



Focus

As Europe ages - how can we tackle its demographic decline?

On current trends the average age of people in the European Union could be 49 years of age by 2050. Combining this with a low birth-rate could mean serious long term implications for the people of Europe. This could lead to lower tax receipts as fewer people are of working age and increasing health costs for an aging population. Encouraging immigration and trying to ensure people are employed for longer are just two potential options - although both are controversial.

A number of reports by MEPs are already starting to examine possible ways forward. In this focus we look at the issues involved in Europe's demographic decline and examine the MEP's reports - one of which will be debated by the House in February.

Ageing and shrinking Europe - what's the answer?

It's an old adage that "none of us are getting any younger". However, in the coming decades this is an issue the EU will have to face. The current average age in Europe is 39, current trends could push this to 49 by 2050. This means more pensioners and less people of working age. MEPs have already given serious consideration to this issue and the Employment Committee is currently working on a report on demography in response to proposals from the Commission.

At the start of the 19th century Europe accounted for 15% of the global population. By 2050 it will be just 5%. This is due not only to rising populations in other parts of the world, but also to the fact that Europe has a declining population.

Bye, bye baby boom!

Across the EU women have an average of 1.52 children. This is below the 2.1 child threshold needed to replace the population. As the post-war baby boomers reach retirement age and life expectancy increases, the number of people in employment and paying tax (to support the pension and healthcare system) will be comparatively smaller.

As European Commissioner for Employment Affairs Vladimir Špidla explained in October last year when he launched Commission proposals: "today, there are four people of working age for every person over 65, by 2050, this ratio will have dropped to two workers paying for one pensioner." It is in response to the Commission Communication "The demographic future of Europe" that Parliament's Employment and Social Affairs Committee is drafting a report.

Earlier this week MEPs on Parliament's Industry Committee discussed a draft report on "Enhancing the quality of life of older people through the use of new Information and Communication Technologies". This is due to be voted on in the full Committee on 19 December.

In addition to concerns over pensions, an ageing population will place growing pressure on Europe's health-care systems. As health costs increase extra money will have to be found. Just as a strong economy will be needed to cope with the extra strain staring it is envisaged that the EU's GDP could fall by up to 1.2% between 2031 and 2050 as the population ages.

What can be done?

There have been a number of suggestions as to what could be done to alleviate the situation, including:

- Immigration: to the South and East of Europe lie countries considerably poorer with young and growing populations. However, immigration is a growing issue in its own right. Also the immigrants themselves will eventually age.
- Work longer and start receiving your pension later - but are Europeans willing to vote for governments that suggest this?
- New birth policies - encourage people to have more children using the tax system perhaps?

In September a Report by Parliament's Civil Liberties Committee - "Policy Plan on Legal Migration" was adopted. This envisages a scheme whereby skilled immigrants are allowed to work and live in the EU. The European Commission has already raised the possibility of a US style "Blue Card" to offer future skilled workers.

Living longer is a sign of a healthy and successful society, but when this is coupled with a low birth rate it raises issues that need to be considered now. Over the next few weeks we will be considering the issues raised by demographic changes in a series of articles

With fertility falling in Europe - what can be done?

Across Europe couples are on average having 1.5 children, below the 2.1 needed to replace the population. Historically, food shortages and infant mortality have been the main factors regulating the population level, with these gone in Europe – why are there less children? Fewer marriages, changing family patterns, growing prosperity and contraception are all playing a part. Two European Parliament reports this year have looked at the issues.

When the last statistics were compiled in 2005 (when there were 25 EU countries) the highest rates of fertility were in France and Ireland, with 1.90 and 1.99 respectively. The lowest were in the Czech Republic (1.23), Slovenia (1.22), Poland (1.23) and Slovenia (1.25).

A shrinking population?

Demographers have estimated that if fertility rates fall to 1.3 children per couple, in 100 years the population could fall to less than a quarter of its current size.

New family arrangements and lifestyles are affecting rates of fertility, as are the growing number of women having children at a later date or not having children due to concerns about the potential effect on their careers.

In a 2004 an EU-funded study by the Robert Bosch Foundation found the costs of having another child and fears about the society they would grow up in were key reasons not to have a child. It also found that women generally would like to have more children than they actually have.

In December, Parliament's Employment Committee will be discussing an own initiative report, "the demographic future of Europe", drafted by French Socialist MEP Françoise Castex.

It calls for

- appropriate public policies, providing the necessary framework of stability for maternity decisions.
- public spending on young children, childcare facilities and social security for the growing number of single mothers, who are at particular risk of social exclusion, isolation and poverty.
- establishing the right to parental leave for both parents and promoting paternity leave.

There is also a need to make it easier for people to reconcile study and family life. The proportion of students who are also parents is very low (Ireland, 11.3%, 10.8% in Austria and 10.7% in Latvia). The exception is Sweden with 41%, which has a range of social and economic measures to help students who are parents.

A report by Greek MEP Marie Panayotopoulos-Cassiotou (EPP-ED) adopted in the June Plenary aims to redress the situation and thus help young women to benefit from high quality employment opportunities. The main points of the report are:

- simple and easy loans on beneficial terms to young men and women who are combining family responsibilities with a period of study or training.
- housing that is suited to the needs of students who are also parents.
- access to childcare under the same criteria as working parents

Is immigration the cure for a declining working population?

The demographic make-up of Europe is changing. We are getting older and the number of people of working age is decreasing. A study commissioned in 2007 on "Europe's Demographic Future" found that around 56 million immigrant workers could be needed by 2050 to compensate for this decline. A report on the demographic future of Europe by French PSE Member Françoise Castex will be discussed by MEPs in their February plenary session. It is likely to stress the positive role immigration can play.

The high point of immigration into the European Union was in 2004 and 2005 with 2 million people entering the Union each year. They form part of the 3.7% of the total EU population who are from outside the borders of the 27 states.

Eurostat - the EU's statistical collection agency - has found that decline in the working population could begin by the end of this decade - in just two years time. On the other hand, if 2005 levels of immigration are maintained that the population will continue to grow until around 2030.

Countries with low fertility rates such as Germany, Spain, Italy and Poland could require a significant number of immigrants over the coming decades if they want to maintain the existing number of people of working age.

Working population provides tax revenue

Having sufficient people of working age is vital not only for the economy but also for tax revenue. This money will be needed to fund the pension and health needs of the growing numbers of elderly people.

However, the extent to which immigrants integrate and are accepted are delicate issues. A "Eurobarometer" survey found that the insufficient integration of immigrants causes a negative perception of migration. According to polls, only 4 out of 10 EU citizens feel that immigrants contribute to their country.

The report by Françoise Castex MEP aims to try and address this issue by emphasising that the EU needs a clear and reasoned approach to immigration to counter xenophobic opinions and attitudes. It calls for immigrants to be given legal and social security and for human traffickers and employers who use illegal labour to be the target of legal and criminal measures if need be.

Steps to manage migration

A proposed European "blue card" based on the American green card has been one way suggested of managing immigration. Under the proposed scheme it would facilitate the free movement of "brains" around the Union. MEPs have supported the creation of such an EU work permit system. In September last year they backed a report by Italian PSE Member Lilli Gruber which called for managed legal migration.

Ireland and Spain are frequently put forward as two countries whose economies have benefited from well managed immigration. Neither country would have achieved the strong economic growth they did between 1999 and 2005 without foreign labour.

The Parliament and EU immigration policy

The ongoing problem of illegal immigration into the EU continues to overshadow attempts to manage the influx. The number of third-country nationals in an "irregular situation" in the EU appears to be, according to somewhat conflicting estimates, between 4.5 m and 8 m. At present, the EU is seeking a coherent immigration policy. The European Parliament is involved in this process at every stage.

A report by Spanish Socialist MEP Javier Moreno Sánchez on the fight against illegal immigration (adopted

by MEPs last September), said that irregular migrants must not be treated like criminals. Many of them risk their lives seeking freedom or the means of subsistence in Europe.

As long as the EU has a higher standard of living than those countries to its South and East, then the temptation of migrants to come to the Union will always exist - especially if there are jobs waiting to be had.

Interview with Françoise Castex

Is Europe turning grey? By 2050 the average age in the EU could be 49. Women in Europe are having fewer children than required to halt the population decline. Economic insecurity, an unclear future and outdated employment schemes are only some of the reasons, says French Socialist Françoise Castex, author of a report on Europe's demographic future. MEPs will vote on the report in February. In an interview, Ms Castex paints a picture of a Europe struggling with its own demography.

Population projections are alarming for Europe: Is it too late?

These are only projections, not predictions. We now have statistical data which indicates a problem of demographics on the horizon of 2050: between now and 2050, the average age could increase from 39 years to 49 years. The problems that this may cause are a decrease in the number of people of working age and an increase in the demand for care facilities as people become older. All this is a problem for public finance and the general dynamism of the European Union. But there is still room for action, whether in terms of full employment, or in terms of birth rates.

The birth rate is very low: how can we encourage couples to have children?

An average birth rate of 1.2 is abnormally low, but you can raise the birth rate with appropriate policies. The pattern of large families will not return, because the family pattern is changing and the place of women in society has changed in the 20th century. Girls are educated and they can now control their own fertility - notably through contraception. At the same time, economic insecurity and fears about the future are major impediments to births. If you are unemployed or cannot forecast 5-10 years ahead, there is a reluctance to have children.

How can we encourage childbearing? Contrary to the beliefs of some states, such as Germany, women working is not a brake on the birth rate. On the contrary, we must help women to reconcile work and family life. Member States must put in place facilities for children. Studies show that couples want more children than they did. So there are progressions margins, as long as we take adequate measures to promote the birth rate.

As the working population decreases: will it increase the active life span beyond 70 years or jeopardize retirement pay?

The prevailing idea is to extend the effective life: we are talking about raising the age of retirement. Currently, most employees start work at 25-30 years and the employment rate plummets from 51-52 years. I say: start with where we see margins for increase in the labour force and make sure that everyone has 40 years of active life! I think that as early as 2010, the goal of full employment will become increasingly necessary and achievable.

In my report, I propose the concept of cycles of life. If you want to be the most competitive economy in the world that requires real political training, career planning and organising routes for professionals throughout the life cycle of about 40 years.

Currently, the employment rate for older people is low because companies prefer to employ younger people with lower salaries. It is a miscalculation: companies must integrate training into their capital spending. They will soon realize that there is a shortage of labour, which cannot be resolved solely through immigration chosen.

Immigration feeds a lot of anxiety in Europe, while many demographers say it could be a solution. How can we resolve this contradiction?

It is urgent that Member States have a calm approach to immigration. To say 'yes', we need immigration, not only for the future but because it is also part of our history. Immigration into the European Union is not a new development, we must accept it.

We talk a lot about encouraging some forms of immigration. For example if we need nurses, we take nurses. However, allowing the immigration of so many nurses is not a solution. People are not machines: they are also people who can fall in love in their host country and want to remain and have a family. I do not think we can have a purely quantitative and economic approach to immigration. We need this immigration, also to renew ourselves. So before seeing if we need to increase immigration, we need to manage it calmly.