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**Session 2: DEMOGRAPHIC AND MIGRANT SITUATIONS, SOCIAL ECONOMIC REFLECTIONS: ITALY / EU / OECD**

**Introduction**

In September 2015, Confindustria (Confederation of Italian Industry) highlighted the risk of a century-long world economic stagnation.

Among the main causes are a demographic slowdown and weak productivity growth due to lower investments. The previous day Eurostat had circulated a comment (no. 151/2015) on the 2015 edition of the "The EU in the world", which analysed the European Union in relation to the major world economies.

Some indicators are eloquent: the European Union with 506 million people (2013 data) corresponds to 7.1% of the world population with a 23.7% share of the world GDP. The other G20 countries have a world population of 57.2% with GDP at 61.5%: in other words, the per capita GDP of EU citizens is almost three times that of the other G20 countries. Demographic projections indicate that the world population will increase from the current 7.1 billion people to 10 billion in 2060. India alone will have a population of 1.644.000 people or 16.5% of the total, and will be the most populous country ahead of China which remains stable at 1.313.000 million or 13.2%.

The European Union will instead decline. In 2060 its population will be almost unchanged at 523 million people, equal to 5.3% of the total. The EU 2013 GDP was nearly a quarter of the world's, the United States has remained at 22.2%, almost as much as that of the European Union while China accounted for 22.1% and Japan 6.5%.

The really alarming data is the predicted demographic growth also due to the integration of migrant growth rates. 2060 will see a dramatic increase in the percentage of 65 year old dependents compared to people of working age (15 to 64). In the European Union it will increase from 27.5% in 2013 to 50.2%, with a maximum increase of 73% in Japan and Korea. This means that while in Europe today there are three pensioners to every ten potential workers, in 2060 we will have a one to two ratio.

## **Other countries: China, USA**

The dependency ratio of the world's older people will increase throughout the world from the current 12.1% to an expected 28.3% in 2060. Consequently, the aging population will be a worldwide problem especially in China, Japan, Europe, Korea and Russia.

Demography will affect their economies, due to the workforce/aged ratio, and to the change in consumer tendencies and spending differences.

The only exception is the United States which, with its higher birth rate and different immigration culture, will be the OECD country with the lowest age group in 2050, an average of about 37.8 years, thus allowing it to retain a probable economic and strategic dominance in the coming decades. In fact, the US population will increase from 316 million people to 417 million, and the dependency ratio of the over 65s, will grow from the current 21% to 37.6%, but it will still be the lowest of the G20 countries.

A particular focus is China: the one-child policy pursued in the recent past and today, will not help population growth in the coming decades; on the contrary, it will decrease from the current 1,357 million to 1,313 million. For the Asian country, the real problem will be the aging population, the dependency ratio of people over 65 in 2060 will reach the European level (49%) compared to the present 12%.

## **Italy**

On 15 June, ISTAT published a paper available on the internet dealing with the population residing in Italy, total and foreign, birth and death rates, migration and foreigners. Some updates: Since 31 December 2014, 60,795,612 people reside in Italy of whom more than 5 million are foreign citizens. The natural movement of the population - births minus deaths – shows a shortfall of more than 100,000 units. If we consider the Italian population alone, then the figure is even more eloquent: the negative balance was 165 043 people, offset in part by the positive balance of 69.275 units in the foreign resident population. These new births on Italian soil by acquiring citizenship, will distort over time, the actual negative trend of the Italian population. On 17 March, 2000, the United Nations had already published a document (DEV / 2234) on the population growth of some OECD countries such as Italy. The comparative analysis of the data in the two documents from the 2000 perspective and the current 2015, enables one to reach some considerations. The UN document highlighted how over the 2000-2050 period, the population of the major developed countries would decline, but still be populated by a greater number of older people,

mainly due to a lower birth rate and to greater longevity. Italy leads with the most rapid decline in relative terms, losing about 28% of its population between 1995 and 2050. The projections were and still are dramatic: in 1950 the Italian population was 47.1 million: economic growth of the post war years highlighted a growing phenomenon, the so-called baby boom, which boosted the population to 53.8 million in 1970, 56.4 million in 1980, and finally to 57.4 million in 1995.

The decline started from then on: the estimated variations in the Italian population show a dropping off: 55.7 million in 2010, 54.4 million in 2015, 49.5 million in 2030, 41.9 million in 2050. As the document underlines, the decrease in population will be inevitable in the absence of immigration. The birth rate could restart in the period 2010- 2050, but with little chance that it will be immediate or sufficient to fill the gap created in the female population of child bearing age. In fact in our Emilia Romagna region, the majority of the immigrant population is female and in 2008 represented 52% of the resident foreign population with 47% of the pregnancies in the Region (the 2006 RER pregnancy data). The rate of voluntary abortions among 15-44 years (10.1‰ for Italy updated to 2008) is the same on average as other European countries which does not correspond to the country's scheduled projected fertility programme. (Osservasalute, 2009).

There is a serious shortage of social security policies for women, despite the start up of family consultation services and it is believed that higher education is still a factor in responsible procreation. Therefore foreign women in our country are not immune to the problem. In fact from what is reported in the 2011 Emilia Romagna document on the foreign population, there are more poorly educated foreign women who resort to abortions than Italians (15% vs. 3%) and 53% of those are unemployed. (2011 RER Data)

### **The European Union**

The UN document also analysed the countries of the European Community. It showed that without a population growth immigration policy, Europe was destined to decline. In some countries such as Italy and Germany, the decrease would be very significant in the 2010-2050 period, with 15.5 million less in Italy, 22.9 million less in Germany and an increase in the average age from 41.3 years to 53 in both countries, with 35% percent over 65 in Italy and 32% in Germany. The United Nations then showed that immigration is needed to avoid

Europe's decline. Otherwise, in order to maintain in future years the ratio of the potentially employed (the 14 to 64 year olds) and the over 65s, would mean raising the average retirement age to 75 and in Italy alone to 77.3 years.

### **Sociological aspects**

In developed countries increasingly dominated by individualism and consumerism, having children is a deliberate choice, conditioned by the desired level of security which young couples and *singles* consider necessary. Measures to assist fertility are an expense on the state with no immediate return in electoral terms. Consequently governments prefer to pursue a policy for senior citizens, the main electoral force, rather than the younger generations. This is a short-sighted and not a long-term view of the problem. One example is the outcry of the Italian unions against structural reform of pensions or access to health services which can no longer be deferred.

The early retirement policies suggested in European countries by social groups designed to encourage admittance of unemployed youth to the labour market, are unbending when dealing with the management of available resources. They want to retain the same privileges linked to the current pension system which will inevitably be borne by the younger generations. However, entering the work place is only one side of the coin: they will not enjoy the same labour protection which is the exclusive prerogative of previous generations.

We will also be more peaceful as young people are the most likely people to go to war and with the highest level of conflict, but we will also be even more vulnerable: open multi-ethnic and multi-cultural societies and their inherent problems.

### **Economic aspects**

The economic effects are likely to be a reduction in consumption as the old tend to direct consumption towards services such as health, tourism, care, not luxury products or technology; they dislike risk, less equity and more bonds and are more resistant to change and innovation.

Without raising the retirement age, this tendency to look for instant security will inevitably lead to an immigration policy in order to maintain a stable number of potential employees.

A further issue in the ongoing policy of inclusion and immigration is to generate economic returns through reducing the factors of economic and social inequality: in fact, these injustices entail a 15% social security cost, and a 20%

cost for the overall health system with a total loss to the EU of an estimated €141 billion as health is a *capital good*. (Mackenbach, 2007)

### **The need for industrial and social policies**

Industrial policy choices still need to be addressed to boost productivity per employee, borrowing the Japanese model that invests in advanced research in robotics to compensate for the aging of its population.

The 2000 United Nations report with some recommendations: the new challenge posed by the decline and aging of the world population, particularly in the European Union, needs to be addressed with long-term policies and programmes. The critical issues that must be tackled are: (a) the appropriate pension age; (b) levels and type of pensions and health care for the benefit of the old; (c) the workforce structure; (d) the amount of the contributions to be paid by workers and employers to support retirement services and the health care of the elderly population; (e) policies and programmes related to international migration - in particular - substitution migration and the integration of immigrants and their descendants into society.

Furthermore - concerning specific policies - it is clear that there are some approaches that receive more support from the WHO than others. (See Labonte 1993) The approach should be similar to that of the multi-dimensional health factor and therefore include prevention of the psycho-social and behavioural risks and not just the physiological one. This covers isolation issues, lack of social support, low self-esteem together with little faith in the future. These are the basic conditions which immigrants live with in the host countries.

### **A European example: Germany**

The policy that Germany pursues in order to solve these issues is to encourage skilled immigration from EU countries, including our young graduates and non-EU migrants. Not for nothing is the openness of the German Chancellor and the British Prime Minister to Syrian immigration, mainly represented by the Christian middle class fleeing the war, and it confirms a strategy of selective programmed migration. Even the UN's latest recommendation has been implemented. In her speech to the German parliament Angela Merkel stated clearly: "a nation that welcomes the many people who are arriving, many belonging to other cultures, should clarify the rules that are in force here; on this point, this there will be no tolerance.... they must learn German and quickly find a job.

## **Italy**

The immigration section in the ISTAT website (National Statistics Institute), presents a startling piece of news. The foreign population in Italy has difficulty learning the Italian language. The 60.8% national average is significant with peaks of 74.3% in Naples, 65.6% in Milan and 54.6% in Rome. Compulsory schooling in the current year includes 622,000 foreign students compared to 44,000 in 1995. The 15 September ISTAT bulletin re the labour market (<http://www.istat.it/it/archivio/168024>) indicates an unemployment total of 12.4% in the second quarter of 2015 - 11.6% Italian and 16.2% foreign - and an employment rate of 56.3% Italian and 59.2% foreign. Integration in the workplace and society is still complex. If the aim of immigration policies is to replace the aging workforce, then the higher percentage of unemployed foreigners compared to the national average is inconsistent.

## **Conclusion**

The demographic issue and the aging of the world population is also a European and Italian problem. In the near future the world will be more populated, about 10 billion people in 2050, but all of them older.

Immigration – as mentioned - is a potential resource such as European immigrants working in the service industry and agriculture or doing soul-destroying work rejected by young people. Over the past twelve months, the phenomenon has escalated following the continuation of the Syrian war, which is now an emergency both in war-torn countries and countries in Europe that are still incapable of sharing a combined acceptance policy.

There is still an urgent need to address the fairly complex economic and social issue of the probable emergence in Europe of a selective migration contest between member states. The trend is already in place: right now the suspension of the Schengen Treaty and the closure of borders in northern countries, not least Catholic Austria, open only to qualified immigrants: and the mass exodus from African and Middle Eastern countries to the neighbouring borders: Greece, Spain, Italy.

These are the countries which more than any other European country, will have potential problems in the management of the phenomenon with repercussions detrimental to public order and the rousing of populist and nationalist spirits already seen in Europe.

It is vital that societies do not close in on themselves. This last possibility is the most problematic and difficult to pull off given that the irreversible effect of the aging of the population will be a rapid phenomenon - not more than two decades - and momentous. According to the French political commentator Dominique Reynié, aging favours the emergence of a conservative culture, typified by risk aversion and resistance to change and diversity.

In the near future, only through listening and dialogue inspired by respect for the human being and the values of solidarity as expressed by the Social Doctrine of the Church, may the way be found for that social inclusion of cultural diversity which blends smoothly into a harmonious coexistence, inspired by the common good and the peace and development of peoples.