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The Challenges of Demographics: Introduction and Overview

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## The challenges of demographics: introduction and overview

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### Introduction

Serendipity is a word with an interesting history. From what we currently know, serendipity first appeared in the 16th century travelogue, “*Peregrinaggio di tre giovani, figliuoli del re di Serendippo, tradatto dalla lingua persiana in lingua italiana de M. Christoforo Armeni.*” It later appeared in a fairy tale, “*Travels and Adventures of three Princess of Serendip.*” In 1754, Horace Walpole provided the first definition, which has been altered and refined ever since.<sup>1</sup> Though there is no clear-cut meaning to the term, there are a number of concepts that seem to capture its essence: discovery, chance, accident, and opportunity. The latter, I believe, is an appropriate explanation for the existence of the present collection of papers.

On June 8, 2003, twenty-five Fulbright Scholars gathered in Berlin. For the next three weeks we would travel to Rostock, Warnemunde, Wiesbaden, and Frankfurt, and attend a series of lectures on a variety of social policy topics from immigration policy to health care for the elderly. The one unifying theme among all these lectures was demography. Indeed, the 2003 German Studies Seminar was entitled, “Challenges of Demographics.”

What are demographic issues, and what impacts are they having in Germany? From the readings we were sent prior to the three-week seminar,

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<sup>1</sup> See Merton, R. K., & Barber, E. (2004). *The travels and adventures of Serendipity*. Princeton, N.J.: Princeton University Press.

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and from the lectures, there were three key demographic issues that are presenting significant challenges for Germany:

- low fertility rates,
- a growing elderly population, and
- immigration.

All three factors are creating important social problems. Chief among them is a declining German population. With a fertility rate below replacement (1.3), the German population is expected to decline by about 12 million people by the year 2050. Replacement fertility is 2.1, but it is not expected that Germans will increase fertility to a level that would maintain current population levels.

Low fertility and a growing aging population have created a need for more labor. As a strategy to remedy the problem, Germany began recruiting labor from other countries. Turks are the largest immigrant population in Germany. It was initially thought that Turks and other immigrant workers would stay temporarily and return to their countries of origin, but this did not materialize. Moreover, importing immigrants did not alleviate the labor shortage because there tends to be a mismatch between the skills needed by the German economy and the skills Turks bring with them to Germany. In addition, the presence of large numbers of immigrants began to create serious racial problems. The two most pressing problems brought about by immigration are challenges to Germany's national identity, and serious ethnic-racial relations problems.

In terms of a growing elderly population, Germany is dealing with a high dependency ratio, the very distinct possibility that it will not be able to take care of its elderly population, and the possibility of an age-based group conflict in the future. While there are other challenges and issues that are being driven by demographic change, these appeared to us to be the most important.

As the days passed and we attended lectures, a small group of us began to congregate in the evening at various locales, where we continued to discuss the day's events. At some point one member of the group referred to the 25 of us as a "traveling think tank."<sup>2</sup> These words placed an idea in my mind, which I later shared with Georg Schütte and Kerstin Klopp-Koch. Essentially, I proposed that those of us who were interested have the option of writing a paper on a topic related to the overall theme of the Seminar. Needless to say, the proposal was warmly received<sup>3</sup> and I then delivered the same proposal to the entire Fulbright contingent.

<sup>2</sup> I attribute the comment to Dave Swanson, but I won't wager on it.

<sup>3</sup> Dr. Schütte was ecstatic because this would be the first time that such a product would result from the German Studies Seminar. It would be a valuable contribution, on this we all agreed.

Not all Fulbright Scholars had the time to participate. Other writing commitments, teaching, and administrative duties precluded their participation. Nonetheless, I was able to get commitments from seven scholars and myself as well. In total, seven papers were committed to the project. These seven papers form the core of the present collection.

### The study of demography

Demography is the science of population. In its formal and narrow definition, demography has four concerns: size, distribution, structure, and change. In studying these concerns, three components are essential: births, death, and migration.<sup>4</sup> In our study of demography and the challenges it posed for Germany, a model came to mind. The model identifies the three components of demography and the societal institutions affected by these components. Both set of constructs led to a  $7 \times 3$  matrix that helps me organize my thoughts about the seminar and the papers contained in the present collection. Table 1 presents this model.

Each of the papers appearing in the present collection touches at least one cell exhibited in Table 1. The cells in the diagram express quite vividly the majority of topics we studied over three weeks. The diagram also shows where and how these three demographic components impact German society, mainly through its social institutions. Also, note that while the model attempts to demarcate each institution, there are many linkages between institutions. For example, immigration affects the economy, the polity, education, and other social institutions. Interactions also occur, for instance, when high unemployment among immigrants creates social protests among this group, which then creates race relations problems.

The papers in this collection fall into two groups. Papers in the first group address immigration; those in the second group examine other key policy issues.

### Immigration

Immigration is an important policy issue in Germany. Three topics emerged as particularly important during our studies: German identity, integration versus assimilation, and the education of immigrant children.

The increase in the number of immigrants in Germany, coupled with less-than-replacement fertility among Germans, suggests that immigrants are becoming a larger proportion of the German population. Moreover, due to formal and informal policies, immigrants tend to congregate in certain cities and sections within German cities, and thus are visible signals of the differences between them and the German population. Such isolation, as well as

<sup>4</sup> Shryock, H.S., Siegel, J.S., & Associates. (1976). *The methods and materials of demography*. New York: Academic Press.

**Table 1** The impact of demographics on German society: a model

Social institutions	Demographic components		
	Migration	Deaths	Births
The economy	Increased immigration has not helped the economy because such labor lacks many of the skills needed by the German economy. Greater numbers of immigrants have also increased their unemployment rate.	Longer life means an increasing elderly population, and a greater dependency ratio.	Low fertility rates eventually means a small labor force.
The polity	Increased immigration has raised issues about German identity and citizenship.	The increasing number of elderly in Germany has raised important concerns about an elderly voting bloc and increased political power among this group.	Low fertility has raised the issue about the political power of non-elderly Germans compared to that of an increasingly older population, and immigrants who might become naturalized. The field is set for some kind of conflict.
The family	Changing composition of German family due to immigration and new immigrant families.	Who will take care of the elderly? Currently, elder care is the responsibility of their families.	Low fertility means that the number of Germans and the number of German families is decreasing. Low fertility has also driven programs that help increase the fertility rate. These programs help young women in a variety of ways. Low fertility has raised certain religious questions about single parenthood, birth control, etc.
Religion	Increased immigration has also increased the number of other religions in Germany.	Longer mortality means that those elderly who were churchgoers will continue their practices into older ages, which creates some challenges for religious groups.	
Education	Increased immigration has created challenges about how best to educate children from immigrant families.	Though not touched upon in great depth, the issue of life-long learning was raised more than once.	Low fertility means that Germany can expect fewer children to be attending schools in the future. The effect on the educational system can be far-ranging, from the number of teachers that will be needed to the number of schools that need to be built.

**Table 1** continued

Social institutions	Demographic components		
	Migration	Deaths	Births
Health	The health of immigrants and their impact on the health care system.	Elder care is an important issue in Germany. Also affected will be the pharmaceutical industry. Age-based conflict is an emerging issue.	Though not touched upon in great depth, lower fertility might have significant ramifications for the health industry.
Cultural/social/welfare	Immigration has created issues about integration and assimilation of immigrant groups. Also affected are race relations in Germany, which in the past have been violent.		Not well touched upon, but lower birth rates might lead to less use of social welfare, fewer Germans, and greater race problems as the number of immigrants increases.

German policy, has created a situation where immigrants fail to be integrated or assimilated. Consequently, an important issue in Germany centers on how to integrate immigrants, especially Turkish immigrants.

In his introductory paper, "Integrating Turkish Communities," Professor Claus Mueller takes up the challenge of this "German Dilemma." Professor Mueller provides an excellent overview of Turkish immigration to Germany and of issues related to Turks' integration into German society. Integrating Turks is a significant issue in Germany because it directly affects the meaning of being German. In a country that perceives itself as "not a country of immigrants," Turkish integration cuts right to German identity. Mueller lays out several important barriers to integration, including the lack of a multicultural viewpoint from the German government. Such a perspective drives policy and programs that fail to adequately integrate Turks and other immigrants.

Ms. Merih Anil, at the time of this writing an advanced graduate student in Political Science at the City University of New York, also writes about Turkish immigration, but her perspective is a bit different. Her paper, "The New German Citizenship Law and Its Impact on German Demographics," assesses how the new citizenship law of 1999, which amended the Citizenship and Nationality Law of 1963 (*Reichs und Staatsangehörigkeitsgesetz*), affects the collection and reporting of demographic data. Indeed, data from official German statistical reports indicate a decline in Turkish immigrants. Why? Well, the new citizenship law does not count as immigrants those Turks who have been naturalized—they are counted as Germans. Such a practice, and the lack of ethnic/racial data, will be a significant impediment for making appropriate decisions or policy. Decision makers simply will not have the data available to make sound decisions.

Finally, Professor Michelle Behr examines immigration, German policy, and their effects on German national identity in her paper, "An American in Berlin: Reflections on the German Demographic Challenge, Immigration, and National Identity." Professor Behr notes that the issue of a German national identity is very serious business in Germany. This is especially true because there are many structural factors that define who is and who is not a German. Indeed, the German Constitution provides such a definition, and various policies regulate who is German and grant certain rights to German citizens. This is a bit odd to Professor Behr because centuries of immigration and the interacting of various ethnic-racial groups should have set the foundation for greater tolerance and diversity. But this is not the case. In fact, though many Germans feel uncomfortable with the issue, their country is becoming more diverse, and the question is not whether Germany should become diverse, but rather how it will handle its impending diversity.

### Key policy issues

The next set of papers emphasize general policy issues: Professor Barry Edmonston's paper on the use of a specialized demographic model, a health

policy analysis by Professors Patrice Nicholas and Mary Smith, and finally, my examination of workers' productivity and the dependency ratio.

Professor Edmonston's paper, "Population Dynamics in Germany: The Role of Immigration and Population Momentum," examines the proposal that the effect of changes in rates of mortality, fertility, and migration depend on the age-specific patterns and levels of these rates, as well as on the age structure of the population. In order to remove the influence of the age structure and concentrate on the effect of the demographic rates themselves, a common practice is to analyze the influences of the rates for a standard or stationary age structure. Edmonston introduces an approach that analyzes population dynamics for a stationary population equivalent (SPE). The SPE model compares fertility, mortality, migration, and age structure effects in reference to the stationary population model implicit in current rates. The paper describes the SPE model, and uses it in attempting to understand Germany's population dynamics. The SPE model for Germany indicates that the population will eventually decline because of below-replacement fertility, if net immigration does not counteract such a decrease.

In their paper, "Demographic Challenges and Health in Germany," Professors Patrice Nicholas and Mary Smith examine the impact of demographics on health care in Germany. The authors are particularly interested in declining birth rates, immigration issues, and social security/health pension systems, which create challenges unique to the German system. The authors look at four topics related to demographics and health care: pre- and post-reunification, the status of the health care professions, the German health care system and long-term care, and immigration and health care. The primary message provided by Professors Nicholas and Smith is that health care is a complex problem and decision makers need to focus on these problems in a careful and rational manner.

Professor Eileen Trzcinski examines the topic of life satisfaction surrounding childbirth among immigrant and German women. The purpose of Professor Trzcinski's paper is to understand the extent to which immigrant women behave differently than German women after childbirth. Trzcinski's major finding is that, indeed, immigrant women do differ greatly in their labor market behavior than women who are German citizens and those who were born in Germany. In addition, Trzcinski finds that socioeconomic variables are more important than cultural variables in explaining such behavior.

In the final paper in the collection, "Workers, Workers' Productivity and the Dependency Ratio in Germany," I examine the dependency ratio as a problem that may be adjusted by considering workers' productivity. Specifically, I raise and discuss several scenarios as to how increasing workers' productivity can reduce the dependency ratio. If Germany is interested in such a reduction without increasing its immigrant labor population, then this seems to be a viable alternative.

My colleagues and I hope that researchers and decision makers can benefit from the analyses and ideas expressed in the papers contained in the present



collection. Germany is indeed facing the Challenges of Demographics, and it might profit from the different perspectives expressed in these seven works.

Before concluding, there are several people I would like to acknowledge and thank, not only for a rewarding experience, but for helping bring the collection to fruition. First, of course, I want to thank Dr. Georg Schütte for his graciousness and assistance in putting together the collection. He was truly excited about such a product. Second, Kerstin Klopp-Koch guided us through Germany over a very active three-week period, all the while enduring the idiosyncrasies of twenty-five very active scholars, including the pranks and off-the-cuff—and off-key—singing by Tom Brislin, Dave Swanson, Rich Young, and myself. For her patience and good humor Kerstin deserves a gold medal. Finally, thank you to Birte Blut for helping me get the collection into print. Ms. Blut worked on the project while also preparing materials for the Summer 2004 Seminar.