

demOS

Volume 26
Special Issue
September 2010

ISSN 0169-1473

A publication
of the
Netherlands
Interdisciplinary
Demographic
Institute

Bulletin
on
Population
and
Society

EUROPEAN POPULATION CONFERENCE 2010

SPECIAL ISSUE

NIDI

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Do employers support later retirement?

HENDRIK P. VAN DALEN AND KÈNE HENKENS

A view from European employers

Extending people's working life is seen as a key element in curtailing the rising costs of public pensions as well as the looming labour shortages associated with an ageing population. In the countries of the OECD and of the European Union a host of initiatives have been taken which aim to delay retirement and support labour force participation of older workers. At the government level, these initiatives vary from pension reforms and new legislation. But how do employers react at the organisational level: do they support later retirement? To address this issue we will discuss the results from survey research among employers in five European countries: the Netherlands, the United Kingdom, Spain, Greece and Hungary.

At the government level initiatives to curtail the rising costs of public pensions and the looming labour shortages associated with an ageing population vary from pension reforms that limit early exit routes from the labour market to legislation against age discrimination and public campaigns to combat negative stereotyping in the workplace. At the organisational level, employers are urged to develop personnel policies geared towards increasing the employability of older workers, for instance through life-long learning. Employers' opinions and behaviour play a major part in determining the labour market transitions of older workers. Older citizens must obviously be willing and able to work, but whether they actually get the opportunity depends mainly on employers' decisions – yet how employers view the changing nature of retirement is largely unknown.

In this contribution we focus on employers' policies towards (later) retirement within their own organisation. National employers' organisations are evidently inclined to acknowledge that later retirement in the context of an ageing society is inevitable, but how the individual employers view this issue is not widely known. Besides gaining insight into employers' behaviour with respect to an ageing workforce, we will also reflect on how employers view public policies towards raising the retirement age.

Increasing the retirement age in Europe

In some European countries (notably the UK, Germany, Sweden and Denmark) the prospect of an ageing population has led governments to opt for later retirement beyond the statutory retirement age of 65. Extending the working life can in that



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respect be seen as a double dividend. Different national governments have taken a variety of actions to stimulate older workers to stay in the labour market and postpone retirement. The United Kingdom and the Netherlands have introduced legislation to combat age discrimination at work. Especially in the Netherlands this has resulted in a series of complaints and lawsuits. Following these lawsuits several collective labour agreements that contained age-based

arrangements have been adapted and formulated in an age-neutral way. Also in the Netherlands, the government has taken several measures to block the different pathways into retirement. All these measures are meant to discourage older workers from leaving the labour market before the official current retirement age of 65. The main instrument is the use of financial disincentives, like higher marginal tax rates on early retirement benefits, lower unemployment benefits for older workers and a reduction of disability benefits for older workers. On a temporary basis, different task forces and expert groups have disseminated good practices among organisations in terms of personnel policies for older workers. In line with the ideas developed already in some Scandinavian countries and Germany, the Dutch government plans on raising the official retirement age to 67 by 2025. In a similar way, the Hungarian government has decided to increase the retirement age for both women and men from 62 to 65 years. This gradual increase will start in 2014 and will be completed by 2021. In Greece and Spain, where unemployment rates have been much higher over the last decade than in the countries of Western Europe, the focus has been more on combating unemployment than on measures that promote continuous employment of older workers. As a matter of fact, Greece still takes measures to provide income support for older workers who cannot find a job after having become unemployed, thereby implicitly sponsoring non-participation of older workers. Hence the five countries in our study differ considerably with respect to the policy stage they are in, depending to a large extent on the urgency of labour market shortages and an unfavourable shift in the ratio between the inactive and the active population.

Perception costs and benefits of an ageing work force

Later retirement may alleviate the public costs of an ageing society, but how does it affect individual organisations? In short, what do employers expect the consequences to be of an ageing work staff? What do they perceive as the costs and benefits of an ageing work force? Looking at the perceived consequences of an ageing personnel structure, a divide among employers becomes visible (see Table 1): British and Hungarian employers are far more positive about the possible economic consequences of an ageing personnel structure, whereas Greek, Spanish and Dutch employers see predominantly negative consequences.

Of the specific benefits of ageing, the large majority of employers in all countries would point out an increase in know-how and experience, considering other benefits less relevant. Among the costs of work force ageing, labour costs are without a doubt the most prominent – although the UK is an exception to the rule, with only 42 per cent of employers expecting an increase in labour costs. Dutch employers are most adamant in expressing an expectation that labour costs will increase: 77 per cent believe this will be the case in the near future. An important conclusion

Table 1. Expected consequences^a of an ageing personnel structure for own organisation, 2005 (Hungary: 2008) (per centages)

Consequences	Greece	Hungary	Netherlands	Spain	UK
<i>Costs</i>					
Increased labour costs	62	60	77	52	42
Greater resistance to change	56	36	56	55	45
Increased absenteeism/sick leave	69	31	53	54	40
Less enthusiasm for new technology	59	31	44	46	39
Deterioration of the organisation's image	37	8	16	22	13
<i>Benefits</i>					
Increased know-how and experience	68	69	61	67	78
Fewer conflicts within the organisation	34	40	13	37	24
Increased productivity	33	46	7	37	25
Broader employability of the staff	29	37	29	30	35
More staff mobility	12	33	17	13	28
N =	354	451	597	332	572

(a) Based on the question "If the average age of the employees in your organisation increases, how likely or unlikely is it that the following outcomes will occur in your organisation?"

Source: Employer Survey NIDI-UU (2005-2008).

Table 2. Employers' opinions on the desirability of retirement policies within their own organisation

		Greece	Hungary	Netherlands	Spain	UK
1. Older employees working beyond age 60	Desirable	29	29	42	44	60
	Indifferent	27	29	39	27	32
	Undesirable	44	42	19	29	8
2. Older employees working after age 65	Desirable	10	12	9	24	30
	Indifferent	22	33	34	27	43
	Undesirable	68	67	57	49	27

Source: Employer Survey NIDI-UU (2005-2008).

to be derived from Table 2 is that in each country the percentage of employers expecting an increase in labour costs is by far larger than that of employers expecting an increase in productivity. In short, work force ageing is generally perceived by employers as a burden and not as a boom.

Employer support for retirement policies

Later retirement

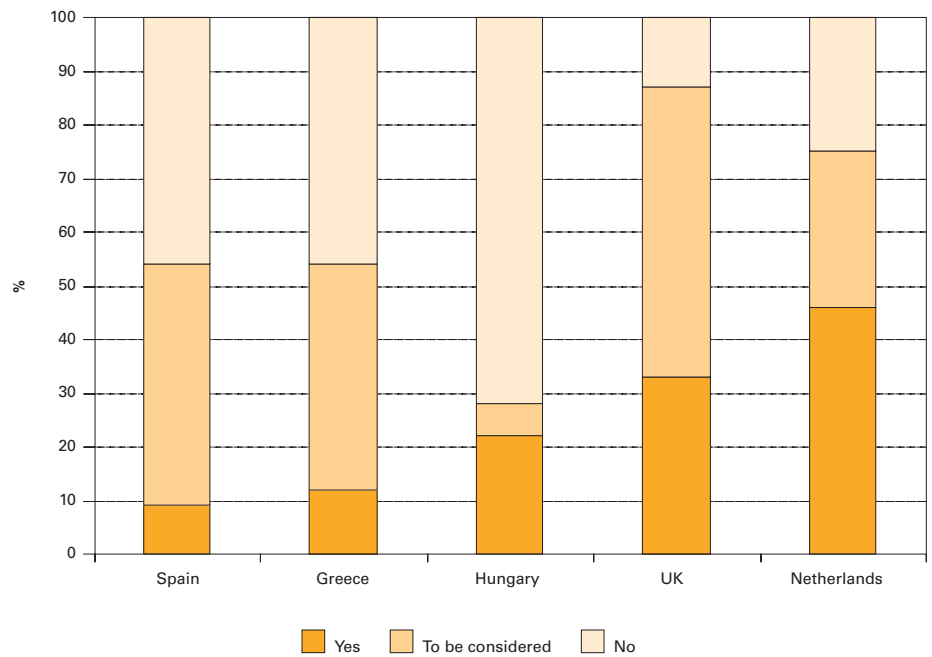
Research on older workers' decisions to retire has shown that employees are more inclined to extend their working life if they are encouraged and supported by their employer to delay retirement. To gain insight into employers' views with respect to the postponement of retirement, we asked them about the desirability of (a) older workers being employed beyond the age of 60; and (b) older workers continuing to work after the age of 65. Employers could state whether employment in each case was desirable or undesirable, or could also express their indifference. The results are shown in Table 2.

British employers hold the most positive opinions on older workers continuing to work beyond the age of 60 or even 65. The UK is the only country in the set of five in which the share of employers in favour of workers staying on after age 65 outnumbers the share of those opposed. Hungary and Greece show a completely opposite picture. A large majority opposes workers being employed beyond age 60 (and especially 65). Not even one-third of employers considered working after age 60 desirable. This share falls to around 10 per cent for working after the age of 65. With respect to Hungary, one should keep in mind that the official retirement age is lower than in most other European countries (62 years for men and 60 for women). In Spain and the Netherlands there is a clear difference between employers' opinions concerning working beyond age 60 and working beyond age 65. Working beyond age 60 is supported fairly by over 40 per cent, while working over 65 is supported by only a quarter of employers in Spain and no more than 9 per cent in the Netherlands. The share of employers sharing the opinion that it is undesirable for workers to continue working after age 65 is twice as high as in the UK. These outcomes suggest that the official retirement age in most countries may also serve as an age norm within organisations.

The option of bridge employment

Bridge employment is often cited as a potential policy measure to make gradual retirement possible. By bridging a full-time career and full-time retirement, part-time work can contribute to the transfer of knowledge and experience to younger employees, and at the same time help deal with older worker's desire to lessen work stress or the demand for more leisure time. It has been argued by some that partial transitions can sometimes be considered preferable to complete transitions. A partial transition may even help postpone the complete transition for some time. From that specific perspective partial retirement can be considered a potential instrument to extend the working life. Even though employees

Do organisations have part-time retirement facilities? Selected EU countries



Source: Employer Survey NIDI-UU (2005-2008).

may decrease their working hours at some age, 'keeping connected' may help them stay in the labour force for a longer period. As a result, the total number of hours supplied over the life course may benefit from partial retirement. The net effect of part-time retirement is still largely unknown though. Experiences in various countries suggest that part-time retirement schemes trigger a reduction in working time only for those workers who intended to keep on working, but does not affect the intentions of workers who wanted to retire fully from the labour force. On aggregate, part-time retirement schemes have trimmed the number of full-time workers instead of full-time pensioners.

To shed some light on the issue of part-time retirement we first asked employers about facilities for part-time retirement. The results from

Photo: Stock Xchng/Siulesoj



Table 3. Employers' attitudes towards part-time work (per centages)

	Statement: It is difficult to fit in part-timers in this organisation			
	Disagree	Neutral	Agree	Total
Greece	25	27	48	100
Hungary	7	22	71	100
The Netherlands	62	17	21	100
Spain	42	24	34	100
United Kingdom	66	19	15	100

Source: Employer Survey NIDI-UU (2005-2008).



NETHERLANDS INTERDISCIPLINARY DEMOGRAPHIC INSTITUTE

NIDI is the national demographic institute of the Netherlands. Founded in 1970, NIDI became affiliated to the Royal Netherlands Academy of Arts and Sciences (KNAW) in 2003 and is the only social science institute of the Academy. Firmly rooted in science and society NIDI draws inspiration from the interplay of demographic and social issues and strives for scientific excellence.

the figure show major differences among our five countries. In the Netherlands almost half of employers offer some kind of arrangement for part-time retirement. The United Kingdom is in second place, with about one-third of organisations offering some kind of arrangement. This is totally different from the situation in Hungary, where about 20 per cent of firms have an arrangement for part-time retirement but only a limited group of employers considers introducing such an arrangement. In this respect, Greece and Spain are still far behind when it comes to offering employees the opportunity for a partial transition into retirement.

To 'test' the odds for part-time retirement we also asked employers to share their views on part-time employment in a more general way by responding to the statement, 'It is difficult to fit in part-timers in this organisation'. The results in Table 3 show a picture that is more or less comparable to the figure: Dutch and British employers generally have no problems or objections to employing part-time workers, while Hungarian employers massively oppose working with part-timers.

Conclusions

The overarching impression with respect to the role of employers in the retirement process is that in most countries support for later retirement (certainly working beyond age 65) is still

weak, the only exception to this rule being the UK. Part-time retirement, which is often proposed as a suitable compromise, is embraced by those employers who are already familiar with the coordination and management problems tied to the realities of an ageing labour force. Notably a large majority of Dutch and British employers do not see major obstacles in employing part-time workers, whereas Greek and Hungarian employers are not very much in favour of it – Greece and Hungary being countries that have some of the lowest shares of part-time employment in the European Union. Although the data cover a limited number of European countries, the impressions about employers' attitudes towards later retirement are revealing. This study shows that there still is a discrepancy between the aims formulated at the level of the European Union and Member States with respect to stimulating the labour force participation of older workers and the attitudes of individual employers.

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Photo: Stock XchnG/Cieleke



Photo: Stock XchnG/Lhumble



More than brains only

ANU KÔU, LEO VAN WISSEN AND AJAY BAILEY

The life course of highly skilled migrants

Many of the Member States of the European Union, including the Netherlands, are searching for ways to attract highly skilled migrants as a (partial) remedy against a shrinking and ageing population. In addition to economic motives, it is also important to pay attention to how these migrants want to shape their lives in their new country of residence: knowledge migration may be surrounded by specific aspects of geographic and social mobility.



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N I D I

NIDI RESEARCH: LIVES IN CONTEXTS

Populations change because people change. Demographic trends at the macro level are the results of behaviour at the micro level. To explain why populations change we need to understand why individuals change and thus how 'contexts' affect lives. Relevant contexts include family or household, the generation, and the many institutions in the broader social, cultural and economic settings. 'Lives in contexts' is NIDI's overarching research theme.

In 2000 the European Union formulated one of its goals in its Lisbon Agenda: to become 'the most competitive and dynamic knowledge-based economy in the world' by 2010. The success story of knowledge economies is dependent on highly skilled professionals. Ageing societies, like many EU Member States, including the Netherlands, are also dealing with a shrinking labour force. Another EU goal, accorded in 2002 in Barcelona, was therefore that by 2010 the EU should have attracted 700,000 researchers but this has not happened yet. It was additionally agreed to spend 3 per cent of GNP (gross national product) on research and technological development per Member State. To achieve this political goal and at the same time combat the sharpest edges of an ageing population, various Member States have developed specific policies to draw highly skilled individuals from elsewhere.

Various sources indicate that about 1.5 million professionals from developing countries are working in the developed world. highly skilled migrants are beneficial for the host country: they contribute to economic growth and innovation, to an increase in productivity, and to new forms of innovation and entrepreneurship. From the perspective of the highly skilled migrant, eco-

nomie theories suggest that migrants leave for labour markets that best fit their qualities, which means that they are searching for the highest possible salary and for other advantages so they can convert education and work experience into maximum returns.

It is important however to realise that highly skilled migrants are seen not only as economic contributors to a more successful labour market or as persons who are only after high salaries. Highly skilled migrants also engage in demographic and social behaviour, and their life course often reflects their own cultural background. It is thus not only their brains which are present in their host country but also their norms and values, their earlier life experiences and their future expectations, for example with respect to the labour market and family formation. To gain more insight into this, we will be looking at higher-educated migrants from a life-course perspective. This focus means that migration gets linked not only to work but also to other life domains of the migrant and his/her family members and personal social network. In this way we hope to gain a much better understanding of the meaning of life-course events in the migration decision-making process.

Highly skilled migrants in the Netherlands

In 2004 a special visa for 'knowledge migrants' was introduced in the Netherlands. From the beginning, this program was quite successful: according to the monitor *Kennismigrantenrege-ling 2008* (a report of the Dutch immigration and naturalisation service (INDIAC)), more than 13,200 applications were accepted in the first 3,5 years, which corresponds with 95-98 per cent of all applications on a yearly basis. From Figure 1 we can read that the share of higher educated among labour migrants to the Netherlands rose from about 15 per cent in 2005 (almost 3,000) to more than half in early 2008 (almost 9,900). In that period nearly 6,200 applications were also approved for an *extended residence permit*. Knowledge migrants come mainly from India (30 per cent of all applications in early 2008), China (7 per cent), Japan and Turkey (both at 5 per cent). The expectation is for the trend from Asia to keep up. According to the most recent population forecast of Statistics Netherlands, the share of labour migrants and students from China and India will increase.

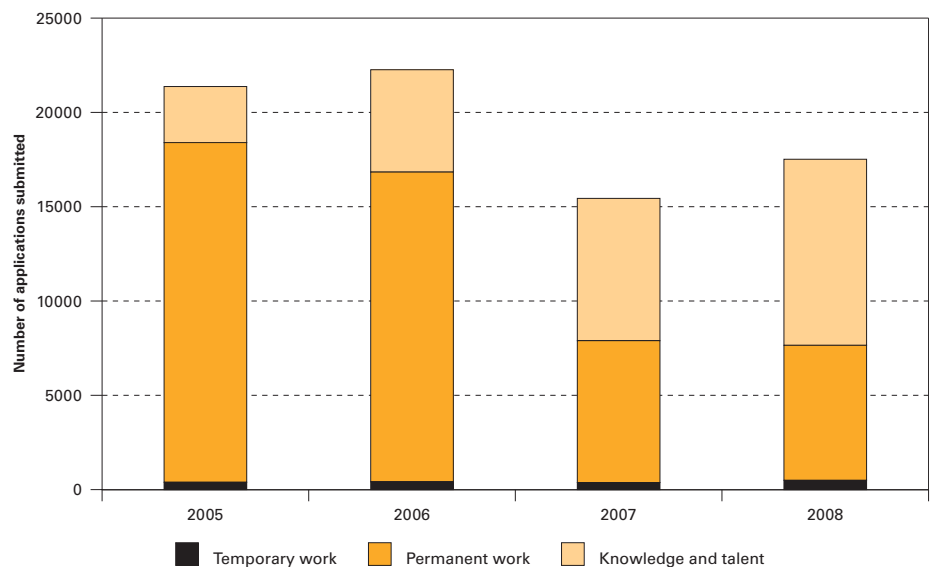
Highly skilled migrants tend to be relatively young, in the Netherlands too: one in two is between 18 and 30 years of age, and one in three between ages 30 and 40. Another trend is that knowledge migrants are usually men, and the Netherlands (at 75 per cent) is not an exception. An INDIAC internet survey from early 2008 points out that nearly one-third of highly skilled migrants worked in the ICT sector or in other business services, 13 per cent in the industrial sector, and almost 9 per cent in retail. Knowledge migrants can also be found in education and research (8 per cent), which may be on the low side, given the Lisbon and Barcelona agreements.

Who exactly is eligible for a knowledge migrant visa? In its widest sense, the proposal of the Advisory Committee on Alien Affairs (ACVZ) reads that highly skilled migrants are labour migrants with nationally or internationally scarced specialised knowledge, generally higher educated, with above-average income and employed in sectors of economic or social importance. More specifically, the criterion for yearly income is € 49,000 for persons aged 30 or older and € 36,000 for migrants younger than 30. For recent graduates a lower amount applies. The duration of the visa is related to the duration of the work contract, with a maximum of five years. After that, a permanent residence permit can be applied for. Family members of a knowledge migrant can also get work and residence permits. Policies to lure the best foreign knowledge migrants must be attractive: a decision to migrate is probably made much more easily if a migrant's spouse and children can come along without too much bureaucratic ado.

Highly skilled migrants and the life course

The life-course perspective studies how a person's life develops in the course of time. Several parallel life courses are kept track of in the process. For highly skilled migrants these are the life

Application submitted for a first residence permit, 2005-2008*



*Until June 2008.

Source: INDIAC (2008) NormalTrendreport.

courses with respect to education, work, migration and household formation. Events in one of these life courses are meaningful not only for that life course but usually also for the other. Let us try to sketch the potential life course of knowledge migrants. He or she begins with an educational career, graduates from university, and looks for a job in the labour market. For a knowledge migrant this labour market is geographically very wide, as it can mean that he or she will be going to another country. And that means his or her migration career gets started. If there is also a partner in the picture, this may mean that, with migration in mind, they get married earlier than they would have normally planned to. Not being married, after all, may mean that no use can be made of spousal facilities. If the knowledge migrant and his or her partner go away for only a short time, they may choose to postpone having children. This has consequences for the household career. All of this means that the choice for a specific position on the labour market has consequences for the way in which migration and household formation get shaped. In addition to the variation in life-course patterns of knowledge migrants, the decision-making process surrounding migration and the resulting migration behaviour should be seen in an even broader perspective, which is with respect to factors that foster or hinder migration.

Embedding the life course of knowledge migrants

Some of the factors that foster or inhibit migration come from others than the knowledge migrants themselves – primarily from family members. If a family consists of several persons, this can pose an additional restraint on a decision to migrate. All the life courses of these persons play a role here. Elder uses the term 'linked lives' to denote the influence of significant others on the life course. An even broader perspective also pays attention to a person's social network. This is meaningful in terms of information and of material and immaterial



NEARLY 5 MILLION IMMIGRANTS IN 2050

The Netherlands will have nearly 5.0 million (first and second generation) immigrants by 2050 – 1.8 million more than in 2008. Because the total Dutch population is increasing by 0.9 per cent in the 2008-2050 period, (from 16.4 to 17.3 million), the proportion of immigrants in the population is growing strongly, from 19.6 per cent to 28.7 per cent. Non-Western immigrants account for the largest part of this growth. In 2050 their numbers will reach 3.0 million, as against 1.8 million in 2008. Hence the proportion of non-Western immigrants in the total population will have risen from 10.8 to 17.2 per cent. The increased numbers of Western immigrants is slightly less strong, in absolute as well as relative terms. In 2050 the Netherlands had 2.0 million Western immigrants, which makes them 11.5 per cent of the population (Source: Statistics Netherlands).

CHILDREN AND WAR

Worldwide one billion children live in countries that are involved in armed conflict. This is almost one-sixth of the total world population. Of these children, 300 million are not even five years old. They suffer not only from the direct consequences of the conflict, but their development and well-being are also threatened in the long term. The children are increasingly victims of, among other things, land mines and unexploded weapons, bombardments, sexual violence, terrorism and antiterrorist measures. More and more of them are recruited as child soldiers and are targets in attacks to schools and hospitals. Many children no longer get the education they are entitled to (Source: Unicef).

support. Especially knowledge migrants are often able to find jobs via informal networks or contacts. Diasporas form the cultural face of social networks. A diaspora can also have another meaning: the fact that, for example, ethnic or religious meetings are held in the host country, or one can buy certain food products. Such facilities can guide a decision as to whether or not to migrate or a decision about where the knowledge migrant will be living. Professional organisations influence migration traffic to the degree that they make people attentive to vacancies in other countries. Among multinational companies it is common practice to work abroad for a certain period.

Conclusion

The Dutch government strives to be one of the pioneers in the knowledge economy of the EU. In order to attain that, and also keeping an ageing population in mind, there is a large need for knowledge migrants. We have to realise that this is not only about getting the brains of knowledge migrants over here. Economic gains can be made especially if knowledge migrants can function and develop optimally as full-fledged members of Dutch society, hence it is important to comprehend the processes underlying high-skilled migration which is much beyond just cost-benefit analysis.

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Population decline and policy

Population decline has only entered the policy agenda recently at the national level, and the Dutch government is weighing its role when dealing with this emerging population issue. Policy reactions will differ per policy domain. But especially in the spatial domain an active role in creating conditions to deal with the impact of population decline is obvious.

Photo: Marcel Minnée



Population decline on a national scale is a long-term trend and is surrounded by uncertainties about timing, speed and regional selection. Flexible (spatial) long-term policies are the obvious choice then. Taking into account different scenarios, general timely and sufficient spatial plans for e.g. living and working can be made, with basic details being filled in when it really becomes necessary. With respect to the housing market, certainly when identifying locations for construction, the possibility of the shrinkage of the housing supply should be taken into account, and more restrictive actions from the government would be the path to follow. In its role of national director, the national government should mainly create the conditions and frameworks within which regional local governments can operate effectively.

Spatial planning and a ageing population

In addition to the creation of conditions, the Dutch government in its role of 'market master' also has a supervising and steering role. It may be expected that market parties in the (regional)

housing market will react adequately to changed demographic circumstances such as population ageing and population decline, which occur gradually. It may nonetheless be necessary for the market master to intervene, for example when it comes to adjustments in the housing supply which are not or less interesting for market parties, such as social housing projects or restructuring of ageing dwellings. For this sort of frictions, a steering role of the government is desirable. The same applies to the domains mentioned other than the housing market, like the social services and the labour market. The importance of proper oversight and the responsibility of the government here has also become clear in the current financial crisis.

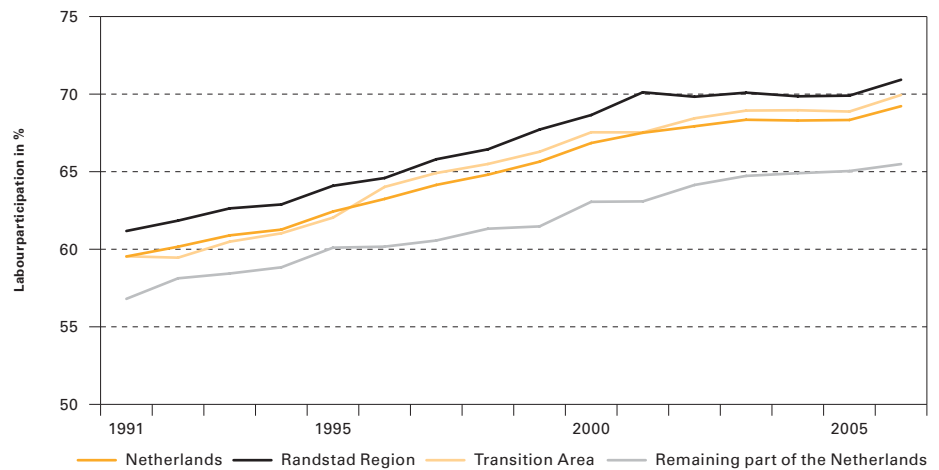
When shaping national policy that aims at dealing with population decline, one can draw from various existing sources. Population decline is closely related to an ageing population. Many of the policies that are implemented or considered in the context of ageing are therefore also important in terms of population decline. For example, stimulating labour participation to meet a labour supply that is shrinking because of population ageing is also helpful towards dealing with a shrinking regional workforce. In the spatial domain, the Netherlands has a rich tradition and ample experience in the field of spatial planning. Although the consequences of population decline manifest themselves not only in the spatial domain, this expertise can be deployed for the new challenge of a gradually upcoming yet structural population decline. Experiences with regional population distribution policies gained in a period in which distribution of a torrential population growth was common can now – perhaps somewhat paradoxically – be deployed to deal with negative population growth.

When finding effective ways to deal with population decline, two circumstances can work to our advantage: the scale and the density of the Dutch population.

Small scale and population density as buffers

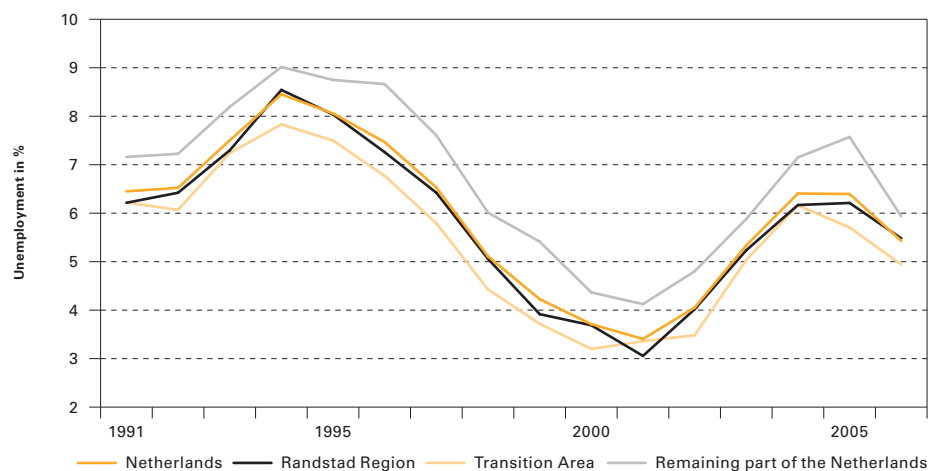
The Netherlands is a small-scale country. Distances between the various parts of the country are short, there are no major natural barriers, there is a sophisticated, high-quality infrastructure and travel times are relatively limited. Partly thanks to this small scale, our country is also fairly homogeneous, socially and economically speaking – which doesn't take away from the fact that socioeconomic and cultural differences do exist. There are also regional differences. The densely populated Randstad (the urban agglomeration of Western Holland encompassing the cities of Amsterdam, The Hague, Rotterdam and Utrecht), where nearly half of the population lives, is seen – for example in WLO scenarios (see box, 'Types of decline') – as the country's economic centre of gravity. Roughly one-quarter of the population lives in the transitional zone that surrounds it as a dynamic peel and in the more peripheral areas of the Netherlands, more removed from the Randstad. In the last 30-plus years most of the population growth was absor-

Figure 1. Developments in the labourmarket for the Netherlands and per region, 1991-2008



Source: Netherlands Bureau for Economic Policy Analysis.

Figure 2. Unemployment in the Netherlands as percentage of the labourforce, 1991-2006



Source: Netherlands Bureau for Economic Policy Analysis.

bed into the transitional zone. Because of population density in the Randstad, relatively speaking most of the houses were built in the transitional zone and work opportunities grew there the fastest. Despite level differences, labour participation and unemployment in the different parts of the country run more or less parallel (see Figures 1 and 2). This indicates that they underwent the same economic development despite differences in population composition. At a lower scale level one can see that in recent decades the population has gradually shifted from the large cities of the Randstad to the surrounding areas and then to the transitional zone. If we look at housing and the labour market, in the case of population decline the most urbanized areas of our country are on balance at an advantage compared to the more peripheral rural areas.

Certainly with a continued population decline it can be expected that (demographic) differences between regions will become larger. The expectation is that strong regions will manage to hold on to more residents thanks to a more favourable socio-economic and cultural climate, or will lose less population than weaker regions that run the risk of getting into a negative shrinkage spiral. Does this entail the risk of unacceptable large regional differences and, for example, an exodus from the countryside, as we see happening in countries like France and Germany? Things do

demodata

PROBLEM OR SOLUTION?

Population decline has many negative associations, also in the minds of government officials: deterioration, vacancies, pauperisation, recession, all tend to be linked to decline in what seems to be a downward spiral. Growth is good, decline is bad. 'An end to the growth' also means a cultural shift. Others, by contrast, embrace the potential advantages of shrinkage: quiet, space, the environment and fewer congestion and traffic jams. Population decline seems to be neither a doomsday, nor a panacea, which will solve all problems. Not only numbers of population are relevant when considering social and policy issues, but also human behaviour. Take for instance traffic jams which are chiefly the result of different mobility behaviour (more intensive use of cars). Gradual population decline does not automatically mean that people will leave the car at home. Besides, in the Netherlands most traffic jams occur in the crowded Randstad region, where the least population decline is expected.

(Source: WPRB-report 2009)



Photo: Stock Xchng/mwookie

not seem to be going that far in the Netherlands. Besides the moderate shrinkage tempo, the previously mentioned small scale plays an important role here. Decline-sensitive regions in the peripheral areas are never unreachably far away in the Netherlands, hence spatial isolation is rare. This is partly also thanks to good transportation. In those decline-sensitive border areas the outlook will increasingly be oriented towards the neighbouring country, so regional cooperation across the largely extinct national borders can offer respite when dealing with shrinkage. The small scale of the Netherlands works in fact as a buffer for possible negative effects of shrinkage, just like the open borders. The high population density which is so characteristic of the country, has a comparable buffering function. Areas with a lower population density seem more vulnerable to the effects of population decline than more densely populated parts of the country because the carrying capacity for all kinds of facilities is

more limited in the former. The same applies on a European scale, which makes a densely populated country like the Netherlands in fact less vulnerable to the negative consequences of population decline than less densely populated and larger countries.

Population decline and population policy?

The drop in the size of the population will occur gradually in the Netherlands. It does not seem that the changed regional distribution of the Dutch population which enhances population decline will lead – at least in the foreseeable future – to critical unbalances. This doesn't mean that shrinkage cannot still result in hindrances that require careful policies that are suited to regional developments. To a considerable degree, such policies will be more of an assisting than a combating or intervening nature. The contours (and sometimes more than that) of these policies are already visible, especially in regional spatial policy. Can the population decline be sufficiently managed in this way, and can we move on? Or is there more going on, and should the Dutch government perhaps have a task to 'combat' the demographic causes of population decline, for example by implementing active population policies? It is useful to reflect on this question for two reasons. In the first place, it shows that population decline is an enduring trend which, after a regional 'preliminary phase', will also affect population development at a national level: population decline is not a flash in the pan. This distinguishes the current trend from previous ripples in the regional population distribution. In the second place, population decline is closely related to population ageing, and this too makes the current population decline unique and the challenge for society greater at that. Due to the combined effect of developments both in the current population decline trend and in the longer run trends, a real demographic turnaround is taking place. Is this reason to implement focused population policies, that is, a cohesive package of policy measures aimed at a deliberate and focused intervention in demographic developments?

A confirming answer to this question entails that clarity is needed with regard to the goals aimed for with such population policies. Should the government intervene in population development, and should an active attempt be made to keep up the population growth? Should this be an attempt to keep this growth up permanently, or is only a temporary policy input necessary? Is an optimal population size conceivable, an optimal growth speed, an optimal population density? Or an optimal age distribution? What would this mean for well-being and prosperity? Active intervention in population developments presumes not only agreement about the goals of such policies but also about the deployment of means. There must also be agreement about ethical aspects. So far there are no indications of substantial political and social support for this sort of population policies.

Exploring the time path and the possible consequences of population decline in the Netherlands may well have produced different

TYPES OF POPULATION DECLINE

When studying the consequences of population decline it is good to keep in mind the diverse forms of decline. Each of the types can, after all, have very different consequences for aspects like spatial policies, the housing market, the labour market or infrastructure. It is easiest, as well as most common, to describe population decline as a decline in the total number of residents of a specific region. This population decline can happen at different levels, from neighbourhood to district, city, region, country, and further. The social effect of this shrinkage varies per scale level. The societal debate about population shrinkage that has started in the Netherlands is mainly about this elementary form of population shrinkage: shrinkage equals fewer people.

Decline can also manifest itself as change in the composition of the population. In that case one can speak of selective shrinkage, where it is more about changes in the composition of the population than about changes in its size. Examples are the departure of families from the large cities the exodus of youth from the countryside to the city, the selective migration of seniors from or towards a specific region, and the decline or growth of households. The most far-reaching change in the composition of the population is obviously that in its age structure, in terms of ageing. It then seems that the effects of population decline and an ageing population are often difficult to separate and can strengthen one another.

points of action for new policy, but there are no hard indications for the introduction of interventionist population policies. With respect to the question of whether active population policies are required, it should also be considered that the possibilities for effective population policies that keep population growth levelled appear to be limited. Managing population development is not a simple task. Of all demographic growth factors, the fertility level in the Netherlands is more or less stable for the last 30 years at a level of approximately somewhat less than two children per woman (the current Total Fertility Rate is 1.7). At this level, the Netherlands scores above the European average. Even leaving out the ethical aspects that are linked to the introduction of a pro-natalist policy, the literature on the subject also doubts its effectiveness. Partly because of the experiences in our neighbouring countries it doesn't seem likely that this sort of pro-natalist policy could bring about a real and durable rise in Dutch fertility levels, even if one wanted to. Introducing such a policy would constitute a major break with past trends, in which the Netherlands, just like most of our neighbouring countries, deliberately renounced an active pro-natalist policy. Continuation and intensification of the current policy which enhances and promotes the combination of work and family life for both women and men, and thus aims to increase the options for family formation seem a more realistic choice.

Health policies

For the second population growth factor, in the terrain of health a continued rise in life expectancy seems obvious. Prolonging (healthy) life can be seen as one of the greatest achievements of our society. An effective health policy that contributes to push back mortality and lengthen life has of course a positive effect on population growth. A significant acceleration of the already existing prolongation of life trend does not seem self-evident; holding on to the rising trend will already require considerable policy efforts. It is unrealistic to expect that declines in mortality will reverse the imminent trend of population decline. Gains in life expectancy also give an impulse to population ageing.

Internal migration

The third population growth factor is migration. It was already indicated that internal migration plays a very important role in regional population development and is thus a key factor for population decline. Possible scope for policies may lie in the possibilities to steer internal migration through housing and the labour market. A reconsideration of population-distribution policies in the context of a broader population decline agenda is evident. Past experiences with deliberate interventions in regional population distribution (like the decentralisation of several governmental agencies in the 1960s and 1970s) induce discretion. It seems nonetheless useful to explore which options there are for renewed population-distribution policies.

International migration

The past has taught us that internal migration

Besides epidemics (the pest in the 15th century) and famine (the potato blight epidemic of the 19th century in Ireland), other calamities such as war and economic malaise can lead to (mostly temporary) population decline. The curve of the number of residents is bent suddenly downwards but resumes its original trend after some time. For example, more recently Cambodia (1975-1979), Kuwait (1991-1995), East Timor (1975-1980) and Rwanda (1991-1995) were confronted with excessive death rates and emigration. Suriname (1971-1980) had to deal with economic malaise around its independence period, causing an enormous emigration flow. Population size dropped in those countries during these periods.

Population decline as a result of continuous low fertility is of a more structural nature, where, partly as a consequence of ageing, the negative natural growth (more deaths than births) becomes/is greater than net immigration, or where natural growth is barely positive but shrinkage is partly a result of net emigration. Examples can be found in Ireland (decline of 1951-1961), Malta (1955-1971), Portugal (1964-1970), Germany (1975-1984), Austria (1976-1982), and again Portugal (1986-1991). The phenomenon of structural population decline is thus not entirely new, but can be deferred temporarily. In the 1980s the population size of Bulgaria, Estonia, Hungary, Latvia and, for example, also Guyana started to drop structurally (in the latter country, mainly because of excessive emigration). In the 1990s more countries from Eastern Europe followed: Armenia, Georgia, Lithuania, Moldavia, Montenegro, Ukraine, Poland, Romania, the Russian Federation, the Czech Republic and Byelorussia. Since the turn of the 21st century also Bosnia-Herzegovina, Germany, Japan and Croatia have been characterised by structural population declines.

It is expected that before 2030 Barbados, Cuba, Grenada, North and South Korea, Macedonia, Martinique, the Dutch Antilles, Serbia, Slovenia, Slovakia, and Trinidad and Tobago will also be dealing with population declines. Between 2030 and 2050 Albania, Aruba, Azerbaijan, Brazil, China, Fiji, Finland, Greece, Guadeloupe, Italy, Jamaica, Kazakhstan, Kyrgyzstan, Malta, Mauritius, Mexico, Myanmar, the Netherlands, Austria, Portugal, Puerto Rico, Singapore, Spain, Sri Lanka, Thailand and Uruguay will probably also follow.

This means that this year 20 (of the 192) countries will have structural population declines, against 58 around 2050. In that sense, the Netherlands is certainly not alone.

Around 2050, 40 countries will be from older to considerably older than the Netherlands, including Canada, Germany, Finland, France, Greece, Hungary, Italy, Japan, Austria, Poland, Portugal, Romania, Spain, the Czech Republic and Switzerland. At that point, the Netherlands will have aged as strongly as China and Sweden.

Source: United Nations (2007; 2009).

flows are difficult to regulate. This also applies to a certain degree to international migration, although the possibilities for the government are greater here. Of all population growth factors, international migration is the most volatile and most difficult to predict. International migration has also become the most important engine for population growth in ever more European countries. If indeed we should have to look for a remedy against population decline, then we should definitely have to examine international migration. In the first place it involves migration flows within the European Union that have become increasingly free through European unification and the subsequent elimination of obstacles. The disappearing barriers between EU Member States in principle facilitate population distribution. Because population decline is not a unique Dutch but rather a European phenomenon with which more and more countries are being confronted, the distribution of a more scarce population across Europe will become an important issue. Just as this is the case at a national level, in Europe too the stronger regions will be at an advantage. Still, migration within Europe, including border migration, may offer some respite from population decline for some Dutch border areas. For Europe-wide regional development policy, population decline is an extra challenge too.



MANAGING POPULATION DECLINE

Most Dutch people prefer population decline to population growth. An end to growth means fewer people and more prosperity, the thought goes. Instead of trying to combat population decline by stimulating for instance housing demand, several municipalities try to cope with population decline and aim to adjust their housing stock to the new (lower) demand. Demolition of inadequate housing is one of the options. Demolition generally involves individual buildings or parts of a residential block. For example, the upper floor of an apartment building can be demolished. Demolition can also contribute to a changed housing supply if other types of housing are built at that location. For example, in Reiderland the middle house in some series of five townhouses was demolished, thus creating twin townhouses. Apartments can also be demolished, after which (fewer) lower-level houses are built back. Leaving a terrain without construction after demolition can also contribute to the quality of the housing supply.

(Source: WPRB-report 2009)

International migration from outside the European Union offers in principle a nearly unlimited reservoir of migrants that would like to come to Europe, temporarily or otherwise. To delve into this aspect is beyond the scope of the present study, which focuses mainly on the possible consequences of population decline. But although the migration potential in these sending countries is almost inexhaustible, the same does not apply for the absorption and integration possibilities in the receiving countries, which are under pressure due to the increasing ethnic diversity of the population. Harmonisation and improved coordination of international migration policies in the EU seems to be the path to follow. Also for the Netherlands, international migration from outside the EU seems to work against population decline to a limited degree only. This applies even more for regional population decline, because migrants will gravitate towards economically stronger regions.

Opinions and views about population decline

In the discussions about population decline, concerned government officials and policymakers, in addition to scientists and journalists, take the lead as usual. But how does the Dutch population look these days at population decline, and how are the advantages and disadvantages of the demographic turn-around evaluated by them? Opinions on the subject are particularly influenced by where the possible growth or shrinkage will take place. Most Dutch would favour a decline of the world population (currently at 6.8 billion people). A world population of 5 billion is considered the most desirable. If we look at the situation closer to home, the desired decline is less impressive though. Nearly one-third (31 per cent) of those questioned give preference to a smaller population for the Netherlands. Instead of the current 16.5 million inhabitants, a population size of '15 million people' is seen as most desirable. It should not be surprising that in our densely-populated country there are few people (6 per cent) who plead for population growth. An even closer look at home shows that 16 per cent would find it desirable for the population of their own town to shrink; 11 per cent finds local population growth desirable, but most people would prefer to keep the population size of their own town at the current level. In growth regions, residents as a rule give preference to a smaller population of their current place of residence, whereas residents of declining regions and of regions with a low population density are more in favour of population growth for their own home town. On balance, however, the Dutch in 2009 prefer population decline to continued population growth.

Fewer people, more well-being?

Gradually an end is coming to a long period of population growth for the Netherlands. The turn-around from population growth to population decline is happening in conjunction

with population ageing. The combined demographic challenges of population decline and population ageing make great demands on policy and on society in general, particularly but not exclusively at the regional and local levels. In addition to the demographic turn-around also a cultural shift may be at stake. It remains to be seen whether the imminent end of population growth in the Netherlands will make the public creed of the former Dutch Royal Commission on Population of 1977 'Fewer people, more well-being', come closer? Only time will tell.

This article was published in a Demos special devoted to the WPRB-report 2009 (see box below).

Editors: Nico van Nimwegen and Liesbeth Heering.
(translated by Ruth Rose)

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DEMOS is published ten times a year with the aim of promoting knowledge and awareness of population issues. Inquiries about manuscripts for DEMOS can be addressed to the Editorial Committee.



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NIDI is an institute of the Royal Netherlands Academy of Arts and Sciences (KNAW), conducting scientific demographic research, both at the national and international level.

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Demos	is a publication of the Netherlands Interdisciplinary Demographic Institute (NIDI). Director: Frans Willekens
Editorial Committee	Editor in Chief: Harry Bronsema Joop de Beer Gijs Beets Luc Bonneux Jeannette Schoorl
Address	NIDI/DEMOS P.O.Box 11650 2502 AR The Hague The Netherlands
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Internet	www.nidi.knaw.nl/nl/demos/
Elementary design	Harmine Louwé
Printed by	Nadorp Druk b.v., Poeldijk

POPULATION ISSUES IN THE NETHERLANDS (WPRB)

The aim of this periodic study is to inform stakeholders in the policy debate in the Netherlands about demographic trends, their multiple social impacts and potential policy implications.

The WPRB consortium reports every three years on demographic trends and policy contexts each report focussing on a particular policy-relevant population issue. WPRB reports consist of three parts. The first section describes demographic trends in the Netherlands against the background of developments at a European and global level. The second section highlights a particular population issue which is analyzed from different perspectives (economic, socio-cultural, environmental and planning) The third part summarises and integrates the main findings of the study.

The most recent 2009 report was dedicated to population decline, a novel feature of Dutch demography which is imminent for the country as a whole and already witnessed in some regions. Implications for economic growth, housing, physical planning, socio-cultural infrastructure and governance were analyzed with a special focus on regional developments. Also perceptions of population decline and attitudes regarding related population issues were analysed in the framework of the ongoing population policy acceptance surveys of NIDI. In 2010 some follow up activities as well as an evaluation of the 2009 study will take place with participants. Also preparations will start for the 2012 report including the selection of the new topic.

The WPRB consortium was initiated in 1985 by the Dutch Minister of Education and is managed by NIDI. Participants in the WPRB are the Netherlands Bureau for Economic Policy Analysis (CPB), the Netherlands Environmental Assessment Agency (PBL), and the Netherlands Institute for Social Research (SCP). Statistics Netherlands is an advising member.