



Green Paper on Demographic Change
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European Commission
B-1049 Brussels.

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Krems/Viena, 30 VI 05

Dear colleagues,

As a comment/response to your recent **Green Paper "Confronting demographic change: a new solidarity between the generations"** hereby you may find enclosed two papers from my side on the issue (written for the OSCE rounds – but mainly treating the EU states).

I remain at disposal for any eventual clarification/additional comment.

Faithfully yours,
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ADDENDUM – GREEN/POLICY PAPER:

TOWARDS THE CREATION OF THE OSCE TASK FORCE ON (THE FUTURE OF) HUMAN CAPITAL

Recognizing its strategic opportunity and grasping its generational/historic responsibility, the OSCE backed by its MS should create the Task Force on The Future of Human Capital¹. For this tomorrow that starts now, our common future holds us fully accountable today.

Background:

The Prodi and Barroso Commissions have both repeatedly stressed that: “at present, some of our world trading partners compete with primary resources, which we in the EU/Europe do not have. Some compete with cheap labor, which we do not want. Some compete on the back of their environment, which we cannot accept.”

Ambitiously visioning Europe as the knowledge based-economy, the Commission’s instrument referred to as the Lisbon agenda links social and economic prosperity with the so-called knowledge triangle: research (creation of knowledge); development/innovation (application of knowledge); and education (dissemination of knowledge).

The recent EC memo (M.05/1999/090605 – Com. S & R) states “that for each extra percent in public R&D, there is an extra 0,17% growth in productivity. To put this into context, the average annual labor productivity growth in the Eurozone was 1,2% between 1995 and 2003. For every 0,1% increase in R&D intensity boosts output per capita growth by 0,3 – 0,4%.”

Finally, the memo claims that “an increased budget for European R&D could have a major impact on employment creating as many as 1 mil. jobs by 2030” by simply supporting future-oriented industries (such as the Bio-informatics, Space applications, Nano-technology and the like).

But we should ask: jobs for whom ?

The ongoing Lisbon mid term review debate is centered on a main principle: A resolute “no” to any trade-off between economic growth, social cohesion and environmental protection.

Environmental protection surely includes preservation of biodiversity – meaning protection and promotion of LIFE – in all its forms.

This Lisbon ‘no-trade-off principle’ accommodates Europe’s development thinking close to the matrix of sustainable development which per definition formulates development (reaffirming its human in addition to the economic dimension) as any societal activity which meets the needs of the present, without compromising the needs of future generations (certainly deprived from any hidden environmental, social or health related costs).

¹ See my Green/Policy Paper and the statement of the Slovenian Chairmanship summarizing the recommendations and conclusions of the Economic Forum 2005 (particularly the final part of the statement).

Last week in Brussels, as a direct follow-up to the January 2005 JHA Green Paper, the EC Vice President Frattini and Commissioner Spidla jointly opened a public hearing.

As one of explanatory to enhance a public debate on subject, the EC memo (M.05/206/140605) reports the following:

“Labour and skills shortages are already noticeable in a number of sectors and they will tend to increase. On 1 January 2003 migrants represented around 3.5% of the total population in the EU-25. In 2003 the total population increased by 1.9 million, mainly due to net migration of 1.7 million (STAT/04/105); Eurostat (STAT/05/48) estimates that “*over the next two decades [2005-2025] the total population of the EU-25 is expected to increase by more than 13 million inhabitants [...] mainly due to net migration, since total deaths in the EU-25 will outnumber total births from 2010.*”

These figures², meant as a supporting argument to the economic migrants admission initiative, cannot hide the tragic meaning of the STAT findings – which is that Europe will very soon (2010), and for the first time in its history---despite all eventual investments in R&D---be able to produce everything except (its own new) lives. It follows that only response to this situation is a selective/semi-permeable intake of migrants. This short-term compensatory solution/outcry cannot be disassociated from hidden /mid-to-long term societal and security costs³.

In business terms, this approach would be classified as “everything but development”: an economic strategy which relies on an increased volume of imports to substitute for an inadequate capital and production base.

Shall we blame the EC for not inventing the Commission’s portfolio: **Promotion of life** ?!

It would be very wrong to hold the Commission responsible (here the Tampere as well as the Hague program are explicit; MS are in charge for particular quotas)⁴. The Barroso Commission is limited in resources, mandates and instruments – as scrutinized by the Council. (At least, the Commission keeps up on initiatives !) The viable long range policy/ies on such a key issues as the future of our human capital (and its composition) primarily rest upon the MS.

Conclusions:

The OSCE should recognize this as its strategic opportunity by playing a decisive pan-European role in the matter. The benefits of such pro-active stance are numerous:

Externally, the Organization can take a lead by formulating an interagency/inter-IOs approach to the benefit of its wider circle of MS (far beyond ability of institutions and instruments of either CoE or EU). Internally, the OSCE can recover both its standing and the purpose of its mission at the times when its first basket is de facto taken over by NATO (PfP), and its third basket is a source of disputes (including the budgetary ones) over its FOs interpretations.

Recognizing a call of its MS for reform, the new OSCE Sec-G. will inevitably challenge departmental inertia and the influence of the bureaucratic status quo. Rejection of anti-intellectualism and return to substantive initiatives, beyond the pure rotation of seasonal themes and nomadic form of preparatories to ‘reflect’ upon them, would give added value to annual

² For detailed information on general demographic trends 1995-2020 & 2020-2050 in Europe and Med partner countries (fertility, median age, net migration, etc.) please see my presentations:

2PS13EFGGeneral 14 *Almaty, Kazakhstan (January 2005) – Second Preparatory;*

3PS13EFGGeneral 9 *Kiev, Ukraine (March 2005) – Third Preparatory;*

3PS13EFGGeneral 14 *Kiev, Ukraine (March 2005) – Third Preparatory;*

³ On hidden social and security costs, see my speech: *1PS13EFWS 2/3 Trieste, Italy (November 2004)*

⁴ Politics is always local not a supranational. Consequently, policies are national, and supranational/intl. may eventually be their external harmonization only. The long-range policies (formulation and promulgation of) do not politically pay off as often too complex and too time-consuming to survive a frequency of national elections span and the taste/comprehension of median voter.

forums. Additionally, that would necessitate the MS holding the chairmanship to capacitate more than the limited technical objectives of producing an annual report, dealing with conferences' logistics, and staffing the organization with a few secondments in between.

The very creation of the OSCE Task Force on (Future) Human Capital could be a sign that the Organization is alive to the current challenges and fully assumes its share of responsibilities for future generations.

As an example, the Republic of Slovenia, the country currently holding the OSCE Chairmanship (CiO), will be by far the oldest nation in Europe by the year 2050. Only 45 years from now, the median age of Slovenians will have moved from the current (and barely reversible) 40,3 to an (irreversible) 53,3 years. This will be coupled with a projected 21% total population decline for the period 2004-2050⁵. Demographic trends for other European nations are quite similar to the above.

In his last week Washington Post article, Samuelson calls this "The End of Europe"⁶.

Can we tomorrow claim that we didn't know, that we didn't have institutions and instruments to analyze the developments critical to our own existence⁷ ?

The OSCE offers a unique setting: **matching the geographic scope and three-dimensional mandates – baskets**. (Since its CSCE times, the FORA has transformed from a normative to an operational organization with the wide FO presence.) The Task Force on (Future) Human Capital can be easily included into the existing mandate.

Though a dangerous place to live, pre-Helsinki Europe was inhabited by young and dynamic boomers with stamina and a vision of the future. History of tomorrow is not yet written, but one is certain: Any (horror-scenario marginalized) post-OSCE Europe would be an equally dangerous place, but this time of over-aged and demoralized populations in total activity decline and human retreat.

It is accurate to conclude this addendum to my May 2005 Green/Policy Paper (EF Prague), by quoting Jean Monet: "**If you have an insoluble problem – enlarge the context.**"

*Anis H. Bajrektarevic, Chair IL&GPS
Vienna, 22 June 2005*

⁵ Hereby used is the so-called Medium variant. Source: the UN World Population Change 1950–2050, the 2004 Revision (Compared and contrasted with the figures of the US Dept. of Commerce, Bureau of Census /2004/.)

⁶ In his June 15 article, the highly regarded columnist Robert J. Samuelson summarizes some of these trends as "The End of Europe". Following an analysis of demographic trends, he concludes by observing that the Europeans "are quietly acquiescing in their own decline."

⁷ After nearly 2 million years of our species existence (in which a prime evolutionary constant/vertical was a generational care for the offsprings), last few decades are the first time ever recorded that humans went beyond the replacement ratio of 2,1 (current European fertility rate is ranging between 1,2 and 1,7).

– green policy paper –

TOWARDS THE CREATION OF THE OSCE TASK FORCE ON HUMAN CAPITAL

Anis H. Bajrektarevic

13th OSCE ECONOMIC FORUM

Prague, Czech Republic 23–27 May 2005

Closing Plenary:

OSCE as a Platform for Dialogue and Co-operation

Population Growth – Outlook

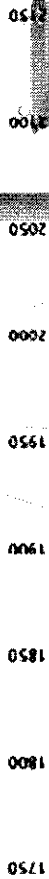
Population (in billions)

The world's population – at 6,5 billion by July 2005 – is growing by almost 10,000 an hour

2000
6.5 billion

World Median Fertility rate: 2.6 – today, 2.05 – by 2050

More developed countries



Source: UN, World Population Change 1950 – 2050, *World Population Trends*, Division on Global Population Trends.

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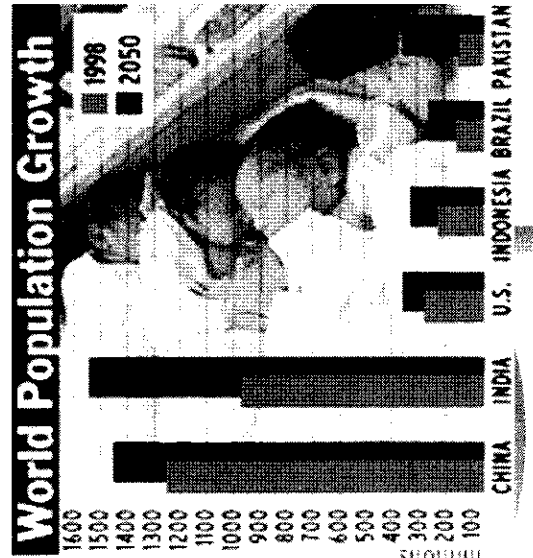
Telescoping the World Population

World Population – Y2020: 7,8 billion.
Projection per 100 persons:

Asia	56
Africa	19
Americas	09
EE and CIS	06
WE	04
Middle East	05

Out of which:

- 19 Chinese, 18 Hindu, 5 Pakista
- 14 sub-Saharan Africa
- 04 United States



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Life Expectancy – History and Outlook

- Roman Empire: LE about 22 to 25 years
- LE rose rapidly in the 20th century
- Worldwide: male – 61 years
female – 63 years
- Russia – a huge LE gap between male & female: 14 years
Russia and CA states are projected to have a lower LE in 2010 than they did in 1990
- Outlook – WHO estimates LE for Y2020:
 - 82 for the OECD countries and 65 for the III World
 - EU/OECD: LE rising at rate of 1.5 extra years per decade

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Fertility Loaming

- The fertility rate (the no. of children per woman's life span) is the ultimate driver of the old-age dependency ratio (population size and composition)
 - birth-rate plus eventual immigration/naturalization, minus mortality is a net increase of population.
- In the decade 1993 – 2003, the EU-15 population was officially estimated to have risen by 10,4 million people. But only 3,0 million can be attributed to an excess of births over deaths – meaning the rest should be ascribed to naturalization.
- The EU-12 total fertility rate was about 2,5 in the early '90s (baby-boomers generation), and has fallen – in a straight line – to 1,5 in the late '90s – crossing the 2,1 replacement ratio in about 1976.
 - (in 2001 – France and UK: 1,7; Germany: 1,4; Italy and Spain: 1,2; etc.)
- Why our fertility has started loaming ... ?!

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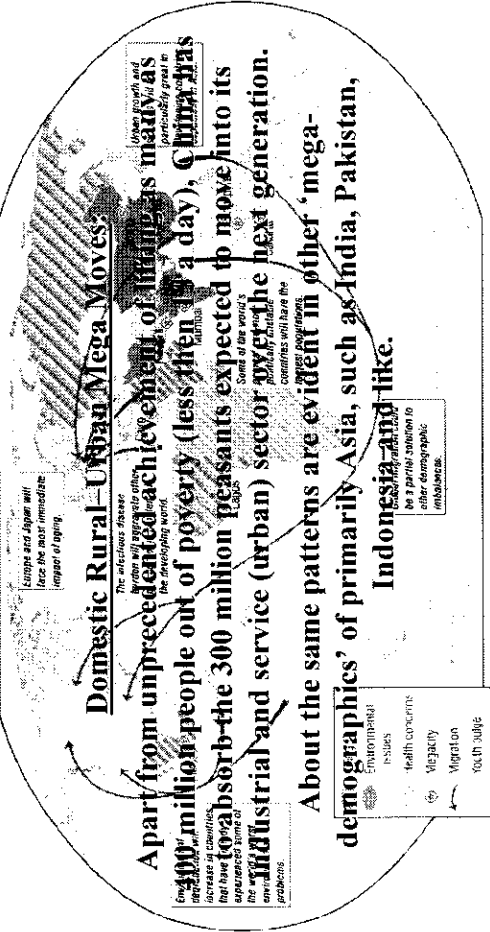
Fertility crisis

- Spirit of our age is that woman should achieve equality with man: thus social policies are designed to permit/encourage greater participation in the labor force by women – of all ages.
- Social pressures to remain an active part of the labor force through a cross-gender equality of (economic) activity – officially encouraged – are raising the economic cost of the woman's career-break to have children:
 - Current response is to postpone starting family, and therefore CFS (complete family size) is in the end lower than intended/hoped (e.g. EU median age of woman giving the first birth is already close to 30)
- Answering the question of what is to be a dominant driver of population (composition) dynamics – fertility or immigration, takes us to **two taboo subjects**:
 - **The (current and future) role of woman in society, and**
 - **Societal readiness for a (further) migration/naturalization in-takes (including the limits of social absorptions – social cohesion threat).**

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Global Demographic Trends

Main Migratory Causes and Patterns



OSCE Neighborhood – Outlook for Asia

Social engineering: from state-sponsored to parental eugenics

- Due to a strict family planning (mostly in lieu of one child policy or/and sterilization), the mainland Asia and SEA will be lacking around 500 million females by 2020;

Economic vs. Political dynamism

- Asia is the most economically dynamic region of the world – such a growth is the economic success story without parallel in human history;
- Europe is the most multilateralized region of the world of impressive (socio-) political dynamism;

Long-range stability and security

- Dislike WE/CEE, most of Asia (Caucasus, CA, continental Asia, including the sub-continent, and SEA) beyond 2020 shall be seen as a region/s of intensified nationalism, increasing population (and to it related urbanization), growing modernization and economic prosperity, expanding societal expectations (including the generational shuffles) shortage in natural resources, and overlapping power aspirations.

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CEE: Pan-European Tasks

Rapid ageing in CEE – Three dimensional challenge for Europe: Security, Economic, HR

- Depleted demographic pool within the CEE/SEE/CA and/or NA/ME: only available migrants from the sub-Saharan Africa and mainland Asia; bringing back to Europe – in addition to already existing ethnic frictions the new dimension of divide: racial tensions and serious disturbances
- More political and social instabilities surrounding WE; as CEE/SEE could move into a right-wing exclusivity and xenophobia-like nationalistic demagogy (dislike most of WE, the CEEs mostly represent societies with the historically lower institutional response to domestic multicultural challenges, practically inexperienced with the racial questions, with the exception of Russia only.)
- **Identity Politics**
 - European governments will be increasingly pressured by new forms of the so-called identity politics which is centered on religious convictions (rather than politically profiled) and ethnic affiliation.
 - Identity politics of this, new type is reciprocal/linked to increased mobility/migration, growing societal diversity within states and diffusion of modern communicational technologies

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Limits of Ad Hoc Responses – Ageing

Limits of non-combined policy – unchecked ageing

- Humans are by nature social/status-conscious animals who tend from an early age to arrange themselves in a variety of dominance hierarchies; many of these hierarchies are age-graded.
(Age-graded hierarchies make functional sense insofar as age is correlated with physical prowess, learning, experience, judgment, achievement. But, past a certain age, the correlation between age and ability begins to go in the opposite direction.)
- In case of unchecked societal ageing, the natural tendency of one generation to get out of the way of the newly coming one will be replaced by the simultaneous existence of three, four or even five generations.
- Political, social and economic change (including the major technological breakthroughs) primarily occurs at generation intervals
(people born in the same age cohort experience major life events, and once the life's views and preferences have been formed by these experiences, they only adapt to new circumstances in small, modest ways).
- With three or more generations active and working at the same time, the younger go-getters will never constitute more than a small minority, and generational change in future will never be fully decisive.

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Limits of Ad Hoc Responses – Intakes

Limits of non-combined policy – uncontrolled migrant intakes

- Rapid ageing of western societies gives additional element to already dangerous dividing line between the developed West (of median age close to 50) and the III World (with the median age in the early 20's).
- with the increased migrant intakes (non-combined with other domestic measures), such an age-divide is inevitably imported in each and every of the Western European societies;
 - domestic/indigenous population dominated by elderly females (well-off; employed and otherwise socially protected); and
 - immigrant population dominated by young angry males (as oft unemployed, marginalized and /self-/isolated on linguistic, cultural, racial and religious ground).

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How do we register claims on future resources

Why the context should be enlarged

- Be the world Kantian or Hobbesian (thus, be it driven by the sense of higher civilizational mission or by the need to soften the external dependencies including those of energy), the very projection of Europe beyond its borders especially as regards the EU political model heavily depends on its economic might – and this one is closely conditioned by the Europe's social cohesion and demographic composition.
- That's why the future composition of our Human capital poses a three-dimensional challenge:
 - Security (it's both components: external and internal/JHA);
 - Economic (including the hindrance of sustainable development);
 - Socio-political – therefore, Human Rights– related.
- While registering our claims, let's simply recall the saying of Jean Monet: **"If you have insoluble problem – enlarge the context."**

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How do we register Our Claims

- **To address the three-dimensional challenge (Security, Economic, HR) we need a coupling effort:**
 - to decontaminate the expectations of Europe's electorate from anti-politics of so-called „right-wing“ xenophobia-fixed parties, and
 - to re-focus it on long-range policies (effective security is NOT restriction, but promotion).
- **To develop the long range-policies, we need both institution and instruments, that are:**
 - Pan-European; and
 - Possibly dimensional as linking/including the Mediterranean, Asian and trans-Atlantic stake-holders.
- **Institution and Instruments comprehensive enough as to offer:**
 - Basic principles and framework for non existing (national) policies including the Early warning (i); Conflict prevention (ii) and Crisis management (iii) Capacity;
 - Clearing House for the harmonization among and adjustment of the existing policies; as well as the
 - **Monitoring of compliance (in operationalization of policies).**

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OSCE – Towards the Concept of societal dynamism

Three goal orientation for the OSCE Area – Economic, Social & Human dimension:

- **Prosperity:** Support to all three sides of the knowledge triangle: research (creation of knowledge); development/innovation (application of knowledge); education (dissemination of knowledge);
- **Solidarity:** developmental solidarity of (primarily human dimension) through promotion of cohesion policies. This is also about preserving and developing cultural and environmental diversities;
- **Security:** Enhancing the Human-centered safety, based on freedom, justice and inclusive collective security.

Be it external or internal, effective long-range security cannot be based on restriction and denial but on promotion and inclusion (active, not reactive). The very same could be told for other two dimensions: prosperity and solidarity.

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Which FORA Shall register Our Claims

Search for the FORA of appropriate geographic scope and adequate mandate & instruments ...

- **Council of Europe – geographic scope, but no mandate & instruments;**
- **OECD – no appropriate geographic scope;**
- **EU – acquires for members, NNP (from Morocco to Russia) – everything but institutions;**
- **OSCE – matching the geographic scope and three-dimensional mandates – baskets** (since its CSCE times, the FORA has transformed from a normative to an operational organization with the 50 presence)
 - **Senior Council/Economic Forum could be the Institutional frame provider**
- **in lieu of formation of the Special Task Force: Inter- and within FORA Standing Coordinator;**
- **Troika/Presidency – Permanent Council – Ministerial Council – to facilitate, consequently to carry on the appropriate decision for the mandate inclusion.**

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Recently, of the same author:

- *Futures of Our Human Capital – Beyond Enlargement Beyond 2020; Challenges of the Enlarged Europe - Economic Forum Warsaw – November 2003, Poland;*
 - *Of Paradise and Confrontational Nostalgia – New European JHA Diplomacy (Panel: New World Security and the Role of Europe)*
 - CONSTRUCTING WORLD ORDERS – 5th Annual World Conference on Intl. Relations The Hague, Royal Congress Center (September 2004);**
 - **OSCE – 13th Economic Forum – Statements and Presentations:**
 - Trieste, Italy (November 2004) – First Preparatory;
 - Almaty, Kazakhstan (January 2005) – Second Preparatory;
 - Kiev, Ukraine (March 2005) – Third Preparatory;
 - Kiev, Ukraine (March 2005) – Third Preparatory;
 - *Verticalization of historical experiences – European and Asian Security Structures – structural similarities and differences*
- Global Leaders Symposium: Singapore & Shanghai, March 12 – 20, 2005 (March 2005).**

Short bio note:

Anis H. Bajrektarevic

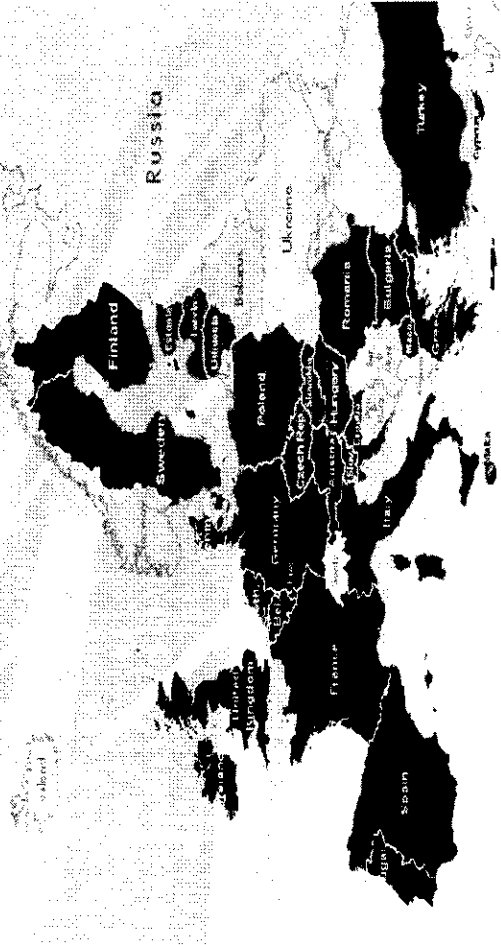
Attached to the Austria-based IMC University, Department EXP EU – NAFTA – ASEAN, apart from teaching subjects of Geo-political Affairs, International Strategies and International Law, since September 2002 he serves as a Chairman for the International Law and Global Political Studies.

Prof. Bajrektarevic is the author of dozens JHA- and SD-related presentations, publications, speeches, seminars and research colloquiums. He lives in Vienna, Austria.

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An Expanding European Union

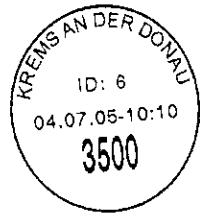
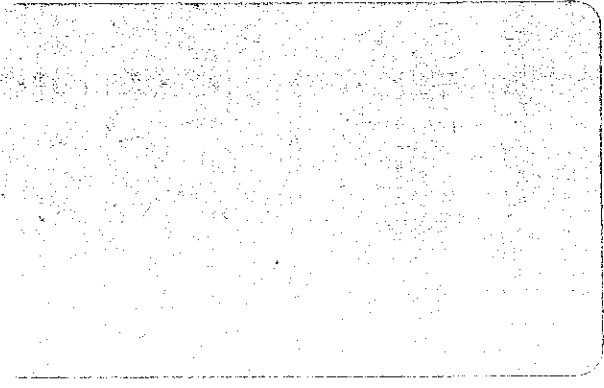


Country	European Union (EU-16)	EU-26	EU-30	China	Russia	US
Population (billions)	380	468	827	1,299	1.44	293
GDP (billion USD)	11,000	11,637	13,091	6,448	1,297	10,980
Area (Billion km ²)	1,212	1,403	2,709	9,646	6,438	3,859



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