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Population Decline and the Future of Germany (December 7, 2005)

Federal President Horst Köhler talks about recent demographic prognoses and their long-term impact on Germany. He asks people to take a more active role in shaping the country's future and to develop forward-looking solutions.

Speech by Federal President Horst Köhler at the Conference on Demographic Change

I.

I would like to extend a warm welcome to you! I am looking forward to the discussion and our collaboration.

The subject of our conference is basically the future. We all know that the future is by definition open. That's what makes our subject so interesting. People are always predicting the future, and the predictions are always being revised. But it is also true that we can influence the future, for the better or the worse. And something else is also true: We have influenced the future so often without even being aware of it. The future is to a large degree the result of what we did or didn't do in the past – as individuals and as a society in general.

We Germans have given considerable shape to the future of our country by having, raising, and educating far fewer children in the past thirty years than in the previous decades. This has even changed our present – fewer and fewer children are running around on playgrounds, and [the sound of] children's laughter is ever rarer in pedestrian shopping zones. But that's just the beginning. If these developments continue, they will have a much stronger impact on the future of our country, since fewer and fewer children also means fewer and fewer future parents.

II.

In statistical terms, since the early 1970s, every generation of Germans has been approximately one-third smaller than its parents' generation. At the same time, we are living longer and longer. On average, we will live four years longer than our parents, and our children – if we have any – will live four years longer than us. Life expectancy today is about thirty years longer than it was a century ago.

If the birthrate remains constant and life expectancy continues to increase at its present rate, and if immigration [to Germany] were to stop today, then, by the end of this century, there wouldn't even be half as many people in Germany as there are today. The population, however, will probably grow a bit, at least if more people immigrate than emigrate, as is presently the case. Yet even if the immigration rate remains constant, it will not stop the population decline, but at most slow it down.

However precise these prognoses may be, one trend is definite: Whereas the population in some parts of Africa and the Arab world might double in the next fifty years, the population in Germany will shrink and get older.

The consequences of this change will not affect all regions at the same time or with the same force. Eastern German cities such as Halle and Chemnitz, but also western German cities such as Bremerhaven and Gelsenkirchen, are already losing more and more residents. Daycare centers and schools, public libraries and theaters are closing, office buildings and stores are vacant, bus lines are being discontinued, businesses can no longer find enough qualified staff. At the same time, in some of Germany's major cities the number of first and second generation immigrants is increasing. In a few years, this segment of the population will already account for fifty percent of the under-40 age group.

In the future, whoever has a job will have to help to support more and more elderly people. Presently, 100 working-age people pay the costs of 44 retirees, but as early as 2050 these same 100 people will be expected to support a good 80 retirees. By then, the number of very old people will have increased threefold. Moreover, the children that people didn't have in the past won't be available as customers and consumers. They don't drive cars, don't need apartments, don't go on vacation or out to eat.

III.

Thus the demographic shift will affect every one of us. It is equally important to realize, however, that we aren't entirely at the mercy of the causes and effects of this demographic shift. We definitely have options to take action to influence the future. And we need to take advantage of these options; we owe that to future generations.

But first we must ask ourselves the following questions: How do we actually envision the future of our country in twenty or even fifty years? How will we live, how do we want to live? Do we want to place our trust in society's powers of self-regulation or do we want to try to set a new course? And what options do we have in that regard? These are fundamental questions. I would like an open, unbiased discussion of these issues – at this conference, but most of all throughout Germany as well.

IV.

Understanding what is happening, dealing with the consequences, and developing future options for action: these are three major challenges for our country – and for all of us here in this room.

Perhaps we should start by asking whether the available facts and figures are sufficient to determine the impending changes. Do we have the necessary statistical data? Or do we need more precise surveys, deeper sampling, possibly even a new census? We want to become familiar with the complex effects of the demographic shift on all areas of our society. We want to know what it means for the companies and businesses located here, for schools and universities, for research and development. We want to find out how it will change the face of our cities and landscapes, who will be affected and how – in the east, the west, the north, the south? And how will these changes affect how we live together?

I personally have given particular thought to the question of what it means for a country to have fewer and fewer children. What does that really mean? People often say, “a society without children is a society without a future.” And it is in fact true that children, by their nature, are curious, confident, and eager to learn. But does it necessarily follow that fewer children automatically means less innovation, less openness toward new ideas and greater fear of the future? Is that true? Does it have to be that way? Can’t older societies be just as innovative as younger ones? And who determines what and who is old? There’s the saying, “you’re only as old as you feel” – does that also apply to countries?

I am certain that even elderly people can remain open to innovation and creativity. The experience and prudence of the elderly are important in many contexts. I would like to go even further and say that maybe those things are even becoming more important. We need to take that which the elderly have “accumulated” – to use economists’ jargon – and make it accessible to youth, especially [since we are] in a phase of social development in which we are forced to adapt to and cope with considerable change. As an economist, I would like to take on the challenge of developing models for integrating so-called human capital or human assets into macroeconomic models, in order to determine how we can manage this capital more efficiently.

I believe that we are long overdue in thinking about ways to counter age discrimination on the labor market; so many people feel helpless in the face of it. What kind of country is this – a country where soon we’ll have to work until age 67, but where many people can no longer find jobs at 50 because company managers fear an “aging staff” or because they calculate that older employees cost them too much? We can and must develop new ideas about this.

One of the most important questions will be how to ensure that attention and care is given to growing numbers of elderly people with no family to look after them. While traveling through the

country, through Germany, I saw a lot of good examples of this. For example, the Gröpelingen Stiftungsdorf in Bremen – a residential community where immigrants, mostly from Turkey, spend their old age together with native-born Germans. The community has a daycare facility for the youngest residents, gives the disabled a place to call home, has an adult education center that encourages new ideas and teaches new skills, and, most interesting of all, was initiated and financed by a businessman of Turkish heritage. There is also the example of multigenerational houses where young and old help each other – by caring for each other and sharing whatever they have, be it children’s clothing or skills, and especially time and – perhaps most important – attention. What can we do to make such ideas reality?

Another central question will be how to restructure and supplement our social security systems so that in the future the growing number of elderly will still be able to enjoy old age without overburdening the younger generations. We have to pay far greater attention than we have in the past to identifying places where we can save and where state actions can be made more effective, so that our children and grandchildren will continue to have some financial and political room for maneuvering.

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Source: “Rede von Bundespräsident Horst Köhler auf der Konferenz ‘Demographischer Wandel’ on December 6, 2005, in Berlin” [“Speech by Federal President Horst Köhler at the Conference on Demographic Change”], *Bulletin* [Press and Information Office of the Federal Government], no. 98-1 (December 7, 2005).

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