

**VANHAL Sylviane (EMPL)**

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**To:** EMPL ARCHIVES  
**Subject:** FW: letter from Ákos Tárkányi, Hungary, in connection with Commission's Green Paper

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-----Original Message-----

**From:** Tárkányi Ákos [mailto:tarkanyi@mailop.ksh.hu]  
**Sent:** mercredi 7 décembre 2005 18:02  
**To:** EMPL INFO  
**Subject:** letter from Ákos Tárkányi, Hungary, in connection with Commission's Green Paper

To whom it may concern

Dear Sir/Madam,

I am a researcher of the Demographic Research Institute of the Hungarina Central Statistical Office. I know that the official deadline of contributions to the public discussion in connection with the Commission's Green Paper "Faced With Demographic Change, A New Solidarity Between Generations" was the 15th of October. (In French: Livre vert "Face aux changements démographiques, une nouvelle solidarité entre générations".) Due to a negligence, mistake of a colleague my contribution I wrote already in the summer was not sent to you in time. (Our plan was to gather our contributions and then to send them together, but she missed to do it.) But I still hope that although offically we are already past the deadline, you are practically still able to use my contribution, so I can help the work in connection with the Green Paper.

I don't know if you are the person who is able to deal with this issue properly. If not, then please help me with forwarding this letter of mine to the proper person.

I do not attach the text of my contribution but I copy it into the text of this letter (see down).

Thank you forward for your help.

Best regards

Ákos Tárkányi

P. S. Please indicate, iy you have got this letter of mine, and if it is still practically possible to use my contribution or not.

My e-mail address is [tarkanyi@mailop.ksh.hu](mailto:tarkanyi@mailop.ksh.hu)

**HUNGARIAN REMARKS AND PROPOSALS FOR THE COMMISSION 2005 GREEN PAPER  
 "FACED WITH DEMOGRAPHIC CHANGE, A NEW SOLIDARITY BETWEEN THE GENERATIONS"**

In my opinion the precondition of higher fertility is a relatively stronger feeling of security for couples in connection with bearing and educating children. Some basic tools for this are a high level universal family allowance, a generous paid child-care leave scheme, with a benefit proportional to the former income and a well-developed system of creches and kindergartens. A labour law is also important, protecting young (especially pregnant, expectant) mothers from being fired, and which provides them the right for workplace training for reintegration after the period of educating their small children (like in France).

Immigration might reduce the social and economic cost of aging only, if the balance of its own costs and benefits is positive, so the benefits or profits of it are greater, than the costs. Low educated people

mean more costs, because their successful integration into the society of their new homeland is more costly, than the integration of highly educated immigrants. Without integration poverty and crime might increase, with high social and economic costs. So the aim should be to attract more immigrants with high education and to integrate the low educated immigrants effectively. (Free language courses and distributing information booklets with important addresses and with the short description of some basic everyday administrative processes - "how to..." - in the given country are certainly useful methods.)

Besides incentives and help for families, couples to reach their originally planned higher fertility and finding ways of effective social integration of immigrants some other things seem to be worth to mention. The "Green paper" noticed about the future old generations (part 2.3.) that "they will be more active and in better health, if current trends continue". Well, that "if" should be stressed. It does not seem to be self-evident that current trends continue. Obesity, smoking and drug abuse threatens the health of young generations, among others, and current young generations might mean more chronically ill, disabled people and less taxpayers, contributors than it could be expected today. So the prevention of modern epidemics and the preservation of health in future generations for as long as possible is of crucial importance in solving demographic problems. Public health policy (probably partly integrated into educational policy) should be in the centre of efforts for the future of EU countries.

With a generous caring aid scheme the home care of a part of the very elderly in the family home might be encouraged, and so this way the rate of costly institutional care might be somewhat reduced. For many elderly this might be a better solution, too, with higher level of social integration and less loneliness, alienation in impersonal institutions.

One of the questions of the Green Paper was if the EU should support the analysis of demographic change (at the end of part 3). Well, it should. I see to be necessary that the international Fertility and Family Survey of the early 1990s be repeated, in order to get a clear picture of demographic changes. The GGS, a partly similar international survey is valuable, but does not replace FFS. The FFS was not an EU, but a UN project, but the EU should initiate and support the replication of that survey in cooperation with the UN.

The EU had a family and demography research project, the European Observatory of National Family Policies from the late 1980s till last year (recently with a new name). This was abolished and replaced with a new institutional arrangement this year, in which the family and demographic problems - although still present to some extent - seem to get not that central attention, than in the previous Observatory. I propose that the original structure and name be restored, and the recently formed structure reformed. In my opinion the Observatory worked best and produced the most and best data in the 1994-96 period, when its centre was in Britain, York, at the Social Policy Unit of the University of York. So I think this institution should be asked, if they would host such a research project again.

In the end I mention that the Green Paper deals only with the problematic changes of the age structure, which basically come from longer lives and lower fertility. But it does not deal with an equally serious, threatening and universal demographic problem, the fragility of partnerships - high divorce rate - and the high rate of lone parents. Low nuptiality indirectly contributes to this, because cohabitations that tend to replace marriages are much more fragile, than marriages. I think that this is the other - but in this Paper unseen - half of the "current serious demographic problems" the Green Paper deals with. So this half of the problem should also get the necessary attention, probably with a second, similar Green Paper.

And now I attach here a further text, the short Summary of my recently written PhD thesis, which is about this topic with some important, relevant thoughts about it.

Ákos Tárkányi, PhD

**HUNGARIAN CENTRAL STATISTICAL OFFICE, DEMOGRAPHIC RESEARCH INSTITUTE**

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**SUPPLEMENT**

**Summary of the PhD thesis 'Demographic Transition and Family Policy in the Developed European Countries', by Ákos Tárkányi**

The demographic transition of the 20<sup>th</sup> century – decreasing and too low fertility and nuptiality as well as an increasingly high degree of the fragility of partnerships – has led to new social problems that family policy has to manage successfully. The aim of the thesis is to review and appraise the challenges and possibilities of family policy in the new demographic situation.

Even if fertility stabilised at its current level (or - taking the tempo effect into account - a little above that) it would still stay well below replacement level in Europe. According to a demographic projection (IIASA, Austria), by 2050 the rate of those aged 60 or above will have risen from the current 21% to 33% in the population of EU countries. Besides, a 1980 OECD estimate (which has since proved too optimistic) puts the increase in the level of public spending due to aging at 30% in OECD countries between 1980 and 2040. In the short run, immigration probably fails to compensate for the effect of aging on account of the high costs of the social integration of the low-educated immigrant masses; in the long run, no immigration can solve the aging of the whole humankind (since demographic transition is universal).

The rate of those ever married might fall as low as two-thirds of women aged 50 in developed countries, and the cohabitations replacing marriages are much more fragile than the latter. Thus the fall in nuptiality leads to a further growing rate of adults and children who experience the breaking-up of loving relationships and secure families besides the effects of growing or already high divorce rates. The growing rate of lone parents increases the poverty rate and the costs of the welfare state.

Life expectancy at birth or at age 65 cannot be raised unlimitedly and neither can retirement age. The raising of it also raises the labour supply, which again probably raises unemployment. Thus the raising of retirement age cannot solve the problem of aging. The situation is the same in connection with the replacement of pay-as-you-go social security pension systems with funded ones, since on the stock market the offer of the more numerous retired generations would exceed the demand from the shrinking younger generations. In addition, aging means that the output should be relatively more and more benefit while the input is less and less contributions, which undermines the long-term sustainability of the funded systems as well as of the pay-as-you-go systems.

During the baby boom in France (in the 1945-65 period), the growth in the level of the total fertility rate was significantly higher than in neighbouring countries. This can probably be attributed to the generous family allowance introduced in 1939 by a decree called Code de la famille and by the system of similar family benefits created in the 1940s, which – in my estimate – probably raised completed fertility by 0.2. From the '60s on the problem of reconciling female labour and childbearing became increasingly widespread. In Scandinavian countries where the system of day care facilities and paid child care leave schemes was conducive, TFR surpassed that of other European countries in the 1980-95 period, by 0.15 in my estimate. In Hungary, the introduction of a flat rate child care aid (called GYES) in 1967, the pronatalist family policy package of 1974, the introduction of child care fee (proportional to the income, called GYED) in 1985, as well as the great raising of the family allowance in 1988-89 all contributed to the stop of the decrease and even a growth in the completed fertility to almost 2.1. I estimate that Hungarian pronatalist family policy succeeded in raising completed fertility by 0.4, thereby increasing the number of taxpayers and social insurance contributors in the generations born between 1966 and 1992 by at least 10%. It is worth mentioning that completed fertility has started to rise in Sweden, Finland and Hungary, countries with the most developed systems to reconcile female employment and childbearing, whereas it has been falling constantly and steeply in Germany, Austria and Italy, where these systems (especially that of crèches) are relatively poorly developed.

Besides helping the restoration of age structure, a good system of day care facilities may also serve to mitigate the poverty of lone parent families by facilitating employment. Ways to strengthen marriages and prevent divorces could be marriage counselling and first of all marriage education, which is a well developed and effective movement in the USA. In Hungary (and probably also in other countries) it could also be very important to take effective measures to combat alcoholism, which is a serious problem in the lives of many families and a major factor behind divorces.

A generous family policy would both raise fertility and reduce poverty. The welfare state, the basis of family policy, is endangered by political attacks and pressure to reduce it. But a public opinion survey of Hungarian managers showed that low labour costs (a possible result of the potential reduction of the welfare state) did not seem to be a really important factor in the company's success, but the high qualification and discipline of employees did. The processes of family decline and social exclusion both may increase the rate of those with educational failures, poor behaviour and psychological problems (thus reducing the rate of suitable labour force), but an effective welfare state can prevent these processes. So a strong welfare state is necessary for the economy and actually supports economic

success.

It is not only female employment that has become widespread over the last decades but the rate of women with higher education has been constantly growing, too. Therefore family policy should focus more on the interests of women with at least secondary education. Their childbearing intentions are better served by paid child care leave schemes that are proportional to their incomes (like the Hungarian GYED) than by flat rate schemes.

Among European countries France and Hungary have strong and rich pronatalist family policy traditions. This can serve as a basis for their future generous and effective family policies. In Germany and the Southern European countries the threat of fast aging might awaken the interest toward a family policy that raises the rate of taxpayers and contributors in the future working age populations. In Scandinavian countries the traditionally strong welfare state can constitute such a basis.

Family policy measures by themselves cannot be enough to solve the problems of too low fertility and the crisis of marriage. These problems are mainly caused by secularization and individualization of societies. Besides a good family policy, strong support from the political elite and especially from the media is necessary to merge values and norms of responsibility with those of liberty. In future people should understand and value more the importance of replacement level fertility, and the significance of a good preparation for and management of their own marriages. Different NGOs, lay and religious groups and movements might also serve these aims.