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Doorn, 31 August 2005

Green Paper on Demographic Change DG EMPL/E/1 J-27 01/122 European Commission B-1049 Brussels Belgium

Dear Madam, Sir,

With appreciation I studied the Green Paper on Demographic Change, launched in March 2005. Since 1963 I have been engaged in research on a number of the issues mentioned in this document. Based on the outcomes of my research on 'hidden resources' in The Netherlands and other countries in Europe, I take the liberty to react to the Green Paper.

## Return to demographic growth?

At this moment, in The Netherlands the net reproduction rate is 1,8. If young women could enter motherhood according to their own preferences, the net reproduction rate in my country would be 2,7! Part of the difference of 0,9 between the two rates has to be attributed to biological and medical reasons, of course. The remaining difference would be substantial enough to bridge the gap between actual and optimal birth rate, however. This 'hidden resource' could be tapped in The Netherlands by adopting Sweden's social policy with regard to child care and employment of young parents. Better housing conditions will become available in the near future in Holland, in particular because senior citizens will leave their houses with gardens and move to apartment buildings providing services for the elderly.

For many years, young women with a completed higher education got their first child at an increasingly higher age. The older a woman is when she decides to become pregnant, the greater the risk that she will remain childless. Recently, this trend has changed slightly and many young female academics now get two to three children relatively early in their career. This choice is a rational one, because the burden of motherhood is less severe during the first years of a female's career. More information on these trends can be found in articles I published together with a colleague of mine, Karin Sanders. In any case, the recent trends indicates that a 'hidden resource' is involved. The further development of this trend could be influenced in a systematic way.

Most young female Dutch citizens in 2005 have [had] parents that both had a job. These young females as a rule are not opposed to dual career families. The same attitude can be found among young male Dutch citizens. Again we are dealing with a 'hidden resource' important for a return to demographic growth.

## A new balance between generations?

Nowadays, many Dutch citizens opt for early retirement, often at the age of 55. A lot of those who have chosen for early retirement, take a new part-time or fulltime job and for many years enjoy a double income. A lot of those who become 65 continue to work part-time of fulltime, because they like their work and/or because they prefer an additional income supplementing their state or private pension. In 2005, 90.000 Dutch citizens combine a pension with paid work. As soon as inflation further reduces the purchasing power of pensions, the number of Dutch seniors with a double income will increase. Dutch senior citizens constitute a substantial 'hidden resource' in the Dutch economy. Especially, if they have finished a higher education and if their skill is in demand on the labour market.

## Towards economic sustainability?

The Lisbon Strategy has been launched primarily because the economic growth of China, India and Japan threatens the economic sustainability of the member states of the European Union. First, a worst case scenario demands our attention. According to this scenario, wages in the EU will have to be reduced. They will have to stabilize at the level of the wages that are paid in the growing Asian economies. As soon as the stabilizing has been accomplished, European enterprises will not longer move their plants to one of the Asian economies only because of the lower wages in those countries. In a number of enterprises in Germany workers have already opted for the wages and the working conditions of a developing country, in order to keep their jobs. As soon as workers in the emerging Asian economies have achieved higher wages, wages in the EU will rise again.

The worst case scenario can be interpreted as a bottom line solution. The Lisbon Strategy constitutes a mayor effort to reach a higher level of economic growth. The member states of the European Union host enough

'hidden resources' to turn the Lisbon Strategy into a realistic scenario, aiming at economic sustainability at a level far above that of the emerging Asian economies.

Berkhout, a former rector of Delft Technical University, has informed the European Commission that Western Europe has a competitive advantage compared with the United States and the emerging Asian economies, because Western Europe is in a better position with regard to bridging the gap between on the one hand innovations in hardware and software, on the other hand the societal needs for these innovations. The European Union will be able to exercise this competitive advantage during a substantial number of years.

In my research, I have focused on bridging the gap between ICT and societal demands. I have detected substantial 'hidden resources' in the labour market and in the governance of economic enterprises, governmental and non-governmental organizations. I have also developed methods to utilize these opportunities.

In this letter, I cannot discuss the outcomes of my research program in detail. Most of them have been published already, or will be published shortly.

A research and development program to further detect wasted resources.

In order to be able to continue my research and development program, I would need financial support. I regret to state, that the Sixth Framework Program does not provide opportunities for obtaining financial support, because the requirements are unfavourable for scientists not working in large 'research factories'.

The Lisbon Strategy could profit substantially from the detection and activation of 'hidden resources' in the member states of the EU. In Brussels, nobody listens. Neither members of the EP nor officials at the directorates of the EU could be persuaded to take notice. I tried for five years, in vain. Concerning a new solidarity between the generations, opportunities can be found in 'lifecourse management', a new area of scientific research, training of professionals, human resources management and national social policy. I am afraid that again nobody will take notice in 'Brussels'.

According to insiders, as a consequence of the rejection of the European Constitution in the referenda in France and The Netherlands, the European Commission and its secretariat have decided to reform their procedures. As soon as this reform has taken place, I hope that 'Brussels' will start to take notice of the solutions provided by 'hidden resources'.

Sincerely yours,

Milly Mission