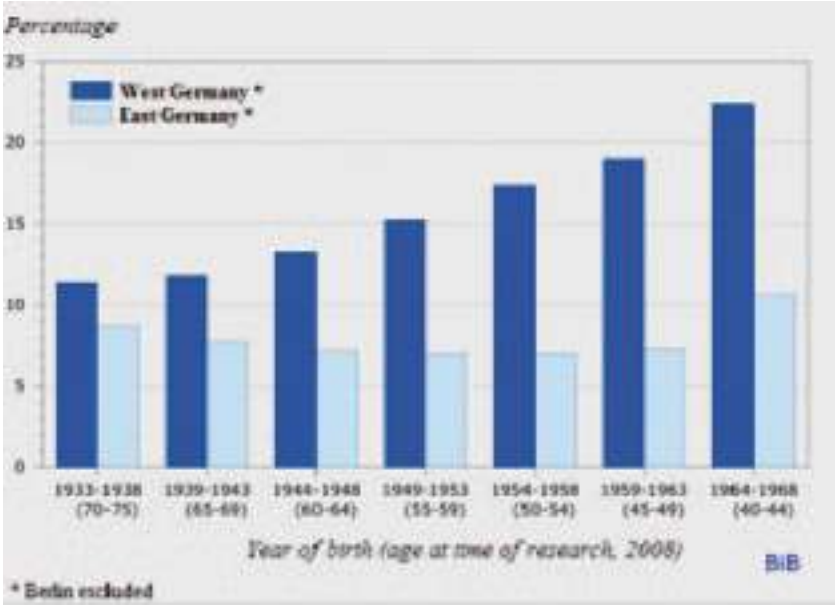
[33] Schneider and Dobritz, 'Wo bleiben die Kinder?', p. 31.

[34] Federal Institute for Population Research, *Frauen der Geburtsjahrgänge 1933 bis 1968 nach Anzahl der Kinder in Ostdeutschland,* 2010 (Stand: 2008).

[35] Federal Institute for Population Research, *Frauen der Geburtsjahrgänge 1933 bis 1968 nach Anzahl der Kinder in Westdeutschland*, 2010 (Stand: 2008).

women with a university degree have no children.[36] The job situation is a further correlation asset. Women working full-time are likely to have no children. In the case where both partners work full-time, the percentage of having no children is almost 50, whereas in more traditional constellations, where men work full-time and women work part-time or are not employed, the percentage of not having children is very low and the number of families with three and more children is very high.[37] Interestingly there is no such differentiation in East Germany where childlessness in any group of women is very low irrespective of school degree or division of labour.[38]

Figure 5. *Childlessness in West and East Germany.*



Source: Statistisches Bundesamt, Mikrozensus 2008, graphic design: BiB.

The significant differences between East and West Germany are quite remarkable considering that, for more than twenty years now, both parts of the country have been exposed to the same family policy, job market and educational system. The

[36] Federal Institute for Population Research, *Frauen der Geburtsjahrgänge 1959 bis 1963 (45-49 Jahre alt) nach Anzahl der Kinder und Ausbildungsabschluss in West- und Ostdeutschland*, 2010 (Stand: 2008).

[37] Federal Statistical Office of Germany, *Microcensus 2008 – New data on childlessness in Germany*.

[38] *Federal Institute for Population Research*, *Frauen der Geburtsjahrgänge 1959 bis 1963 (45-49 Jahre alt) nach Anzahl der Kinder und Ausbildungsabschluss in West- und Ostdeutschland* , 2010 (Stand: 2008).

data suggest that political coordination has only a limited ability to influence birth behaviour. Attitudes and overall concepts may be very strong indicators for birth behaviour and may explain the differences between East and West Germany. Studies show that there is indeed a difference between East and West Germany considering attitudes to external child care services and egalitarian gender roles.[39] The analyses have shown that external child care service is less accepted in western Germany: more people believe strongly that external child care at an early age will have problematic consequences for the children later on and that the best child care is still at home with the parents. Almost 60 per cent in West Germany believe that children will suffer when their mothers are working, whereas the figure in East Germany is only 34 per cent. Altogether this reflects a different normative attitude towards the role as a parent in western Germany. It seems that there are high expectations from society as to what it means to be a responsible parent. Ultimately, having a child means that one is expected to reorganise the employment if not to quit working life in the first years of the child. For some, this may be quite a high hurdle. As a result, well-educated, full-time working women in particular decide not to have children.

Equal opportunities for women are favoured likewise in East and West Germany. However, the acceptance of egalitarian gender roles is significantly higher in the eastern than in the western part of the country. People in eastern Germany generally have a positive attitude towards compatibility between work and family, external child care service and egalitarian gender roles. In western Germany the opinions are more diverging. The traditional housewife model has both strong proponents and opponents.

Despite the differences in birth behaviour, the fertility rate between east and west is convergent. The drop in the birth rate in eastern Germany in 1990/1991 (from 1.5 to 1.0) has more and more conformed to the western German fertility rate. By the year 2008, the fertility rates in both parts of the country were the same (1.4).[40] Thus, the German unification did not have a significant effect on the East German fertility rate. In view of the transformation process at the beginning of the 1990s, many women simply postponed their childbearing. A long-term comparison shows that the majority of East German women have roughly the same fertility rate as their predecessors.

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[39] http://www.bib-demografie.de/cln_099/nn_750130/DE/Forschung/GGS/ggs_node.html?_nnn=true/, on 13 April 2011.

[40] Federal Institute for Population Research, *Zusammengefasste Geburtenziffern in West- und Ostdeutschland 1945 bis 2008*, 2010.

Figure 6. *Total fertility rate of calendar years.*

Source: Statistisches Bundesamt.

Structural conditions combined with cultural attitudes seem thus to explain the different birth behaviour between eastern and western Germany. However, it does not explain the low fertility rate altogether. In the eastern part it seems that the one-child-family model is the outcome of the higher employment rate of the mother and the full-time employment of both partners. In the west, the lack of external child care services and the reservations against those may explain why so many employed women remain childless.[41]

This means that influencing the fertility rate is a structural and cultural challenge. A higher birth rate will not be brought about unless the connectivity between full-time working women and childlessness in western Germany and the connectivity between working mothers and one-child-families in eastern Germany are not dissolved. In West and East Germany, these two factors have led to the steady state of the low fertility rate situation. A rise of the fertility rate can only be stimulated by the modification of both these factors.[42] A better compatibility of employment and child care are institutionally and morally the decisive factors of rising childbirth numbers. Comparisons with other European countries show that high quality and a broad coverage of external child care have positive effects on the fertility rate as well as a broad social acceptance of the moral legitimacy of these services.[43]

In Germany, political influence on birth behaviour is seen with a great deal of

41 Schneider and Dobritz, 'Wo bleiben die Kinder?', p. 33.
42 Ibidem, p. 34.
43 J.M. Hoem, 'The impact of public policies on European fertility', *Demographic Research*, 19, 2008, pp. 249-259.

scepticism. The main reason for this is the misuse of demography in German history during the Nazi regime. Women were told to bear many children to maintain the superiority of the 'Germanic race'. As a consequence, in post-war Germany birth behaviour issues have been seen as strictly private issues. From the 1960s, while more and more women were well-educated, participated in the labour force and had executive positions in the economy, child care remained a private issue.[44] Thus, an asymmetry has emerged between the modernisation of working life and traditional notions of family, generating substantial adjustment problems among many young women. Politics and society are, therefore, responsible for finding reasonable solutions. Interestingly, rising birth rates seem morally questionable in liberal democracies. To the contrary, controlling the birth explosion in developing countries seems quite normal.[45]

From a liberal point of view, it is particularly essential to offer possibilities to women to help them decide in favour of a child, if they so desire, and to live their family concept as they wish. If a society wishes to increase the fertility rate the answer is to provide the biggest freedom of choice for individual happiness. Today, infringements on the free choice are greater when people choose a model where both partners work and wish to have children.[46] A satisfactory compatibility of professional and family life has still not been provided. Thus, this is the main lever to move. In the long run, and if the offers are accepted, this will have a strong impact on attitudes and moral expectations concerning parenthood.

The German family policy is heading in this direction, however, rather slowly, and with some objections from conservative voices. The government has emphasised its intention to increase birth figures, especially among academics, and to improve the work-life balance, thus generating a higher participation of women in the labour market. One important measure was the extension of external childcare facilities. By 2013, at least 35 per cent of all children under three years old will require accommodation in external childcare services. From that date, all children aged one year and above will have a legal right to external childcare. In 2007, a new parental leave scheme was introduced, which included a 65 per cent salary refund for fourteen months after birth. A novelty was a greater financial incentive, in particular for fathers, to become more involved in the daily care of the children and to opt for parental leave. The bill introducing these so-called 'father months' was a huge success. The number of fathers who took parental leave increased from 3.5 per cent to 18.5 per cent with an upward trend.[47]

The biggest success, however, cannot be put into figures. A shift in attitude is taking place in the economy and among the population. It is becoming an increasing trend that fathers take responsibility for the childcare and that more and more

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44 Kröhnert et al., *Europe's demographic future*, p. 165.

45 T. Mayer, 'Demografiepolitik – Gestalten oder verwalten?', *Aus Politik und Zeitgeschichte*, 10 November 2011, p. 12.

46 Schneider and Dobritz, 'Wo bleiben die Kinder?', p. 34.

47 http://www.bmfsfj.de/BMFSFJ/aktuelles,did=111016.html/, on 14 April 2011.

women continue working after a relatively short maternity leave. The human resources departments are slowly adjusting to the new parental leave scheme and old working patterns are starting to lose their authority. Although there are still not enough part-time job possibilities and child care facilities, the new family policy is receiving a lot of support from the population.[48] Nevertheless, when public money is short, the new parental scheme is continually under pressure – especially since birth numbers have not increased. However, the actual effects can only be evaluated in ten to fifteen years.[49] As a matter of fact, the opportunity costs for having a child are reduced, especially among high-income earners, and the equality of gender roles considering child care has received a new input. These are good pre-conditions to tackle the structural problem and to generate an open attitude for new family models.

Migration policy

Germany is an immigration country. In absolute figures no other European country has more immigrants than Germany. 15 million inhabitants immigrated from abroad or are children of immigrants – that is 20 per cent of the population. 5 million inhabitants are originally from countries of the European Union with Poland and Italy as the biggest groups. A further 5 million people come from EU-neighbouring countries such as Russia (1 million) and Turkey (2.5 million). Furthermore, bigger migrant groups have their country of origin in Asia (2 million) and the Middle East (1.2 million).[50] Roughly half of these people have applied for German citizenship.[51]

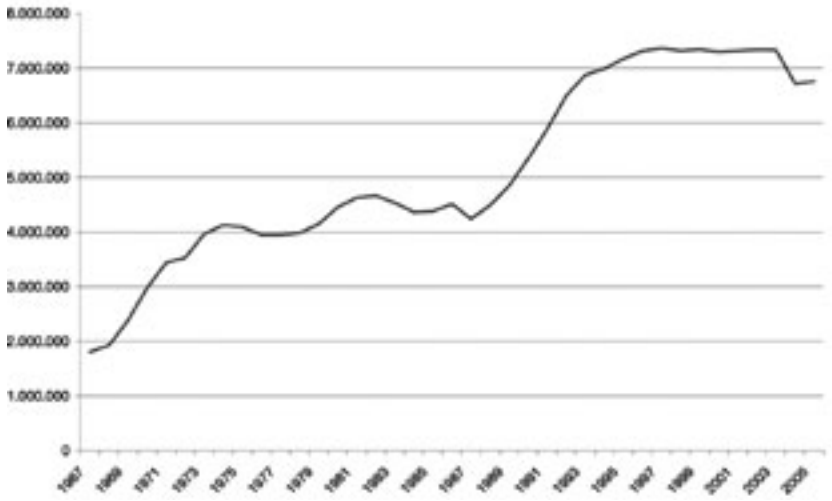
48 S. Weiland, 'Elterngeld – Immer mehr Väter in der Auszeit', *Spiegel Online,* 2008. (http://www.spiegel.de/politik/deutschland/0,1518,587279,00.html/, on 14 April 2011)

49 D. Böcking, 'Ein paar Fakten zum (vermeintlichen) Babyboom', *Financial Times Deutschland Online*, 2010. (http://www.ftd.de/politik/deutschland/:elterngeld-und-geburtenplus-ein-paar-fakten-zum-vermeintlichen-babyboom/50209857.html/, on 14 April 2011)

50 Federal Statistical Office of Germany, *Bevölkerung mit Migrationshintergrund im engeren Sinne 2009 nach derzeitiger bzw. früherer Staatsangehörigkeit*, 2010.

51 Federal Statistical Office of Germany, *Bevölkerung und Erwerbstätigkeit – Einbürgerungen*, Fachserie 1, reihe 2.1, 2010.

Figure 7. *Development of foreign population.*



Source: Statistisches Bundesamt.

Despite these high numbers, Germany has long refused to see itself as an immigration country, although in the early 1990s roughly half a million immigrants entered the country every year. Today, however, Germany faces a negative migration. In 2009, 733,796 people left the country while only 721,014 immigrated. That makes a net outward migration of -12,782.[52] More and more highly qualified persons, including doctors and engineers, and migrants who studied in Germany are leaving the country because they expect to find better conditions, less bureaucracy and higher income elsewhere.[53] Especially compared to other countries with a high wage level such as Norway or Canada, the German migration balance is strongly negative. For a welfare state based on apportionment whose working population is rapidly ageing and shrinking the recording of a negative migration balance is a serious and long-lasting problem.

At present, Germany faces a notable labour shortage. Already today the country lacks for example 66,000 engineers. In 2010, products amounting to 3.3 bil-

[52] http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Navigation/Statistiken/Bevoelkerung/Wanderungen/Wanderungen,templateId=renderPrint.psml_nnn=true, on 14 April 2011.

[53] M. Drobinski, 'Hochqualifiziert? Nichts wie weg hier', *sueddeutsche.de*, 2008. (http://www.sueddeutsche.de/karriere/deutschland-ein-auswanderungsland-hochqualifizierte-in-deutschland-nichts-wie-weg-1.1084822/, on 14 April 2011); Exclusiv-Studie, 'Warum immer mehr Deutsche auswandern', *wiwo.de*. (http://www.wiwo.de/politik-weltwirtschaft/exklusiv-studie-warum-immer-mehr-deutsche-auswandern-298040/, on 15 April 2011)

lion euro were not manufactured as a result of labour deficit.[54] Experts say there is a great demographic necessity to engage skilled workers from abroad. The activation of domestic manpower, that is women, elderly persons, young graduates or low qualified workers, who for one reason or another are outside the job market, is an urgent challenge – however, it will not be enough to meet the labour market requirements.[55] In its latest annual report, the Council of Experts of German Foundations on Integration and Migration recommends an active immigration policy. A managed migration is necessary in order to balance the net migration, to limit labour shortage, to benefit from economic growth potential and to maintain the social security systems of the welfare state.[56]

German politics, however, is quite reluctant to undertake a paradigm shift after the recruitment ban in 1973. Although labour shortage is evident, many politicians hesitate to endorse an active and open immigration system as it behoves an immigration country. The reason for that is threefold. Firstly, Germany still has a high unemployment rate (7.3 per cent in February 2011),[57] although this is falling significantly. Secondly, the over-represented portion of migrants in figures measuring social deprivation and low education was sharpened in a very popular book,[58] and led in autumn 2010 to an up-heated discussion on integration deficit and integration refusal. In the following so-called integration debate, which dominated the public discourse for several months, politicians from the government parties emphasised German culture as an orientation for migrants and sanctions for a refused integration.[59] Thus, the public opinion is not characterised by openness towards migrants.

One main reason for this is that, thirdly, Germany has no positive experience with labour migration or with a coherent immigration system. Foreign, mainly unskilled, workers from South Europe and Turkey recruited in the 1960s to support a booming economy were referred to as 'guest workers' on the expectancy that they would return to their home countries as soon as their work was finished. As a consequence, no integration program dealing with training or language acquisition was set up for them. Then, in the process of structural economic change, low skilled workers, to a great deal migrants, became more and more obsolete and had great difficulties to become qualified or to find another job. Many migrants

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54 G. Giersber, 'Viele deutsche Unternehmen suchen händeringend Fachkräfte', *Frankfurter Allgemeine Zeitung*, 26 April 2011.

55 S. Laurischk, *Wie liberal sind die deutschen Zuwanderungsregelungen?,* Position Liberal 81, Liberales Institut der Friedrich-Naumann-Stiftung für die Freiheit, 2009.

56 Council of Experts of German Foundations on Integration and Migration, *Annual report 2010*, 2011, p. 20.

57 http://www.arbeitsagentur.de/nn_26980/Navigation/zentral/Presse/Statistiken/Statistiken-Nav.html/, on 15 April 2011.

58 T. Sarrazin, *Deutschland schafft sich ab*, 2010.

59 'CSU sieht in Deutschland kein Einwanderungsland', *Zeit Online*, 2010. (http://www.zeit.de/politik/deutschland/2010-10/csu-parteitag-einwanderung-integration/, on 14 April 2011)

had brought their families from their country of origin to Germany and very often moved into the district where their compatriots lived, so that in the urban concentration of socially disadvantaged migrants the disintegrating and discriminatory factors have become significantly intense and limiting for the next generation. Thus, a large migrant community emerged without provided possibilities or required duties to integrate into society and thus without the overall social emancipation of the younger migrant generation.

As a consequence, the German integration problem is a socioeconomic problem resulting from political omission. Today, the integration costs are rather high, especially in the education and job market section. 10 per cent of people with a migration background have no school degree and 30 per cent have no training qualification. The unemployment figures among migrants are twice as high (6 per cent) as among non-migrants (3 per cent) and 24 per cent of the migrants have only a very low income (under 500 euro).[60] On the other hand, every fifth company is founded by migrants: their portion among freelancers is high; they are employers, instructors and mediators for trade connections between Germany and their country of origin. Migrant freelancers have promoted a good competition in the service sector and support the booming economy.[61] There are studies showing that, altogether, migrants contribute more to society than they cost. For example, many of them have received a full education elsewhere, but work and pay taxes in Germany.[62] On May 1, 2011, Germany will allow unrestricted free movement for workers from East European countries. As in Great Britain and Ireland, where these migrants were allowed to work just after the EU-entry of their country in 2004, East European job migrants might help to respond to the labour shortage. Nevertheless, 40 per cent of German employees worry about negative consequences for their jobs.[63] In addition, public authorities still act quite obstructively when migrants apply for a work permit.

However, for the last ten years endeavours have been made to open up migration policy measures, taking economic needs into account. By now, the first steps are well taken, but their effects remain limited. For example, foreign students who have finished their studies in Germany have just one year in which to integrate into the German job market. This may have been a good intention, since Germany is the fourth best talent factory in the world for future development and research areas. It stands to reason to keep trained people in the country and to

60 Federal Statistical Office of Germany, *Microcensus 2009, Eckzahlen zur Bevölkerung nach Migrationsstatus*, 2010.

61 'Migranten bringen deutsche Wirtschaft in Schwung', *Welt Online*, 2010. (http://www.welt.de/wirtschaft/article10192100/Migranten-bringen-deutsche-Wirtschaft-in-Schwung.html/, on 26 April 2011)

62 Interview with Thomas Bauer, 'Einwanderung ist kein Minusgeschäft', *Zeit Online*, 2010. (http://www.zeit.de/wirtschaft/2010-10/interview-bauer-migration/, on 26 April 2011)

63 H. Schäfer, 'Migrations- und Arbeitsmarktwirkungen der Arbeitnehmerfreizügigkeit', *IW-Trends*, 2/2011.

benefit from the education provided. The situation, however, is different. A lot of high qualified graduates – whether they are foreigners, Germans or with a migration background – are lured by other countries competing for the 'best brains'. Many young talents prefer to try their luck in North America. The broader possibilities, more flexible working regulations, lower hierarchies and, last but not least, English as a universal language are good arguments for young professionals.

Table 2. *Non-native specialists in informational and communication technology (2006-2009).*

Citizenship	**Specialists in informational and communication technology**			
	2006	*2007*	*2008*	*2009*
India	1,885	2,345	2,910	1,840
China	128	193	160	106
Russia	68	88	92	57
Ukraine	37	40	50	48
Turkey	41	57	68	30
Brazil	35	43	41	26
Korea	16	60	32	26
USA	36	47	31	24
Mexico	19	18	40	18
Syria	5	3	6	16
other	575	515	476	274
Total	**2,845**	**3,411**	**3,906**	**2,465**

Source: Federal Office for Migration and Refugees.

Germany, therefore, actually needs a twofold attractiveness: firstly, to keep its own graduates in the country, and secondly, to attract young graduates from abroad. With German as a difficult and regionally concentrated language and competing for the best brains, mainly with English speaking countries (USA, UK, Australia, Canada), Germany should be over performing with its immigration policy to have a fair chance of attracting high qualified migrants. As a matter of fact, the obstacles are still a high level of bureaucracy, non-flexible working structures, a highly complicated taxes and levies system, a slow process of foreign degree recognition, and less performance-related wages, just to mention a few.[64]

Attractive migration regulations are basically decisive in the competition for qualified employees. It is true that the reform of the immigration law of 2005 brought a positive turn into the debate and set up supposedly simple regulations for migrants; however, the migration level is very low, especially among high qualified people. The very strict guidelines rule out people who may be skilled and adaptable, but who have not yet received a job offer. This is a big waste. In-

[64] Council of Experts of German Foundations on Integration and Migration, *Annual report 2010*, p. 20.

novations, creative solutions or new approaches cannot be planned or scheduled beforehand. They emerge in interaction and need time to evolve. The present system, however, excludes this for fear of social exploitation. Thus, Germany denies access to a lot of 'brains'. A comprehensive migration management system is therefore required.

The Council of Experts of German Foundations on Integration and Migration recommends a three-pillar system. First, more flexible and favourable terms for high-qualified job migrants such as a lower income limit and more efficient bureaucracy. Second, better options for foreign students after their graduation in Germany to remain in the country, such as a longer period to gain access to the job market. They are the perfect migrants being young, highly qualified, German speaking, country experienced – and already in the country. Third, a limited point system adjusted to economic demand.[65] Basically that means setting up a less bureaucratic and more open migration management system and concentrating on the recruitable migrants. In addition, temporary and seasonal migrations are strong backups for a booming economy. Altogether these measures would be a great help in supporting the economic and social structures with qualified labour. Unlike asylum seekers and family reunions, job migration management has to be geared to the requirements of the labour market and bound to precise criteria such as demand, qualification and integration potential.[66]

Migration will not solve the problems resulting from demographic change. Well-directed labour migration can, however, facilitate the adjustment process to an ageing and shrinking population. It is an indispensible instrument to cushion the sociopolitical consequences of the demographic change, but no universal remedy.

Regional distinctions

The process of demographic change, however, will not occur in every region in the same way. A stable population development is only to be expected in those areas where enough children are born or where people move to because of economic attractiveness. Thus, regions compete to attract those young urban citizens who are well educated, work in modern service branches and want to start a family. A study from the Berlin-Institute revealed that regions with a strong urban economy have the most to offer young adults and, therefore, the best options for the future. On the other side, rural and remote regions are mostly affected by the negative consequences of the demographic change process. The maintenance of old industrialised structures, such as mining and agriculture, has a particularly retarding effect on the transformation process a new demographic structure makes inevitable.[67]

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65 Ibidem, p. 22.

66 H.D. von Loeffelholz, 'Demografischer Wandel und Migration als Megatrends', *Aus Politik und Zeitgeschichte*, 10 November 2011, p. 38.

67 Berlin-Institut für Bevölkerung und Entwicklung, *Die demographische Lage der Nation – Wie zukunftsfähig sind Deutschlands Regionen*, München, 2006.

Table 3. *The Top 20 and the bottom 20 counties and cities.*

The 20 best ranked counties and cities		**The 20 worst ranked counties and cities**	
rank	*county/city* (Land)	*rank*	*county/city* (Land)
1	**Biberach** (Baden-Württemberg)	*420*	**Spree-Neiße** (Brandenbug)
2	**Freising** (Bayern)	*421*	**Gelsenkirchen** (Nordrhein-Westfalen)
3	**Erding** (Bayern)	*422*	**Quedlinburg** (Sachsen-Anhalt)
4	**Tuttlingen** (Baden-Württemberg)	*423*	**Wismar** (Mecklenburg-Vorpommern)
5	**Vechta** (Niedersachsen)	*424*	**Uckermark** (Brandenbug)
6	**Böblingen** (Baden-Württemberg)	*425*	**Aschersl.-Staßfurt** (Sachsen-Anhalt)
7	**München** (Bayern)	*426*	**Weißenfels** (Sachsen-Anhalt)
8	**Freudenstadt** (Baden-Württemberg)	*427*	**Schönebeck** (Sachsen-Anhalt)
9	**Ludwigsburg** (Baden-Württemberg)	*428*	**Bitterfeld** (Sachsen-Anhalt)
10	**Hohenlohekreis** (Baden-Württemberg)	*429*	**Löbau-Zittau** (Sachsen)
11	**Bodenseekreis** (Baden-Württemberg)	*430*	**Kyffhäuserkreis** (Thüringen)
12	**Dingolfing-Landau** (Bayern)	*431*	**Altenburger Land** (Thüringen)
13	**Dachau** (Bayern)	*432*	**Hoyerswerda** (Sachsen)
14	**Rottweil** (Baden-Württemberg)	*433*	**Prignitz** (Brandenbug)
15	**Ravensburg** (Baden-Württemberg)	*434*	**Sangerhausen** (Sachsen-Anhalt)
16	**Eichstätt** (Bayern)	*435*	**Demmin** (Mecklenburg-Vorpommern)
17	**Reutlingen** (Baden-Württemberg)	*436*	**Köthen** (Sachsen-Anhalt)
18	**Kelheim** (Bayern)	*437*	**Mansfelder Land** (Sachsen-Anhalt)
19	**Schwarzw.-Baar-Kr.** (Ba.-Wü.)	*438*	**Burgenlandkreis** (Sachsen-Anhalt)
20	**Esslingen** (Baden-Württemberg)	*439*	**Bernburg** (Sachsen-Anhalt)

Source: Berlin-Institut für Bevölkerung und Entwicklung, Die demographische Lage der Nation – Wie zukunftsfähig sind Deutschlands Regionen*, München, 2006, p. 11.*

Thus, the best prepared counties are to be found in southern Germany, where economic modernity and innovation have been developed for the last decades. Baden-Württemberg is barely without any demographic challenges, while Bavaria is starting to have problems on the eastern and northern peripheries. Interestingly enough, both *Länder* were rural areas experiencing great poverty in their history, but managed to modernise their industry and economy and become a centre for high technology. In particular, middle-sized cities in an economically strong area are winners of the demographic change.[68] The shrinking population of young, well-educated adults is settling down in these parts of the country, leaving other parts behind. Consequently, regions that already have the best conditions for dealing with demographic change will become more prosperous and inhabited, while regions that are already feeling the negative consequences will depopulate and become economically backward more rapidly.

The situation in East Germany remains critical with no prospect of much

[68] Berlin-Institut für Bevölkerung und Entwicklung, *Die demographische Lage der Nation*, p. 11.

change. Young people have been leaving the region over the last years due to lack of employment, in particular the better qualified people. At the same time, the economic recovery of the region is hindered by the absence of young qualified employees. The counties are heavily in debt owing to an oversized infrastructure that was built after the German unification and did not take the demographic change into account. In many places a reversal development is needed to adapt to a smaller population.[69] What is striking in East Germany is the lack of women. In the fifteen years following the unification, half a million women have left the East German *Länder*; more than 60 per cent of the East Germans who moved away were female. The reason being that – on average – women have better school and education degrees; they are more ambitious about finding an attractive job and usually find these jobs in western Germany. Women also tend to work in the service sector which is very weak in depopulated areas and strong in urban and populated regions.[70] The ones who remain in East Germany are young men without job or relationship perspectives. The lack of women in East Germany will have an enormous effect on the birth numbers in the region, which means that some parts of East Germany are faced with a population of very few women and children, many elderly and a great deal of young, poorly-educated single men. East Germany is, therefore, already greatly affected by the demographic change process and exposed to severe social problems.

Apart from *Länder* in East Germany, there are also problematic regions in the west, where high subsidies are trying to maintain industry branches that are economically unviable. Thus, they simply postpone the transformation of the old industry into a service and knowledge-oriented industry with incalculable costs. The Saarland and the Ruhr area are typical examples.[71] The demographic change process is already happening; however, by taking action immediately absorption of the negative consequences might be possible. Several counties have begun focusing on the demographic change in their plans for the coming years. Sometimes the counties aim to attract young families as they expand the childcare services, sometimes older people when they consider offers for people beyond working age, and sometimes they just simply start dismantling the oversized infrastructure. The effects of the demographic process in Germany are very diverse; however, what they have in common is the awareness that the demographic change has consequences in every region.

Conclusion

After years of disregard, demographic change is one of the main issues in Ger-

[69] For examples see: Bertelsmann Stiftung, *Demographie konkret – Handlungsansätze für die kommunale Praxis*, 2011.

[70] Berlin-Institut für Bevölkerung und Entwicklung, *Die demographische Lage der Nation*, 2011, p. 23.

[71] Ibidem, p. 15.

man political discourse. As a cross-sectoral issue it affects the retirement age, the labour organisation, social security systems, childcare, work-life balance, parental leave scheme, lifelong education, migration management and much more. Slowly, politics and society are beginning to realise that thirty years of huge social and economic problems will arise unless adjustment processes are started immediately. We cannot possibly change the tendency of an ageing and shrinking population, but it is imperative that we adapt to the new circumstances, otherwise serious social cleavages may occur with deep social conflicts. Although many decision makers realise this, promoting disagreeable reforms with the argument of demographical change, which will be visible beyond the next elections, remains cumbrous. The first steps are well taken however more must follow if Germany wants to remain the most productive country in the EU. It is, therefore, imperative to attract a great deal of attention concerning the consequences of demographical change throughout the German and European societies. Germany may be the oldest of the old world, but with wise adjustments it may well maintain its productivity.

VII. Transformation and cooperation
The Meuse-Rhine Euregion

Jan Lambooy

In many European regions, population stagnation or decline is worrying inhabitants, businesses and governments. It is particularly worrying if there is a structural combination with a declining economic base and a deteriorating level of public facilities. However, the impact of decline can vary strongly from region to region, from country to country and even within regions sometimes large variations can be observed. This is obvious for larger Euregions, where within those areas large differences can exist.

The Meuse-Rhine Euregion consists, broadly speaking, of the northern part of the old 'Middle Empire' of Carolingian times of the ninth and tenth centuries. It covers the provinces of Dutch and Belgian Limburg in part, the region of Aachen and Jülich (part of the German *Land* Nord-Rhineland Westphalia), the German speaking part of eastern Belgium, and the province of Liège. This entire Euregion has 3.5 million inhabitants and various urban agglomerations with a well-developed economic structure.

The focus of this essay is on the Dutch part of the Euregion (the southern part of the province of Dutch Limburg), where population decline is actually already happening in Parkstad, which is the city region of Heerlen, northeast of Maastricht. Maastricht and its city region are stabilising, partly due to the large population of students at its university.

In the Meuse-Rhine Euregion, a strong spatial concentration of the population in urban areas exists. A continuous migration to the cities can be observed, both from the surrounding stagnating or declining regions to the strongest cities within these regions, and the large urban agglomerations outside of the region. Within the Meuse-Rhine Euregion strong economic differences can be observed. Cities like Maastricht, Aachen and Liège have relatively strong economic structures. These cities also possess a high level of private and public services and are the location of universities and other institutions of tertiary education. However, in some surrounding areas, even in some cities, the stagnation, or even decline, of the population and economic activities continues. The demographic decline or stagnation is the worst in Dutch Limburg. Although the other parts of the Meuse-Rhine region still show growth, they may be confronted in the coming decades with the same phenomenon.

Figure 1. *Meuse-Rhine Euregion.*

Source: Project group E.I.S., Euregio Meuse-Rhine in figures 2007*, Voerendaal, 2008, p. 14.*

In general it can be observed that, historically seen, decline and growth can be cyclical. Sometimes after a period of transformation, some recovery can occur when a new economic base develops, as regions like the *Ruhrgebiet* – Ruhr – in Germany and the Manchester region in England have shown. In this Euregion, however, new vitality will only develop if new sources of economic growth can be found, both by building upon existing activities and by developing new kinds of economic production. Growth depends strongly on entrepreneurs and on human capital. The old economic activities can sometimes be used as a basis for further development as demonstrated by the DSM Company (the former Dutch State Mines) by transforming itself from a coal-based activity to a modern, high-knowledge corporation with an international market. Those activities with a local or regional market will have more difficulties in finding new opportunities, with the exception of activities based on government funding, like most of health care.

Most commonly it is now accepted that the new sources of economic growth in this region have to be based on knowledge activities, health care and, perhaps, entertainment and recreation. However, the decline of the population can pose a danger. For regional business firms, a declining population and spending power can lead to a declining customer base with dangers of failure. It can be observed that many strong enterprises (large and small), health organisations and universities already exist in this region, some of these have international customer markets. There are four universities in this Euregion – in Maastricht, Aachen, Hasselt and Liège – and various other institutes of higher learning. This can provide a good base for the deploying of knowledge in the modern economy.

The Meuse-Rhine Euregion

The concept of Euregions as 'multi-level relational networks' are, since 2007, part of the third objective of the European Territorial Cooperation, related to the Interreg Community Initiative, a programme of the European Union that aims to stimulate interregional cooperation within the EU. Prior to 1990, nineteen Euregions already existed in Europe. In 2007, the European Commission proposed to create 'cooperative European groupings' with the purpose of carrying out actions of trans-border cooperation. Currently, Europe has seventy regions with the character of trans-border cooperation.

The aims of the European cross-border cooperation programme for the Meuse-Rhine Euregion for 2000 to 2013 are 'to promote sustainable regional development in economic, spatial and social terms where borders are no longer an obstacle. This involves strengthening its image as an innovative region in which social cohesion and environmental protection are incorporated into the development and job creation process.'[1]

In the Meuse-Rhine Euregion the five cooperating regions in the three constituent countries possess a governance structure based on public law, having its seat in Eupen (German-speaking Belgium), with, until 2010, the governor of Dutch Limburg as chairman. Currently the governor of the Belgian province of Limburg occupies this position. The main possibility to arrange new processes is consultative, but increasingly the national governments enable the participating regions to work together by solving the barriers of cooperation inherent to national legal institutions. This matter is very complicated because it needs the coordination of various government levels. It can be seen that these various levels of government are increasingly aware of the needs of coordination in order to overcome the barriers inherited from the divided past. As an example, the Dutch national government has started the GROS-approach (the letters indicate the trans-border cooperation: *GRensOverschrijdende Samenwerking*), where it provides basic initia-

[1] Stichting Euregio Maas-Rhein, *Operational programme 'Euregio Maas-Rhein'*, Maastricht, 2007.

tives for coordination and has made funds available for its execution.[2]

The Meuse-Rhine Euregion in a historical perspective

This region was part of the old 'Middle Empire' of the Carolingian period, stretching from the Dutch province of Limburg, via Luxemburg, Alsace, Lotharingia and Burgundy to the Vosges in France. It was at the same time a region of many conflicts due to its location between France and the German Empire. In a longer time horizon, this region was already important as the axis of the Roman Empire from Rome to the North Sea. Later, however, developments saw this Burgundian axis splintered and divided between national spheres of influence and the evolving barrier function for the German and French military goals. This location at the borders of countries and cultures has meant that the various states considered these regions as peripheral, which shows itself in the almost uniquely inwardly structured patterns of infrastructure.

The Dutch province of Limburg, although considered to be Dutch, was also part of the German Empire and was only internationally accepted to be a province of the Netherlands in the nineteenth century. At the same time, the cultural picture shows a mosaique of languages and transborder family relations in all the regions of the previous 'Middle Empire'.

The Euregion is increasingly well-connected to other national and international urban agglomerations, however, its location in the periphery of three countries has for a long-time meant a barrier for trans-border connections owing to the belligerent past. The region became much better situated by the establishment of the European Union, but the remnants of old centralising forces are still to be seen in the spatial orientation of the road and rails systems, which are mainly functioning as intra-national connections, and which, even now, can be observed in the form of roads and railroads in the pattern of spider webs of centralisation to the capital cities of these countries. More recently newly constructed infrastructure has opened up many new opportunities. Examples are the TGV connections around Liège and Maastricht and new, or improved, systems of E-highways. However, it still remains a fact that many regions within this Euregion show the traditional international physical belts with a dividing function rather than the new focus on international connections.

In this light, it is remarkable that the famous economist Colin Clark (in cooperation with Wilson and Bradley) published a paper in *Regional Studies* in 1969, in which he considered this region as a promising central part of the evolving European Community.[3] He calculated the 'potential of population and jobs' as

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2 Provincie Limburg, *Internationaal vestigingsklimaat in de Maas-Rijn regio's 2010. Voortgangsreportage 2009/2010 uitvoering advies commissie Hermans/Limburg Experimenteerregio*, Maastricht, 2010.

3 C. Clark, F. Wilson and J. Bradley, 'Industrial location and economic potential in Western Europe', *Regional Studies*, volume 3, 1969, pp. 197-212.

if a complete accessibility existed. Their conclusion was that this location within Europe is such that, without interior borders, the full potential could be fruitfully developed as a European 'core region'.[4] A similar conclusion can be found in the report of the Deetman Committee, which indicates that, if the European Union further evolves, the accessibility of jobs will become stronger for the entire Euregion.[5] However, the borders and the remnants of the past remain strong and continue to be a barrier for the deployment of the use of human and physical resources. This means that presently the national governments have to pay much attention to the coordination of their economic and infrastructural policies and their legal systems, such as those with regard to the labour market and the fiscal system.

Transformation of regions

The threat of a changing population structure, with diminishing absolute numbers, combined with a higher share of 'grey' people,[6] declining birth rates and declining activity rates or potential labour force – the share of active people in the age group of 20 to 65 years – has caused worries in many regions in Europe. These processes have different causes in the various regions, however, four intimately related causes are similar almost everywhere. The *first* one is the declining birth rate (reproduction rate) and the 'grizzling' (greying) of the population; the *second* one is that emigration is larger than immigration, with a concomitant loss of human capital; the *third* one is the declining economic base, with the loss of agricultural and manufacturing jobs, without enough compensation in other sectors; and the *fourth* cause is the declining quality of residential areas (houses, public facilities and amenities).

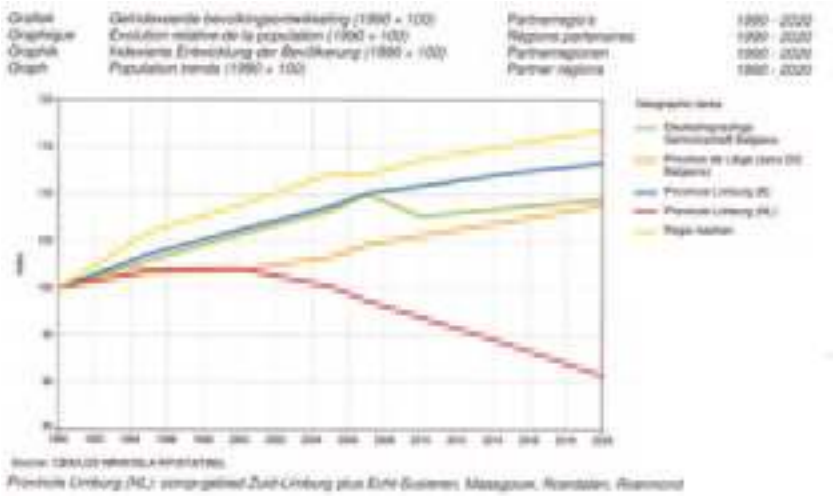
These causes cannot be perceived as belonging only to rural regions (often in peripheral areas), but also to certain cities with a loss of a traditional economic base, like agriculture, mining or manufacturing industry, as for instance Heerlen – part of Parkstad – in the Dutch province of Limburg.

4 Ibidem.

5 Adviescommissie-Deetman, *Ruimte voor waardevermeerdering*, Maastricht, 2011.

6 'Grey' as in elderly. In Dutch the process of the ageing of the population is called *vergrijzing*, literally 'grizzling'.

Figure 2. *Population trends.*



Source: Project group E.I.S., Euregio Meuse-Rhine in figures 2007*, p. 17.*

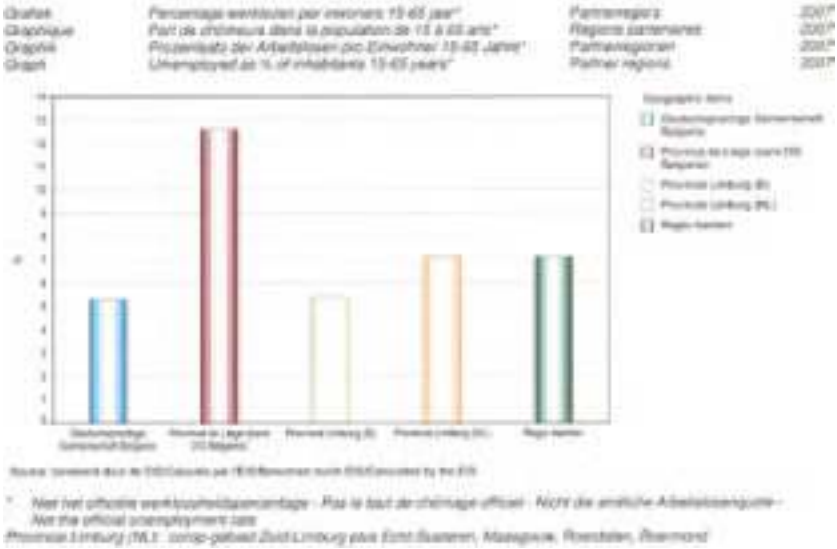
The aforementioned causal factors are often combined and this makes the problems rather difficult to turn around. It can be seen as a major transformation for these regions and their populations, which is always very difficult to influence with policy measures – and from a liberal perspective undesirable as well. The various kinds of differences of structures and problems make it plausible that various policies can be designed, from passive adjustments to active interference. However, one has to bear in mind that the turn-around in a positive direction can only be brought about if the regional entrepreneurs and the human capital of the population are fully committed to the process of economic renewal.

The strategies of the government are often directed towards reinforcing the *economic base*, the structure of the *physical degradation* (houses and business areas) and the level of *public services*. The measures can be focused on stabilising the downturn in the short run, with the hope on increasing the attractiveness for businesses and the population. Another kind of policy, raising birth rates, is not practised for regions, although in countries like Sweden and France a pro-growth policy on a national level has been, more or less successfully, developed. In France, the problems of depopulation were very serious in rural areas, owing to the large scale of mechanisation and emigration towards the Paris region. Already in the 1960s, the French government attempted to turn this process around with a national plan focused on the development of *métropoles d'équilibres*, like Le Havre and Marseilles. But the rural areas remained weak and tried to fill the gap with a new focus on recreation activities and attracting foreign farmers. A reversal of population trends outside of the urbanised regions has not been achieved. The rise of the French population at the national scale is mainly due to immigration. For-

eign immigrants from Africa and Asia went straight to the largest urban centres. In Sweden, the goal of re-population of the northern provinces was also confined to certain urban centres, but nationally Stockholm remained the strongest 'attractor'. In both countries the decline of the birth rate has more or less stabilised. In Germany, the main regions with population decline combined with economic transformation were situated in the eastern part, or former eastern Germany. The main economic issues are the creation of new firms and of jobs. In the Euregion the different regions show varying pictures with regard to the labour market situation, partly reflecting differences in the way jobs and unemployment are defined and measured.

The total number of employees in the entire Euregion is about 1.23 million and about 230,000 self-employed persons. In the pre-crisis period (2005), the share of unemployed as a percentage of the total potential labour force (age group of 15 to 65) varied from 5.3 per cent in the German speaking part of Belgium to 12.6 per cent in the region of Liège. The Belgian region of Limburg had 5.4 per cent, and Dutch Limburg and the Aachen region each 7.1 per cent unemployment.[7] These figures do not only reflect the strengths and weaknesses of the current economic structure, but also the difficulties and time-consuming process of the transformation from traditional activities towards a new structure.

Figure 3. *Unemployment rate.*



Source: Project group E.I.S., Euregio Meuse-Rhine in figures 2007*, p. 69.*

[7] Project group E.I.S., *Euregio Meuse-Rhine in figures 2007*, Voerendaal, 2008, pp. 61-77.

Commonly these problems are defined as a mutually enforcing spiral of economic and demographic decline of regions with transformation from traditional economic activities to the modern era. Not only higher birth rates, but also keeping people in those regions can be a target of policy, however in many regions the main objective is to find a new socially acceptable equilibrium with less people but with an acceptable level of work and income. This is also a message of the Deetman Committee for southern Limburg.[8] A positive contribution to softening the seriousness of decline could be that many older people can be retained. If they remain in these regions' public facilities, the retail sector and the housing market can benefit from pensions and welfare state subsidies. It has to be emphasised, however, that this by itself is not the single goal of population policy. Most policies aim at broader goals, often related to improving economic structures and the general attractiveness of cities and rural areas.

The Dutch region of southern Limburg: its demographic and economic structure and development

In the region of Dutch Limburg, an increasing number of initiatives are taken by the various government levels, in cooperation with – more in particular – the larger enterprises and the University of Maastricht. There are three main global aims in the strategies.

The *first* aim is improving the attractiveness for regional enterprises to continue their activities and to actively pursue growth by innovative production of goods and services. In addition, much effort is involved in stimulating cooperation of firms and organisations with Research and Development (R&D), more specifically institutions of the third level of education, like universities, within the entire region. A range of universities and other institutions of tertiary education exist in this region and in the neighbouring parts of the Euregion, like those in Aachen and Jülich in the German part. In the Dutch part, Maastricht University and various institutes of tertiary education (Heerlen), while in the Belgian part the universities of Hasselt (Belgian Limburg) and Liège are well-known. Well-known is the intended cooperation between the medical faculties and the hospitals of Maastricht and Aachen. More recently the cooperation of universities has been linked to the universities of Eindhoven in Dutch Brabant and Leuven (in French Louvain) in Belgian Brabant. These universities are famous for their research. Together, the aforementioned universities can contribute to create a new economic base for this 'Brainport Triangle' of the region with Eindhoven, Aachen, Maastricht, Liège and Leuven.

The *second* aim is the improvement of public facilities, like education, health care, cooperation of public bodies caring for safety, and public transport. This is often seen as a primary duty of the various governments, as taking care of the pro-

[8] Adviescommissie-Deetman, *Ruimte voor waardevermeerdering.*

vision of basic rights. Very important in this perspective is the improvement of the connections across borders. One of the first major improvements has been that of the rapid train connections between Maastricht and Liège and between Brussels, Liège and Aachen. The airport of Maastricht-Aachen is another major component in the infrastructural network.

The *third* focus is the coordination of trans-border policies in order to remove border-related barriers to deploy economic and human potentials. The labour market is very difficult to integrate. National laws are often very different from those accepted across borders. This means that unemployed people do not easily find jobs in the other parts of the Euregion, where other laws and attitudes exist. The differences in housing markets can also be difficult to coordinate. In the Dutch parts a completely different housing policy exists, with relatively high fiscal deductions of paid interests on mortgages. It made average house prices higher in the Netherlands compared with the neighbouring areas. This was one of the reasons why inhabitants in Limburg purchased houses in the neighbouring regions, although within the Netherlands the prices of houses in Limburg are lower than the average. This is reflected in the price of land, which is much lower in this province than in the western provinces with large cities, the Randstad conurbation, comprising the cities of Amsterdam, Utrecht, The Hague and Rotterdam.

Parkstad, a region in transformation

Although the southern part of Limburg is very well-situated within one of the main population and economic axes of Western Europe, the current problems are serious. The main worries are the general demographic stagnation, particularly the decline of the region of Heerlen – Parkstad Limburg. The demographic structure is typically one that depicts the seriousness of shrinking regions: low reproduction rate, ageing and emigration of human capital with many economically active population groups.

The region of Parkstad has a name which indicates the expectation that a new perspective for the former mining region will be developing. The natural environment in this area has much to offer and can be seen as a promise for the future attractiveness, if the remnants of the mining past and the quality of the urban environment can be improved. It exists of a cooperative structure of eight municipalities with Heerlen as its main centre. The number of inhabitants is quite large, around 250,000, which is about one-fourth of the entire population of Dutch Limburg. However, this region is also considered to be one of the three examples in the Netherlands with serious problems related to the declining population – the other two being the northeastern part of the province of Groningen in the border region with Germany, and Zeeland, in the border region with Belgium, close to Antwerp. Although these three regions all show demographic decline, the economic and geographic conditions are quite different. The region in Groningen has a peripheral location, both with regard to the Netherlands as to Germany, whereas

Zeeland, with its location between Antwerp and Rotterdam, and Parkstad with its location between the cities of Eindhoven, Aachen and Maastricht-Liège-Leuven, have much better prospects within a European development perspective.

The issue for Parkstad, however, is how to transform a former mining region into a region with a new economic base. In regional economic theory the best option would be seen as to find new activities, related to the already existing economic base. The dominant sector was coal mining, which was closed in the early 1970s. Although in the neighbouring region of Sittard-Geleen, the former company Dutch State Mines completely re-invented itself as a modern successful chemical, materials and food industry, the resulting effects on the economy of Parkstad were not strong. The rest of the economic structure showed a diffuse pattern of unrelated small firms. In fact, an entire transformation of the economic structure is necessary. Transformation of the economic base and of the urban environment, which even now shows the memory of the mining past, combined with poverty and poor housing quality, is a process that takes decennia to complete.

The national government has taken some initiatives to compensate for the loss of the mining function, by relocating parts of the Central Office for Statistics (*Centraal Bureau voor de Statistiek*, CBS), the headquarter of the national public sector pension fund (ABP) – both formerly in The Hague – and the newly established Open University, to the city of Heerlen. Also, subsidies to the industrial parks in Heerlen and Kerkrade were provided. All these initiatives have not yet created a stimulating economic environment for other kinds of business. This can be explained by the fact that the regional roots of business remained weak, and the regional multiplier was low. New initiatives have to come from the regional economic businesses, by expanding old and newly created businesses. Recent reports by the regional government, but more specifically by the local business community, show that there are some promising signs of increasing new firms and the creation of new opportunities offered by the attractiveness of the natural environment. This offers opportunities for investments in tourism and recreation, connecting with the already popular neighbouring region of South East Limburg, with Valkenburg as its centre. Furthermore, new initiatives have been taken in the health care sector and the growth of financial activities, related to the ABP-headquarters. Various other initiatives are already being started, for instance the Chemelot-initiative, starting with the DSM (in Sittard-Geleen) and actively attracting related activities developing a modern cluster of chemical and food-related activities with international markets. The city region of Heerlen (Parkstad) is actively involved in facilitating a 'care-oriented' sector, in which education and health care will be developed as a core activity. This same region, together with the adjacent areas, has various attractive natural areas, where recreational clusters can be developed. Some enterprises have already taken initiatives for the creation of 'Disney-like' parks.

The diminishing population and – more seriously – the declining number of the younger generations constitute a danger for the region in transition, because

the best educated labour is currently not attracted to the opportunities in Parkstad. They have to experience how the economy and living conditions improve before the process can be turned into the new direction.

Transforming regions, government and business

In general, the European economies showed major changes in the structure of employment. This also happened in this Euregion; first from agriculture to manufacturing industry, and later from industry to services. More in particular the regions of Liège and Heerlen have seen a major decline in jobs in mines and industry. The different levels of government and many enterprises have already started to alter the effects of decline. The major contribution, however, has to be found in the establishment of new firms, providing a stronger economic base and new jobs with higher wages, stimulating local investments and consumption. Governments can only create conditions, such as infrastructure and a declining number of rules and regulations.

The difficulties of transformation in such regions can be observed in many countries. Cities like the 'Black Country' in England, the Philadelphia region in the USA, and the *Ruhrgebiet* in Germany, show that it can take many years before the trend can be changed. One factor is the attractiveness of the major cities in these regions. The concept of attractiveness can be divided for business and residential population. The first group is attracted to good accessibility for suppliers and clients – but also to the availability of good workers, with well-educated people – facilitated by roads, waterways, railroads and IT-infrastructure. The attractiveness for residents consists of the availability of jobs, houses of a good quality, amenities, such as entertainment and restaurants, public facilities (like schools and medical care) and a nice physical environment. The Euregion as a whole is certainly well-provided with all these elements, but there are various constituent parts with lesser quality indicators of attractiveness.

One persistent attribute of these regions is that they are still strongly intranationally orientated, more in particular in the case of the labour markets. This can be improved by cooperation across city-regions and across national borders. The increased trans-border cooperation is an excellent way to provide access for the inhabitants, but it can also mean that a certain intra-regional migration across the constituent regions has to be accepted. The worst hit regions by the economic structural transformations have to be aided in increasing their attractiveness to young active people and to businesses. Governments, for instance, can improve the infrastructure and diminish formal rules that hinder the rise of new business initiatives. However, at present, most initiatives and developments have still to be started, although there are various reports published with the aim to further new economic growth.

Following the advice of the Hermans Committee in 2010, the Dutch province Limburg has published a document on the 'international locational conditions

in the Meuse-Rhine Euregion', focusing on nine experiments for the solution of trans-border problems.[9] Examples of these experiments are especially important for the labour market, the housing market, planning of industrial estates, and research and development by the cooperation of educational institutes and medical organisations.

Another document recently published is that of the Deetman Committee.[10] This focuses on the necessity of a common approach of the three levels of government – state, province and municipalities – together with the Euregion and the private sector. It had as a starting point the worries of the population decline, more in particular for the southern part of the province. In the entire province of Dutch Limburg the population is expected to decline by about three to six per cent – more than 100,000 out of the present 1.2 million – in the coming fifteen years. The economic base will be in danger of declining if the trend of emigration of human capital, in the form of young better educated people, continues. The average share of the population having higher levels of education (tertiary) is lower than in other parts of the Netherlands and, accordingly, the average wage level is lower.[11]

The Deetman Committee also mentions other problems, such as the matching of the supply and demand of labour and the housing markets, within the sub-regions but also for the entire province. The latter means that many houses in dilapidated urban areas will have to be demolished and only partly rebuilt. Another issue is the creation of strong economic clusters, building upon existing enterprises and knowledge from universities. An example is the Chemelot initiative around DSM and the cooperation of medical faculties across the border, but also the extension of the cooperation to the universities of Eindhoven and Leuven.

Liberal strategies for policy action

A general worry is the continuing stabilisation or even declining population and economic base. The transforming and sometimes declining economic base, the deteriorisation of residential areas and public facilities have made this issue a major area of government intervention. However, the strategies are often not entirely developed and implementable. The question is what governments can do, whether governments have to intervene, or what the principal purposes have to be. Is it necessary to attempt a new rise of the population size, and to create a new economic dynamism, or is it only necessary to curb the downtrend and strive for a new acceptable equilibrium of economic activities, physical quality and the level of public facilities? In any event, the economic transformation has to happen in a strong association with private initiatives, more in particular new and existing enterprises.

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9 Provincie Limburg, *Internationaal vestigingsklimaat in de Maas-Rijn regio's 2010.*

10 Adviescommissie-Deetman, *Ruimte voor waardevermeerdering.*

11 Centraal Planbureau, *Stad en platteland*, The Hague, 2010.

The strategy of the Dutch province Limburg is oriented towards cooperation in order to facilitate 'increasing added value of economic and social activities.'[12] The suggestion that acquiring a new equilibrium on a lower level is an acceptable policy goal is also important. In this report it is also emphasised that this region has, in principle, a good location within an integrating Europe, together with many attractive properties, like physical environment, educational structure and a large number of economic opportunities. However, the full potential can only be developed if the initiatives of people and governments in economic and social activities can be intertwined with cross-border initiatives. For policy purposes, one can distinguish two strategies: *public action*, where the initiative lies with government or other public authorities ('top down'), or *collective action*, where the initiatives are taken by groups, individuals or firms ('bottom up'). In the first option, measures are primarily taken from a central (national) perspective, while in the second one, the emphasis lies in finding ways to empower people to solve problems by decentralised action. This means that local and provincial governments are the leading partners. However, inhabitants and the business partners have to be seen as the basic units of action. In real-life politics the effectuated measures will have elements of both kinds of approach.

Measures of the first kind are more common in western societies, although many 'bottom-up' initiatives exist. In centralised states, like in the former communist world, but also in countries like France, centrally taken initiatives ('plans') have been the norms for a long time. In democratic ('mixed') societies, both forms are common. The 2009 Noble Prize winner, Elinor Ostrom, has devoted much of her life to investigating the institutionalisation of collective action. She has shown that bottom-up organisation is often more efficient than centralised policies, provided this form is sustained by the participants. An example is the organisation of fishing rights in waters where scarcity occurs and where the fishermen organise the distribution of quota by themselves. In the Netherlands, the original *polders* were also organised by the inhabitants, and the leaders were elected by the property owners.

In our case of declining populations, the first reaction of governments is often to start by planning 'solutions' to the various selected problems. On the other hand, individual people confronted with decline in their own region often know the problems and react by choosing two directions as to their own 'solutions'; the first is migrating to other areas, and the second are various forms of local initiatives by 'collective action'. An example of the second direction is that some people arrange transport for children and elderly people. Another example is to form groups with people able to do repair jobs for the poor and the elderly.

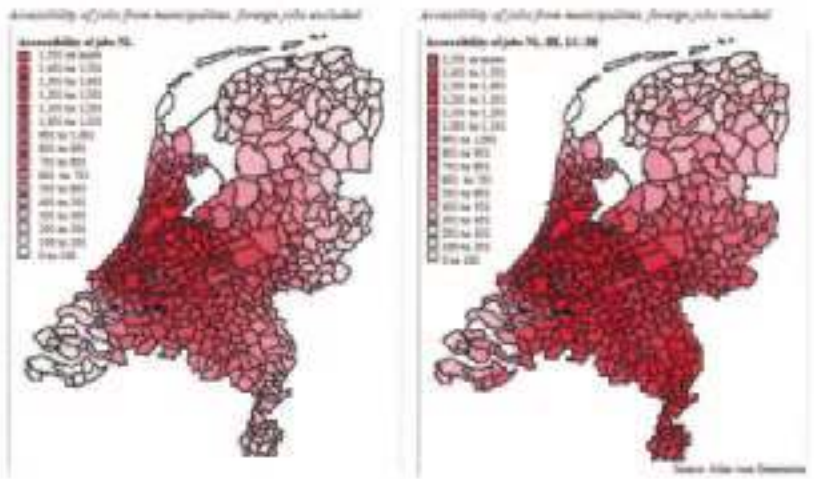
Of course, it is possible to combine public action and collective action in cases

[12] Provincie Limburg, *Ruimte voor vernieuwing. Voortgangsverslag Demografische Proefregio Limburg*, Maastricht, 2010.

where certain basic services are declining. Especially when civil rights such as the right of education or medical care come into play. This can be the case when new kinds of economic activities, like recreation or biological farming, need a change of government regulation and possibly new roads and waterworks. In many Euregions, a certain influence of the (central) government is inescapable, because many initiatives will be transgressing the national borders. That is the case when roads or other transport- and communication infrastructure are necessary for regional development. In other cases, the need for an international coordination exists where environmental planning and labour market cooperation are concerned.

The Dutch 'Atlas van Gemeenten' (Atlas of local authorities or municipalities) has indicated that the density of work places in the southern part of Limburg is comparable to the density in the Randstad, which includes the four largest cities of the Netherlands (Amsterdam, Utrecht, The Hague and Rotterdam) provided the trans-border job opportunities are also included, otherwise the density of work places is about five times as low in southern Limburg. From a liberal perspective, this indicates that it would be beneficial to re-evaluate the governmental rules that make cross-border working and housing complicated or even impossible. Deregulation can improve the job opportunities in southern Limburg as well as other parts of the Meuse-Rhine Euregion, and give this transnational economy a chance to boom. A booming economy can attract more people and other initiatives of individual citizens as well as regional companies.

Figure 4. *Job accessibility.*



Source: Provincie Limburg, Ruimte voor vernieuwing*, p. 24.*

Conclusion

In the Meuse-Rhine Euregion many different forces are at work, but one common problem and opportunity is the peripheral location in the shadow of national centres, although the region as such has a central location provided there are no national borders. This property of location was analysed by Clark, Wilson and Bradley in 1969, but the development of cross-border economic development has not yet been favourable to this Euregion. Increasing European cooperation and the re-movement of the barriers of national frontiers, for instance by new infrastructure, ICT, and the diminishing legal barriers, will, in the end, be a strong impetus for further development of prosperity. Governments have to be actively involved, but if this is not supported by the inhabitants, institutions and businesses, the efforts may result in only plans and no improvements. Governments can do much in their efforts to increase the quality of public facilities, housing and infrastructure. However, resident individuals, entrepreneurs and politicians have to deploy all their resources in order to achieve the goals of new developments.

VIII. The dynamics of demographic decline and its consequences for Lithuania

Viewpoints from a liberal perspective

Remigijus Civinskas, Dainius Genys, Daiva Kuzmickaitė and Vaida Tretjakova

The demographic situation in Lithuania

Lithuania is the largest of the three Baltic countries, having a population of 3.24 million on 1st January 2011.[1] However, as in most of the Eastern European countries, its population is rapidly declining. This process has been accelerating since 1992 when the Lithuanian population reached its peak at 3.71 million inhabitants.[2] It has been estimated that during its first twenty years of independence – 1990 until 2010 – Lithuania has lost approximately 365,000[3] of its inhabitants. This amounts to almost 10 per cent of the population in 1990. In 2010, the Lithuanian population declined by a further 84,500, which is a decrease of 2.5 per cent.[4] Demographers are concerned that even these numbers may be an underestimation. Thus, in anticipation of the results of the 2011 population census, it is feared by many experts in the country that the total population may not even reach 3 million.[5]

This tendency towards a sharp demographic decline is due to the combination of persistently low fertility rates and high levels of out-migration. In recent years, it has been mainly driven by extremely high levels of out-migration – in 2010 the negative net migration was responsible for 92.7 per cent of the population decline.[6] During the last two years, every second emigrant was between the ages of 20 to 34 years, and last year, those aged between 35 to 54 years constituted one-fourth of all emigrants.[7] This specific age structure of the majority of the emigrant population has a negative impact on both social and economic levels. One of the

1 Statistics Lithuania, *Press release 'Lietuvoje 2010 metais gyventojų sumažėjo 84,5 tūkst.'*, 2011.

2 Statistics Lithuania, *Demographic Yearbook 2009,* Vilnius, 2010.

3 Statistics Lithuania, *Lithuania in figures. Twenty years of independence*, Vilnius, 2010.

4 Statistics Lithuania, *Press release 'Lietuvoje 2010 metais gyventojų sumažėjo 84,5 tūkst.'*.

5 Preliminary results of the 2011 census are scheduled to be published in September 2011.

6 Statistics Lithuania, *Press release '2010 m. išvykimą iš Lietuvos deklaravo 83,2 tūkst. emigrantų'*, 2011.

7 Statistics Lithuania, *Press release 'Lietuvoje 2010 metais gyventojų sumažėjo 84,5 tūkst.'*; Statistics Lithuania, *Press release '2010 m. išvykimą iš Lietuvos deklaravo 83,2 tūkst. emigrantų'*.

possible solutions to compensate for the lack of labour force could be to attract more immigrants. However, there is still no coherent policy on immigration.[8] So far, the main tendency has been to strictly limit immigration, which is one of the reasons why immigration levels in Lithuania remain low[9]– during the last few years, the average rate of immigration to Lithuania was 1.6 immigrants per 1000 inhabitants.[10] Rather than encouraging immigration, emphasis has been placed on encouraging return migration; so far, this strategy has been unsuccessful.[11]

An extremely low level of fertility is another characteristic feature of Lithuania. The total fertility rate (TFR) in Lithuania is amongst the lowest in Europe.[12] The last time the TFR was close to the replacement level of 2.1 was in the 1990s, since then it has been declining steadily, and during the period 2002 to 2005 it was lower than 1.3.[13] Recently, signs of increased fertility have been observed – the TFR in 2009 was 1.55.[14] The increase in the fertility rate in Lithuania during the period 2003 to 2009 was one of the largest amongst the countries in the European Union.[15] Lithuanian demographers advise caution as this trend is related to the compensatory effect of postponed births and thus does not have to signify a long-term trend.[16]

The low level of fertility and high levels of emigration of the younger generations induce a shift towards the older age structure. Currently, 21.3 per cent of the Lithuanian population is above the age of 60, compared to 14.9 per cent of those under 14 years old.[17] Compared to 1990, the percentage of the population aged 60 and older increased by 5.3 per cent, whereas the percentage of those under 14 declined by 8.1 per cent.[18]

A negative natural increase in the population has, for a long time, been a characteristic of many European countries (currently at the level of EU-27 it is almost

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8 A. Sipavičienė and M. Jeršovas, *Darbo jėgos migracija: poreikis ir politika Lietuvoje,* Vilnius, 2010, p. 79.

9 Ibidem.

10 Statistics Lithuania, *Press release '2010 m. išvykimą iš Lietuvos deklaravo 83,2 tūkst. emigrantų'.*

11 Sipavičienė and Jeršovas, *Darbo jėgos migracija: poreikis ir politika Lietuvo*je, p. 79.

12 OECD, *Fertility rates, 2010.* Please consult the OECD database for more information: http://www.oecd.org/els/social/family/database/.

13 V. Stankūnienė and M. Baublytė, 'Prokreacinė elgsena ir lūkesčiai: raidos trajektorijos ir veiksniai', in: V. Stankūnienė and A. Maslauskaitė (eds.), *Lietuvos šeima: tarp tradicijos ir naujos realybės,* Vilnius, 2009, pp. 101-166.

14 Statistics Lithuania, *Demographic yearbook 2009.*

15 Eurostat, *Demography report 2010. Latest figures on the demographic challenges in the EU,* 2011.

16 V. Stankūnienė, *Interview for the Lithuanian national broadcaster*, 2010. (http://www.lrt.lt/news.php?strid=5042&id=5551480/)

17 United Nations, *World population prospects. The 2008 revision. Highlights.* New York, 2009, (Table A.10).

18 Statistics Lithuania, *Lietuvos gyventojai pagal amžių,* Vilnius, 1992.

balanced);[19] a negative migratory balance is still commonplace in most Eastern European countries. Therefore, in this respect, demographic trends in Lithuania reflect a common pattern across Europe. However, with regard to mortality, Lithuania is a clear exception. The process of economic development is usually related to reductions in mortality levels, increases in life expectancy and general improvements of health. Yet, even after twenty years of independence and transition into the market economy, the level of mortality in Lithuania remains high. This is particularly true with regard to male life expectancy – the life expectancy at birth for Lithuanian males is the lowest in the EU-27[20] at the level of 64.9 years compared to the highest of 79 years recorded in Sweden. This situation raises serious doubts about possible long-term health improvements in Lithuania.[21]

In a broader European perspective, Lithuania, together with Latvia, Estonia, Poland and the eastern part of Germany, belongs to the region of countries with the fastest declining populations.

One of the most recent reviews of the demographic situation in the Baltic countries reveals that the main reasons behind the demographic decline are similar in all three countries.[22] These are primarily low fertility levels and high mortality levels that contribute to negative natural population growth. In all three countries, the total fertility rate is below the population replacement level, thus lower than 2.1. However, the TFR in Estonia is slightly higher than the TFRs in Lithuania and Latvia, and it is also above the average of the EU-27.[23] Thus, the authors of the review conclude that the situation with regard to fertility is improving faster in Estonia than in Latvia and Lithuania. The situation regarding mortality has also been improving faster in Estonia – after having experienced mortality crisis in the early and mid 1990s, Estonia has shown a steady increase in both female and male life expectancy during the 2000s. The recovery in life expectancy after the mortality crisis was less pronounced in Latvia and Lithuania and, during some years, life expectancy at birth stagnated or even decreased. The most unfavourable situation in that respect, however, can be observed in Lithuania. Despite these differences, all three Baltic countries can be 'classified as the three worst countries'[24] in the context of the EU-27 concerning male life expectancy. The reasons behind this

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19 Eurostat. *Europe in figures – Eurostat yearbook 2010*, 2010.

20 Ibidem, data for the year 2007.

21 P. Grigoriev et al. 'Mortality in Belarus, Lithuania, and Russia: Divergence in recent trends and possible explanations', *European Journal of Population*, 26, 2010, pp. 245-274.

22 D. Jasilionis, A. Jasilionienė and V. Stankūnienė, 'Demographic changes of the Baltic countries: An overview in the context of the EU countries, in: V. Stankūnienė and D. Jasilionis (eds.), *The Baltic countries: Population, family and family policy*, Vilnius, 2009, pp. 11-21.

23 The authors of the review refer to the year 2007, however, the same tendency is confirmed by the newly available data for the year 2009 by Eurostat.

24 Jasilionis, Jasilionienė and Stankūnienė, 'Demographic changes of the Baltic countries', p. 21.

problematic situation are high levels of premature male mortality. With respect to demographic decline, Lithuania and Latvia also share the problem of negative net migration – c.q. the number of emigrants exceeds the number of immigrants – whereas Estonia has been continually recording a positive (albeit small) rate of net migration since the year 2000.[25] Thus, in terms of positive demographic changes, it can be concluded that Lithuania and Latvia are lagging behind Estonia, which, during recent years, has demonstrated significant improvements in fertility rates, has experienced consistent growth in life expectancy at birth and has been recording a positive rate of net migration.

Expected demographic trends

The current demographic situation in Lithuania leaves little hope for future improvements. The analysis of cohort fertility patterns in Lithuania has shown that women born since the 1970s are postponing childbearing and thus are having less children at early ages.[26] One can only guess what their completed level of fertility will be; however, experts are sceptical about the possibility of it reaching the population replacement level.[27]

It is also difficult to determine future migration patterns in Lithuania, 'as future migration is even more uncertain than future fertility or mortality.'[28] As more people of working age – 20 to 64 years old – leave the country, Lithuania will face the problem of a workforce shortage. Immigration could be one of the solutions. However, the possibility that high out-migration flows could be compensated by immigration is highly unlikely, not only because of the lack of political will, but also because of the possible integration problems newcomers may face.[29] Lithuania is an ethnically homogeneous country – according to the census data of 2001[30] more than eighty per cent of the population is of Lithuanian nationality and most Lithuanians 'have an a priori negative attitude towards foreigners.'[31]

It is expected that the combination of these processes will eventually result in a sharp population decline and, by 2050, there will only be 2.6 million people living in Lithuania.[32]

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25 Eurostat, *Europe in figures – Eurostat yearbook 2010*.

26 V. Stankūnienė and A. Jasilionienė, 'Lithuania: Fertility decline and its determinants', in: T. Frejka et al. (eds.), *Childbearing trends and policies in Europe. Demographic Research,* 19, 2008, pp. 705-742.

27 Ibidem.

28 J. Alho, *Stochastic forecast of the Lithuanian population 2001-2050*, unpublished report, September 25, 2001.

29 Sipavičienė and Jeršovas, *Darbo jėgos migracija: poreikis ir politika Lietuvoje*, p. 79.

30 Statistics Lithuania, *Press release* '*2001 m. surašymas: Lietuvos tautinė sudėtis vienalytiškiausia*'.

31 Sipavičienė and Jeršovas, *Darbo jėgos migracija: poreikis ir politika Lietuvoje*, p. 58.

32 United Nations, *UN population prospects: The 2008 revision.*

Problems created by demographic decline

Demographic change as a result of falling birth rates and large-scale emigration creates many problems within the country's social life. For example, emigration not only results in the loss of tax payers, but also in the loss of citizens for determining Lithuania's political future, which is possibly the most active and independent part of it. Despite the efforts of diplomatic missions to include Lithuanian citizens who have emigrated on the voting lists, many of them do not take part in the elections (this is probably the most common trend among migrants with no legal status). The main problem is that many young and active Lithuanians do not take part in deciding on the main state issues, which increases their own alienation from the Lithuanian political processes. This weakens the ties with their motherland and its society, and, at the same time, lowers their prospects for returning home in the future. Finally, their withdrawal from public life impoverishes public life in Lithuania in many hard to quantify ways.[33]

Migration particularly weakens the very small middle class society without which no stable and progressive democratic state formation is possible. The emigration phenomenon highlights the so-called 'infantile citizenship' problem.[34] Civic infantilism is characteristic of the group of Lithuanian citizens who, when leaving, pointly refuse ownership and commitment to their native country, and of the group of citizens who stay in Lithuania and then indiscriminately condemn the population. Acceleration of emigration encourages stigmatisation of those departing and 'ghetto mentality' amongst those staying, and further increases the growing alienation and resentment consciousness within the society. Finally, the socially infantile are also those who disregard the immigration challenges and needs in shaping public policy. The recent state emigration policy is 'narcissistic': 'loving' their own old problems and avoiding new challenges. Proposed projects often ignore the real needs of society, particularly where tough decisions are needed (for example, in the reduction of the brain drain flow and their recovery strategies).[35]

From the point of view of the economic and social impact we should distinguish the long-term and short-term migration.[36] Long-term migration is more harmful to the state of origin: it loses funds invested in the education of people and loses professionals. In addition, the demographic situation deteriorates. Advantages might include higher experience and expertise among returning emigrants, but only if the returning emigrants are still of working age.

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33 Všį. Pilietinės visuomenės institutas, *Lietuvių emigracija: Problema ir galimi sprendimo būdai*, Vilnius, 2005.

34 D. Kuzmickaitė, *Teoriniai tarptautinės migracijos diskursai*, 2004. (http://www.civitas.lt/files/Emigracija_pranesimai.pdf/)

35 Pilietinės visuomenės institutas, *Lietuvių emigracija: Problema ir galimi sprendimo būdai*, Vilnius, 2005.

36 K. Gliosaitė, *Ekonominių emigracijos motyvų ir pasekmių vertinimas*, 2004. (http://www.civitas.lt/files/Emigracija_pranesimai.pdf/)

A better option for a country of origin is short-term migration. The disadvantages of short-term migration include the reduction of current social security financing and a sharp decline in wage increases in sectors in which the required labour force is draining. The advantages are: a decline in the unemployment rate (this aspect is only partially important to Lithuania because the supply of professional jobs is higher than the demand), the return of migrants with new experience to their country of origin, and cash flows earned by migrants flooding into the country. The latter might explain the paradox that the average Lithuanian's purchasing power is disproportionately high in respect of earnings, which means that, in general, the population of Lithuania spends more money than it earns.

In terms of impact on Lithuania, the positive aspects of emigration include: the likelihood that many migrants will return (although this forecast is most doubtful), a large proportion of funds are invested and consumed in Lithuania; the number of unemployed, including the need for social support, is decreasing and migrants acquire new experiences.

The negative effects of migration are demographic changes: decline in the population of working age, productivity decline and social system challenges caused by the taxpayer's withdrawal.[37]

In summary, there are various aspects of problems caused by demographic decline in Lithuania: a steady population decline due to the negative migration net balance; a decline of the numbers of the working age population; less children and, thus, an ageing population; an increase in the rates of divorce; higher numbers of 'social orphans' (institutionalised children, or children left in the custody of relatives, neighbours, or living independently); increased numbers of mixed marriages with foreigners and their related problems e.g. divorce, court decisions about which parent should raise the children, which become complicated due to the different national legal rules governing child care and parenting; social communities – after the departure of the 'middle' and capable class of society, neighbourhood, cultural, social networks and relationships are destroyed, some communities dwindle, a critical mass of all kinds of consumers diminishes and all forms of potential is wasted as not everyone is employed under the original education.

Lithuanian politics

Since its independence in 1990, Lithuanian politics has been dominated by Lietuvos socialdemokratų partija,[38] the social democrats and, later, by the Lithuanian Conservative Party. These parties have been the prime actors in policy formation. The two liberal parties – Lietuvos liberalų sąjūdis/ Lithuanian Liberal Movement

[37] E. Motieka, M. Adomėnas and J. Daniliauskas, *Lietuvos valstybės ilgalaikė strategija lietuvių emigracijos ir išeivijos atžvilgiu*, Vilnius, 2004.

[38] The previous name of this party was the **Lietuvos demokratų darbo partija, the Lithu**anian Democratic Labour Party.

and Liberalų ir Centro sąjunga/ Liberal and Centre Union – have been part of several coalitions in the last couple of years, but they have had far less influence on policy making than the social democrats and conservatives.

Since the last decade, two sets of demographic issues have been dominating the Lithuanian population policy agenda: emigration and population ageing as a result of a decline in fertility levels. The process started with the recognition that these demographic developments exist and need to be addressed. The style of policy making was changed by the government led by the Lithuanian Conservative Party in late 2008. The conservative party won the 2008 elections with the slogan 'we will start demographic reconstruction'.[39] Political and ideologically determined objectives became one of the government's main priorities after the party won the elections. The conservatives have further strengthened the role of the family as a kind of 'buffer' for negative demographic changes by promoting family life.

Since 2004, policy measures have been implemented to address the problems involving demographic changes, focussing on emigration and ageing, although, in 2007, the supreme audit found that effective management and demographic policy were lacking, and that no monitoring of the implementation was envisaged.[40] In addition, it appears that from 2004 until 2007, part of the measures were solely 'on paper' simply because they did not receive any funding. In 2008, the policy management was reformed and clarification was provided of the implementation phases of the facilities, including their terms of appropriations from both the national and EU budget.

Because of the shortcomings of the implementation of the demographic policy, we are unable to assess its effectiveness clearly. Its most important indicator, 'the birth rate', is sufficiently high from the perspective of growth in the years 2003 until 2009. Life expectancy in Lithuania has also increased slightly, but not very rapidly. Similar trends can be observed in public health. Incidences of epidemic diseases and addictions gradually decreased. Lithuania created an institutional public health care system. It has been more difficult for past governments to implement migration regulatory factors. In particular, emigration slipped out of control.

Concluding discussion from a liberal point of view

In assessing the extent of emigration of Lithuanian citizens and the state policies that apply to the regulation of international migration, we should first mention the evolution of the liberalisation process of the legal framework, in particular relating to the destruction of the Law on Emigration and the limitations of the

[39] Tėvynės sąjunga - Lietuvos krikščionys demokratai*, Pradėkime kurti geresnę Lietuvą, Veiklos programa 2009-2012 metams,* Vilnius, 2008, p.18.

[40] Lietuvos Respublikos Valstybės Kontrolė, *Valstybinio audito ataskaita. Tarpinstitucinių programų koordinavimas ir valdymas*, No. VA-P5-50-1-12, June 18, 2008.

Law on Citizenship.

The Law on Emigration (No. I-1946) was in force from 1991 to 2000, in the period of transformation of the Soviet system to the democratic rule. This law limited the conditions of departure from the country: only individuals complying with those restrictions could leave the country, or a person having outstanding obligations, liabilities and commitments could not cross the border without furnishing the consent of creditors, or without serving in military or national defence forces. This law was contrary to the free movement of people and to the principles of leaving the country, and was contrary to EU law. This law ceased to exist when Lithuania began to harmonise its legislation with the EU law in order to join the EU in 2004. While the law was in force until 2000, these restrictions gradually decreased, and a strict procedure was only applied in criminal cases, or when the visa period was exceeded.

Meanwhile, the Law on Lithuanian Citizenship, passed in 2002, recognised dual nationality for foreign citizens of Lithuanian origin, but in 2006, the Lithuanian Constitutional Court found inconsistencies in this law with the Constitution.[41] The Lithuanian Constitutional Court held that the Law on Citizenship did not strictly comply with the provisions of Article 12 of the Constitution, which states that 'unless otherwise provided in individual cases, no one may be a citizen of the Republic of Lithuania and of another state.'[42] The Constitutional Court stated that, for example, by permitting the restoration of citizenship to the emigrants of Lithuanian descent, the Law on Citizenship did not require to renounce their previous citizenship, although it is conditional in compliance with the constitutional provisions in respect of nationality.[43] It is clear that the Constitutional Court of the Republic of Lithuania ruled out compliance with the norm of very strict recognition of dual citizenship only in extremely rare cases. The Lithuanian government established a working group that developed a so-called special relationship status for immigrants of Lithuanian descent, having a citizenship of another country, which might compensate for the prohibition on dual nationalities.[44] This does not mean being entirely devoid of any possibility to tolerate dual nationality, but such possibilities are greatly diminished. The debate on the recognition of dual citizenship to emigrants from Lithuania was broached again in the spring of 2007 when a Conservative Party member, A. Kubilius, submitted

41 S. Pivoras, 'Policy of dual nationality (Scandinavian lessons for Lithuania)', *Oikos*, number 3, 2007.

42 *Lietuvos Respublikos Konstitucija*. 1992.

43 Ruling of the Constitutional Court of the Republic of Lithuania 'On the conformity of the provisions of national legislation regulating the citizenship relationships of the Republic of Lithuania to the constitution of the Republic of Lithuania, November 13 2006. (http://www.lrkt.lt/dokumentai/2006/n061113.htm/)

44 Press release of the government of the Republic of Lithuania. (http://www.lrv.lt/main.php?id=aktualijos_su_video/p.php&n=4438/)

to Parliament a draft amendment to the *Law on Citizenship*.[45]

As stated by S. Pivoras,[46] of the ten new EU countries, Lithuania is one of the two countries (including Slovenia) which adhere to strict constraints. The other new EU members are characterised by moderate dual citizenship policies. None of the new EU member states follow liberal policy.[47] According to A. Liebich, who was engaged in specific research of citizenship policy in post-communist countries, in most post-communist countries naturalised citizens are clearly discriminated in terms of dual citizenship policy by comparing them to citizens from birth, especially when forcing them to refuse another citizenship.[48] Scandinavian experience shows that *jus sanguinis* – a dominant force in the politics of Lithuanian citizenship – does not necessarily preclude the recognition of dual citizenship, either selectively or universally.

In the stance of the Scandinavian countries regarding citizenship, regardless of whether they recognise *de jure* dual citizenship or not, it is possible to discern some common features, one of which is the criterion of recourse to effective citizenship, i.e. sufficient connection with the state. This factor may be an important lesson in politics in general, and in the Lithuanian citizenship and dual citizenship policies in particular. Another important feature in common is the absence of the differential (selective) treatment of dual citizenship. In principle, dual citizenship rights are recognised for both expatriates and/or immigrants. It is not merely recognised for one and not the other. The latter attitude, due to the specifics of the Lithuanian society (absence of the problem of immigrants), is unlikely to be assumed. On the other hand, it is highly dependent on the prevailing attitudes in society which, to a certain extent, could be formed in advance. The experience of Scandinavian countries in general shows that it will be extremely difficult to achieve an unambiguous understanding of a long-term solution for the double nationality in Lithuania. Another dimension of the assessment of liberalisation of migration processes in Lithuania is the public discourse. Until 2000, the debate on the Lithuanian migration phenomenon in the public sphere (media, academic seminars, conferences) was rather mechanical, and narrow in nature. In other words, migration was identified as a one-way and a one-time action, while at the same time it was considered to be a loss of gene pool, physical labour and intellectual and creative capacity. The perception of the state funds invested in the education of emigrants was similar. Emigrants were regarded as people lacking public spirit, betraying the country that had regained its independence. This approach gradually changed through the efforts of academics working in this area:

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45 Draft Law on the amendment of articles 1,17, 18, 20 and supplement of articles 17(1) ir 18(1) of the Law on Citizenship of the Republic of Lithuania, April 13 2007, XP-2167.

46 S. Pivoras, 'Policy of dual nationality (Scandinavian lessons for Lithuania)'.

47 Ibidem, p. 713.

48 A. Liebich, 'Plural citizenship in post-communist states', *International Journal of Refugee Law*, volume 12, number 1, 2000, p. 106.

research and conference discussions led to the ambiguous and complex assessment of migration processes. International migration is increasingly defined as a continuous and multidimensional phenomenon, becoming a way of life and entailing not only losses but also benefits: cultural, intellectual exchange, money transfers of departees to their relatives remaining in Lithuania, 'imported' and hence slightly different outlook on life and experience, returning workforce, et cetera.

Emigration is emerging as a challenge and as an opportunity, however, it is possible to meet this challenge and to make use of this opportunity through a thorough understanding of the phenomenon and a clear vision of a deliberate strategy, and most importantly, through the political will to respond to the challenges. So far, there is no public policy and reflected strategy against emigration. There are isolated efforts, but no actual thought-out strategy or coordinated efforts; projects are offered without regard to the real needs of society. The issue requires interdisciplinary research, integrated assessment and a description of events.

With regard to emigration policy management, various documents on the country distinguished different internal and external barriers. Internal barriers mostly include the lack of political will, the complexity and high costs of reforms, the paradigmatic country's backwardness, institutional inertia and resistance to the intended reforms, the limits of the state intervention, and problems in modelling the immigration and emigration effects. Meanwhile, the most important external factors are the absence of external barriers (political, economic, social or cultural) and the attractive policy of the countries to which the flows of emigration are directed.

In summary, we can say that the current government policy is changing in the right direction: more emphasis is made on supporting the development of relations with the new wave of immigrants, consolidation of the Diaspora and the promotion of re-migration. It can be argued that at this point in time, three main directions of work for the government in terms of emigration and exile emerge. First of all, the removal of incentives for potential emigrants from leaving Lithuania. From the time of regaining independence, the public policy in regard to migration has been, and remains, essentially liberal. State authorities actually do not stop emigration; they do not create red tape for people wanting to emigrate. From a liberal point of view, this freedom of migration should not be restricted by the government in any way. Therefore, the reduction of the motivation of potential emigrants to emigrate is only possible by improving the living conditions in Lithuania. This can be accomplished by the stimulation of market economy. Liberalisation of the market can result in a booming economy which will attract new (inter)national investors, thereby improving the national labour market. Foreign experts have indicated that the economy of Lithuania is already highly

liberalised,[49] although the main problem of the Lithuanian market economy is the relatively high corruption level as well as the bureaucracy. These phenomena frustrate the Lithuanian economy and discourage (inter)national companies to invest in this country. The government should address these problems to allow the free market to function, but this will not be an easy task.

The second direction is the promotion of Lithuanian national spirit amongst emigrants, the institutional consolidation of immigrants and the strengthening of relations with Lithuania by setting up Lithuanian schools, providing support for Lithuanian communities abroad and expanding the network of consular services. And finally, the promotion of re-emigration by raising the overall level of welfare in Lithuania, reducing red tape to return and integrate into the Lithuanian society through the recognition of foreign certificates, the abolition of double taxation of income and other measures.[50]

Besides an adequate perception by some political elites of the immigration and emigration problems and recognising the need for a qualitatively new state policy in this area, the actions of public authorities towards making practical changes to this policy are, so far, still quite limited. The liberalisation of Lithuanian society has made major steps since the 1990 independence, though policy measures have to be implemented to complete this process and transform Lithuania into a more comfortable and interesting place in which to live and work, not only for Lithuanian citizens, but also for citizens from other EU countries.

[49] According to World Competitiveness Index Lithuania was ranked at 44th place out of 142 countries in the world. http://gcr.weforum.org/gcr2011/.

[50] E. Motieka, M. Adomėnas and J. Daniliauskas, *Lietuvos valstybės ilgalaikė strategija lietuvių emigracijos ir išeivijos atžvilgiu*.

Future

IX. Conclusion
A dynamic liberal state of mind

Camilia Bruil and Patrick van Schie

The dynamics of demographic developments, and of demographic decline in particular, were described in the introduction to this compilation. Every European country, and every region of every one of these countries, is subject to different demographic developments for which an appropriate liberal strategy must be developed. The central idea of a liberal solution has been clearly explained by Martin van Hees. Utopic engineering by the government is not an option as far as liberals are concerned because it can – intentionally or unintentionally – result in major negative consequences. On the contrary, the government must scale down and merely ensure that the rights of individuals are safeguarded, so that they themselves are able to organise their lives the way they see fit. Various factors, such as the labour market, housing market, education, and so on, are relevant to this discussion. These topics have been examined one by one in the various case studies.

In the German case study, Csilla Hatvany has chiefly focused on the problem of ageing – a common development which is closely related to demographic decline – in relation to the labour market. Germany is a pioneer within the European Union (EU) as regards the ageing, or greying, of the population. The developments in this country are, therefore, of great interest to other European countries, such as the Netherlands, which, if they are not already facing the same problem themselves, will certainly do so in the future. Hatvany has, for example, pointed out that work should be reorganised in relation to our rising life expectancy. The current retirement age of 65 years was laid down a century ago, whereas our life expectancy has risen by 30 years during this period. It is a foregone conclusion that this will cause problems with the payment of pensions and the sustainability of social security.

In Germany, the decision has already been made to raise the pension age, in stages, from 65 to 67 years. However, the discussion on the sustainability of pensions here is not over yet. A year ago, the German economist Michael Hüther announced in a German newspaper that the pension age will have to be raised to 70 years to keep pensions affordable.[1] Opponents argued that the participation of people aged 60 and over in the labour force would have to be raised considerably before a further raising of the pension age would pay off. What is more, in May

[1] 'Lang, länger – arbeiten bis 70?', *Süddeutsche Zeitung*, 11 August 2010.

2011, the Chancellor of Germany Angela Merkel announced that the pension age in all EU countries should be brought up to the same level, because otherwise other countries will have to foot the pension bill.[2] So far, however, the pension system has been a national affair. The value and desirability of regulating such matters at the European level are doubtful.

The government of Ireland has also decided that the pension age must be raised, in stages, to 68 years in 2028. In his contribution, however, Mark van de Velde indicates that this has more to do with the banking crisis that hit the country rather than with demographic developments. Contrary to the situation in other European countries, the greying of the population is not an issue in Ireland. The proportion of elderly people in the country has been stable for a long time. In fact, the population of Ireland is becoming younger; many children are being born here and, as a result, the country has a special position within Europe when it comes to demographic developments. Unlike the rest of the EU, there is no question of national demographic decline and there is barely any shrinkage at the regional level either. As a result of the natural increase in numbers, the population remains evenly distributed throughout Ireland and the countryside is not being drained by the urban areas, a trend which can be seen in many other countries as a result of domestic migration flows.

Nevertheless, it is interesting for Ireland to look at the demographic developments in other countries: the expectation is that the country will, indeed, have to face the problem of ageing eventually. We can learn how to deal with this problem from countries like Germany.

All the case studies, with the exception of that of Ireland, show a trend of domestic migration to the more prosperous regions. In Germany, these migration flows reinforce the economic differences between the various regions. This is causing enormous problems in East Germany in particular. After the fall of the Berlin Wall, the former GDR area has had to be rebuilt, economically speaking, but this has been hampered by the fact that young people, above all, are leaving this area. As a result, there are still big differences between East and West Germany.

This 'people follow jobs' migration is also clearly visible in Great Britain. In this case, many people, especially the young ones, are leaving the northeast of England. This can be explained by the fact that the diversity in the jobs available is minimal, so that more highly educated people, in particular, have difficulty finding suitable employment in the region. This migration of people with high qualifications is reinforced by the shortage of certain types of houses, which are in great demand. The local labour and housing markets are, therefore, jointly responsible for a migration flow. In Great Britain, the liberal solution to this problem is to decentralise the government. The idea is that local authorities should be given more

[2] 'Merkel wil in heel EU zelfde pensioenleeftijd en aantal vakantiedagen', *De Morgen*, 18 May 2011.

control and more autonomy to take measures to deal with the consequences of demographic decline. Each region is different and a suitable policy can be applied at the local level. However, it is not possible to solve all the problems at the local level. One of the main issues in Lithuania for instance is the high emigration level. From a liberal point of view the government should not restrict people's freedom to migrate. The reduction of the motivation of potential emigrants to emigrate is only possible by improving the living conditions in Lithuania, that is by reducing the high corruption level as well as the bureaucracy. Another interesting example of problems that cannot be solved at the local level is the Netherlands.

In the Netherlands too, many highly qualified young people are moving from the shrinkage regions to the Randstad conurbation where there is more suitable work for them. Overregulation in this field is causing the customary problems in relation to demographic decline. As a result, the market is not operating well and the freedom of movement of individuals is restricted. This is, for example, the case when house owners are unable to sell their houses in a shrinkage region. This means that they are unable to move to another area, such as the Randstad conurbation, to accept a job. In other words, they are 'trapped' in their houses and can no longer take their own responsibility by moving house for reasons of employment or education. From the liberal point of view, government action at the national level is justified in this case. However, any such action must not consist of more legislation, but less. Scaling down by the government, that is, deregulation, would be a more appropriate solution here. This would give citizens more freedom.

Giving more freedom to the individual through scaling down by the government may also bring about improvements in other shrinkage-related areas. Tristan Duchenne rightly contends that demographic decline will not necessarily result in a disaster scenario, but that it also provides us with an opportunity to evaluate the current system of government and, where needed, to adjust it to better suit the wishes of citizens. The example given to support this stance is the organisation of education in England. In this country, there is often a mismatch between the education offered by existing institutions and the education parents want. The LibDems have, therefore, submitted a proposal to deregulate education, whereby the government will interfere less with the daily routine and, as a result, there will be more scope for private initiatives.

In conclusion, the removal of government obstacles in the Meuse-Rhine Euregion, as a result of which the national boundaries will become less relevant, appears to be an important step in giving the interregional economy in this area the latitude to thrive and prosper. Ultimately, however, the development of the area will depend on private initiatives. If individuals and/or the business community do not invest in the region, changes will not be realised.

This latter conclusion is an important one. As is the case with economic developments, demographic changes, such as demographic decline and the ageing of the population, cannot be altered by means of government policy and it is up to citizens to arrive at solutions for what they specifically perceive to be problems by means of initiatives and innovation. On the other hand, the government can adapt by scaling down and giving citizens the requisite leeway where possible, and protecting the rights of individuals where necessary. A dynamic liberal approach of this kind can enable us to anticipate and respond to demographic dynamics. The authors of this collection hope that these case studies will offer a helping hand to policymakers, liberal and otherwise, within the EU, who are having to deal with the whims of demographic decline.

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About the European Liberal Forum

Founded in the fall of 2007, the European Liberal Forum, asbl (ELF) is the non-profit European political foundation of the liberal family. ELF brings together liberal think tanks, political foundations and institutes from around Europe to observe, analyse and contribute to the debate on European public policy issues, as well as the process of European integration. These objectives, it is believed, can be achieved through education, training, research and the promotion of active citizenship within the European Union.

The role of the European Liberal Forum is to host European conferences, seminars, and workshops, issuing publications and conducting studies on policy issues of liberal interest. Of particular interest is the active participation of young European citizens. The ELF is ambitious in informing and involving the public in the construction of a united European democracy.

http://www.liberalforum.eu/

About the Prof.mr. B.M. Teldersstichting

The Prof.mr. B.M. Teldersstichting (Telders Foundation) is the Dutch liberal think tank, affiliated to the political party VVD. The foundation is named after Benjamin Telders, a lawyer and philosopher who was chairman of the Liberal State Party (a predecessor of the VVD) and who during World War II was arrested by the German (nazi) occupiers; he died shortly before the liberation in concentration camp Bergen-Belsen. The Teldersstichting was founded in 1954 as a completely independent liberal think tank. In 1972 the Telders Foundation established a link with the VVD, but as organisation and in policy formulation the think tank remained independent.

The Telders Foundation publishes policy papers and books on all kind of political and societal topics, liberal philosophy and history. Apart from several conferences, an annual Telders Lecture is held, in which we invite an influential scholar or politician from abroad in order to stimulate the debate in the Netherlands with original liberal thoughts and insights. The quarterly journal of the Telders Foundation is *Liberaal Reveil* and every two months our electronic newsletter *Vrijpostig* is being published.

The Telders Foundation does not choose for one exclusive variant of liberalism, but the classical thinkers of liberalism always appear to be an important source of inspiration. For us the freedom of the individual is most fundamental. Therefore, we consider it as essential that a free and democratic society, in which there is no accumulation of power and public power is always democratically controlled and legitimized (checks and balances), will survive. It is not the American type of liberalism (that is: as it has developed in the latest decades) that we embrace, but a liberalism that is vigorously opposed to socialism, religiously based politics and other kinds of communitarism.

http://www.teldersstichting.nl/

About the VšĮ 'Atvira visuomenė ir jos draugai'

Founded in 2005, VšĮ 'Atvira visuomenė ir jos draugai' is a non-profit organisation which aims to spread liberal ideas and values, stimulate the growth of the open civil society, extend and deepen democratic traditions, promote citizenship, and strive for more private sector involvement in the public administration.

Apart from the implementation of various projects and initiatives, we mainly aim to provide an opportunity for other people and organisations to reach their mutual goals together. Therefore, our organisation is often a supporter of ideas and initiatives as well as a partner in projects. However, we always hold on to our goals and before we consider participating in any initiative, we ask ourselves the following questions:

- Will it spread the liberal ideas and values?
- Will it promote citizenship?
- Will it strengthen a culture and consciousness of democracy?
- Will it encourage public and political activity?
- Will it build up political intelligence?

What we do
The organisation is continuously involved in dispersing liberal ideas and their implementation. With our goals in mind, we initiate research on important social, political and public issues, create concepts for liberal reforms, organise conferences, discussions and public lectures for society, carry out opinion polls, and finance the publication of academic literature.

http://atviravisuomene.lt/

About the Friedrich-Naumann-Stiftung für die Freiheit

The Friedrich-Naumann-Stiftung für die Freiheit – established in 1958 by the first president of the Federal Republic of Germany, Theodor Heuss, and a group of committed Liberals – is an independent, non-profit, non-governmental organisation that is committed to promoting liberal policy and politics in Germany, Europe and worldwide. Based in Potsdam, Germany, the foundation has seven offices in Germany and more than forty offices worldwide through which it promotes its core concepts such as the protection of human rights, civil society, market economy, free trade and rule of law.

Over the last 51 years the activities of the foundation have expanded beyond their original civic educational task in the young Federal Republic of Germany. A scholarship programme, a think tank (the Liberal Institute), a press and media department was established and the engagement in international politics became an important part of the foundations assignments.

Together with our partners – which include liberal political parties as well as non-governmental organisations – we support the development of constitutional and democratic institutions as well as the civil society.

Aims and methods

The main objectives of our international work are: to spread liberal ideas and concepts in all political areas; to strengthen civil society, particularly liberal organisations and parties; and to bring into German political discussion liberal approaches and solutions from abroad.

Our activities are as varied as our cooperation partners or the regions we work in. They are based on long-standing experience and are constantly evolving. Political education aims at helping increasing numbers of people to become involved in political and social processes. Political dialogue offers politicians and civil society representatives the opportunity to exchange experiences, learn from each other and find solutions to conflicts. Political consultancy provides liberal political decision-makers with skills, knowledge and experiences that are important for strengthening political parties and implementing liberal policies.

http://www.freiheit.org/

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