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INTERNATIONAL REPORTS

Demographic Change: A Fateful Challenge

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Dear Readers,

As long ago as August 2006 at a federal press conference Angela Merkel stated “anyone who knows how to successfully manage demographic change is to be congratulated”. Today, ten years later, the need to confront the challenges posed by demographic change has not lost its urgency. On the contrary, while global population numbers continue to rise, the German and European populations are shrinking and ageing. In his comments for this issue, Meinhard Miegel predicts that this is bound to lead to a considerable loss in importance sooner or later. Miegel believes it will be unavoidable to adapt to immigration and use it to one’s own advantage if Germany and Europe wish to continue playing an important role on the global stage.

However, Europe is not alone in facing enormous challenges from demographics shifts. The Japanese population is currently ageing at the fastest rate of all. The resulting financial and political problems are exacerbated by the difficult economic situation, as Akim Enomoto and Hannes Bublitz report in their article. They believe only a complete reorientation in the country’s immigration policy and genuine progress in improving gender equality can save Japan from the devastating impact of an overaged population.

In his article on Latin America, Karl-Dieter Hoffmann illustrates that the issue of an ageing population no longer only affects traditional industrialised nations. Latin America is the first region in the so-called Third World to undergo a demographic change similar to that experienced by Europe and North America, albeit in a far shorter time. The consequences of the rapid ageing of the population are particularly problematic where the provision for old age is concerned, as few people in Latin America are entitled to a state or private pension.

The demographic challenges in Israel are of a totally different nature. There, the average birth rate is higher than in any other Western country, but distributed very unevenly among the different sections of the population. Numbers are rising particularly strongly in the ultra-Orthodox Jewish community and in the Arab minority. In their article, Anna Jandrey and Eva Keeren Caro illustrate how the shifts in the relative figures of the majority and the minorities not only fuel political and religious tensions in the

country, but may ultimately come to threaten the secular Jewish nature of the Israeli state.

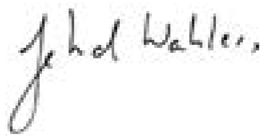
The demographic development on the African continent is virtually dramatic. As Serge Michailof explains in his article on Sub-Saharan Africa, the population explosion of the 20th century will most likely be followed by a second one in the 21st century. Under these circumstances, even the smallest climatic changes can result in food shortages and famines of gigantic proportions and trigger large migration movements, mostly within Africa but potentially also towards Europe.

A similar scenario can be envisaged for North Africa and the Middle East as well. The main drive for migration here arises from the fact that the development of the labour market is not keeping pace with the rapid rise in the figures of the increasingly better-qualified job seekers. As long as this discrepancy persists, political instability and therefore also the number of migrants from this region will continue to increase, as Reiner Klingholz and Ruth Müller show in their article.

While the demographic developments of one region of the world differ from another the repercussions of demographic change cannot be limited to the respective region. The articles in this issue illustrate the extent to which the world is interconnected today and the need for cooperation with respect to this issue. Against this backdrop, it is particularly incumbent upon those who contemplate ways of successfully managing demographic change to step up their efforts.

I wish you a stimulating read.

Yours



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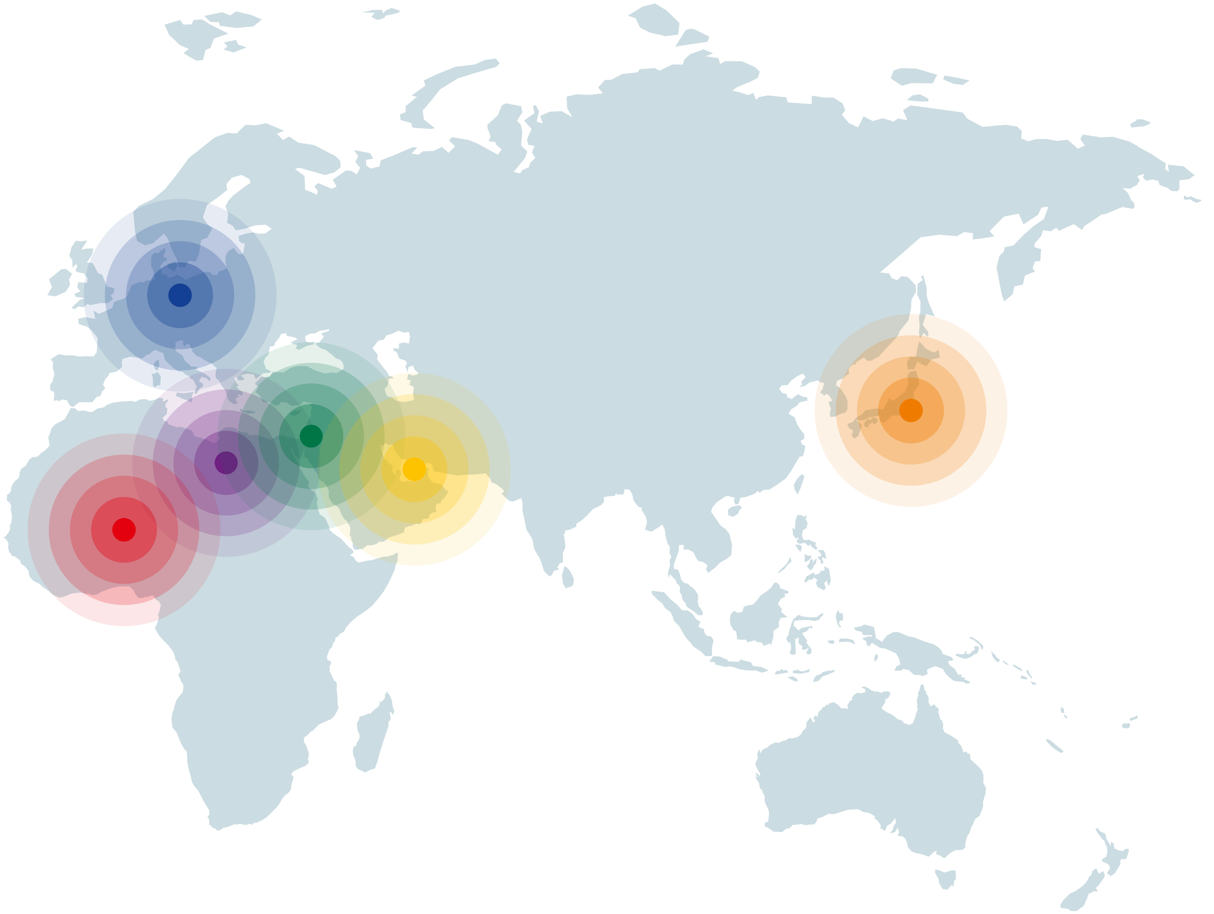

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Immigration as Survival Strategy

Meinhard Miegel

During the 25-year period from 1991 to 2015, an estimated 23.7 million people immigrated to Germany while 18.7 emigrated, immigrants therefore outnumbering emigrants by some five million. The fact that Germany's population only experienced a modest increase from 81 to around 82 million during the same period is mainly due to deaths exceeding births by a good three million, which means that the immigrants made up for the falling birth rate to a considerable extent.

Immigration levels were particularly high in 2015. Last year, close to two million people immigrated while just under 0.9 million emigrated, producing positive net migration of 1.1 million. However, these 1.1 million people will not necessarily still all be here in two or three years' time. A fair number will – as has happened in the past – return to their countries of origin either voluntarily or involuntarily in the foreseeable future, while others will move to third countries; yet others, who wish and are allowed to remain, will arrange for their families to join them. Of the 1.1 million who came in 2015, just 0.4 to 0.5 million are likely to still be here two or three years from now.

Of course we have not seen the last of it. People are still coming to Germany and the EU in large numbers this year – and net migration is likely to remain clearly positive over the next few

years as well, with immigrants outnumbering emigrants by something like 0.4 million a year on average. In this case, net immigration would amount to around 1.2 million within three years, roughly compensating for the birth deficit of the indigenous population.

These figures illustrate that being a country with nine neighbours, Germany is and always has been a natural immigration, emigration and transit country to a greater extent than any other country in Europe, where people arrive, leave and remain. In addition to this there are not many other regions in the world that are as advantaged as Europe in terms of their climate, soil, topography and many other features.

Where there has been a change over time, however, is in the migrants' predominant countries of origin. Today, hardly any originate from Italy, Spain or Portugal or even Turkey; instead they come from Syria, Afghanistan, Iraq, the Western Balkans and increasingly the Maghreb countries of Morocco, Algeria and Tunisia. Close to two-thirds of those arriving in Germany in 2015 originated from those areas. Unlike the indigenous population, these immigrants are young, four-fifths of them being under 35 and a third of those under 16; and 70 per cent are male, although the ratio has shifted slightly of late as there are now also many women coming to Germany. And culturally, they are considerably more different from us than the immigrants of the previous century. Specifically, not only do they speak other languages, they also have distinctly different traditions and customs, and what is probably more significant: the great majority of them also have different religious beliefs and a different understanding of the law.

Ignoring all this would constitute an ineffectual attempt to block out reality. Instead one should acknowledge that current immigration is a new, unfamiliar type of immigration of which no one – neither immigrant nor host – has or can have genuine experience. The fact that this represents a challenge that is very demanding for all those involved is reflected in the response by our European partners, almost all of which have already capitulated. This does not only apply to the Poles, Czechs, Slovaks and Hungarians but also to the Danes, Dutch, French, British and even the Swiss and Swedes. How can, how should things progress given this situation?

In the endeavour to answer this question, a gulf has opened between those aiming at short-term solutions, arguing tactically, and those aiming at the long-term solutions, arguing strategically. The former call attention to the high costs this immigration entails, substantiating this by the fact that Germany will incur extra expenditure of 25 to 35 billion euros a year. They claim that this immigration will put an additional burden on our social insurance systems and social infrastructures, such as housing, the transport systems, schools and hospitals, and possibly even overextend them. They are concerned about the increasing risk of social tension, particularly in the labour market. And finally, they fear increasing cultural heterogeneity that goes far beyond multiculturalism. Put another way: they fear for the continued existence of the governmental and political order including the rule of law. Succinctly stated, they are worried that the indigenous population will be overburdened in the long term, a worry that is, not least, shared by many immigrants from earlier decades.

On the other side of the fence are people with a long-term outlook, who put forward three main arguments:

1. Without immigration, Germany will be marginalised, i.e. sink into insignificance, within a few generations. These are the facts: the world population is growing at a rate equating to the addition of the German population every year, namely over 80 million, and the trend is upwards. Since the 1930s, the global population has almost tripled from 2.5 to 7.4 billion. According to United Nations projections, the figure is set to increase further to 8.4 billion by 2030 and to 9.6 billion by 2050. This corresponds to an increase in global population of 2.3 billion

within three decades, almost the same number of people as populated the earth in 1930.

But Europeans, including the Germans, will no longer contribute to this development. This is due to the fact that in Germany and other European countries the birth rate has not been sufficiently high to replenish the population. The last cohort in this country that had as many children as their own parents was born as long ago as 1882. Ever since, each generation of children has been smaller in number than their parents' generation, roughly a third smaller since the 1970s.

The consequence of this divergence in population development between Germany and Europe on the one hand and the rest of the world on the other: in 1900, 25 per cent of the world population were European and three per cent were German. Today, only ten per cent are European and just over one per cent German.

And towards the end of this century, the European share in the world population is estimated to drop to six per cent – assuming the immigration rates remain the same! – and the Germans will figure in the thousandths. Maybe this is to be welcomed in such a densely populated world. But one also needs to realise that without immigration, the importance of Germans and Europeans in the fabric of the world population would decrease rapidly.

2. For the first time in human history not only individuals but humanity as a whole is ageing. Germans and Europeans, however, are particularly far advanced on this path. Together with the Japanese, they represent the oldest populations in the world. Besides the low birth rate, this is also due to a steep rise in life expectancy since the beginning of the industrial revolution.

   Up to that point, human life expectancy had risen little, both in Europe and the rest of the world. In 1800, people in Germany lived hardly any longer than people in antiquity. The median age – half the population being younger, the other half older – was 18 back then and few people lived past 60. But life expectancy rose subsequently, albeit very slowly to start with. By 1900, the median age in Germany was 23 and there was what could be called a grandparent generation for the first time.

   That said, average life expectancy of a woman born around 1900 was still just 43. Females born today, by contrast, can expect to reach twice that age, namely 86.

   While this development cannot and will not continue indefinitely, it will probably persist for several decades, with the population ageing more and more. A large-scale influx of predominantly young people – including many children – could at least slow down the ageing of the population in countries such as Germany. And it could produce a noticeable boost particularly to the labour market. That is one area where the demographic upheavals are already causing serious problems today, to wit the shortage of apprentices and skilled labour. In that situation, hundreds of thousands of young people looking for employment could be just what is needed.

   However, a frequent question is whether these young people do not need to be given training at great cost and effort first. And that is a legitimate query. Not only the apprenticeship and trainee structures but school structures as well need to be adapted and in part set up in the first place, which will require considerable funding. But why not look at it this way: what can a people expect when it has only replenished two-thirds of its population for close to fifty years, thereby underinvesting by the trillions? If it wants to continue to survive and run an economy, it will need to make up for the investments it failed to make. The time for that is now!

Newcomer: "Current immigration is a new, unfamiliar type of immigration of which no one – neither immigrant nor host – has or can have genuine experience." Source: © Pascal Rossignol, Reuters.

3. The 21st century will become a century of mass migration – leaving the issue of asylum seekers and other refugees aside – and the winners will be those who start early on to make the necessary preparations and are capable of utilising immigration to their advantage. What are the reasons for this assessment of the situation?

   The first thing to mention is the continuing increase in population numbers in Africa, for instance. In 1970, 520 million people lived on this continent. Today, it is 1.3 billion, i.e. far more than twice that number. Towards the end of this century, it is likely to be 4.3 billion. That corresponds to an eightfold increase of the population within 130 years. There has never been a comparable development throughout human history. And Africa is not alone. A similar trend can be observed in the Middle East, in Iran, Iraq, Palestine, Afghanistan and Pakistan.

   What does that mean for the world's regions favoured by nature, particularly if the population numbers there are in decline as is currently the case in Germany and Europe? This is meant rhetorically, as the answer is obvious. Germany and Europe will be subject to high immigration pressure for the foreseeable future, which will be impossible to withstand through barbed wire or military means in the long term. There can and will be no fortress of Europe; for one, because many Europeans do not want this, and secondly, because it is unrealistic.

Consequently, the fates of different peoples are becoming intermingled and interwoven with unprecedented intensity. We in Europe are in the process of learning this the hard way. The world as a whole has yet to learn this lesson. However, we know this much already: insisting too much on a Polish, Hungarian or Czech identity is becoming increasingly anachronistic.

Future homebuilders: "Immigration will highlight our demographic vulnerability and show us how much we have aged and become inflexible to some extent. It will make this society realise – be it willingly or unwillingly – to what degree it is existentially dependent on others and needs to rely on them."
Source: © Hannibal Hanschke, Reuters.

And the same applies to countries such as France, the UK and of course also Germany, albeit maybe with a certain time lag.

It is not surprising that we – the peoples of the countries that underwent industrialisation early on – are finding all this particularly difficult to deal with. After all, we are the ones who have been and still are benefiting most from the status quo. We have used and still are using the natural resources of the world largely without considering the needs of others and benefit from cheap raw materials and food. Taking advantage of cheap semi-finished products, mostly imported from less developed economies, has allowed us to reduce the costs of our own industrial production considerably. And the efforts of extremely low-paid workers, who earn only a fraction of the German minimum wage, have helped to raise our material prosperity to

historically unprecedented heights. Given that situation, it does not come easy to make do with less and share one's wealth with the poor of this earth.

However, the longer we prevaricate, the harder we are likely to be hit by the harsh realities. Immigration will highlight our demographic vulnerability and show us how much we have aged and become inflexible to some extent. It will make this society realise – be it willingly or unwillingly – to what degree it is existentially dependent on others and needs to rely on them. And ultimately, all these lessons will be to its benefit, albeit painful to experience. And the earlier we learn these lessons, the better. It may well turn out to be Germany's good fortune that it has not closed itself totally to these lessons, contrary to some of its neighbours. Time will tell what benefits it will reap from them.

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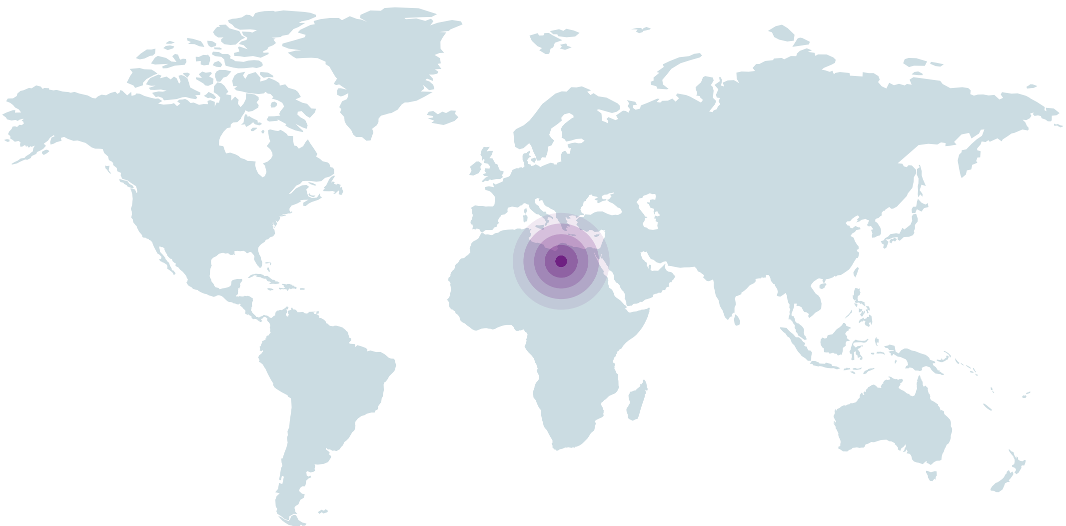
When Education Turns into a Problem

The Impact of Demographic Factors on Political Stability in the Middle East and North Africa

Reiner Klingholz / Ruth Müller



The area comprising the Middle East and North Africa is among the most crisis-ridden regions in the world. One of the key issues is that the increasingly better-educated population of working age individuals has been growing faster than the number of jobs for some time now. If the affected states do not succeed in significantly reducing this discrepancy, political instability and therefore the number of refugees and migrants from the region will continue to increase, which will also have unforeseen repercussions for Europe.

At the narrowest point, only a few kilometres separate the European Union from a region that has developed from an area with individual conflict zones into one extensive conflict zone: North Africa and the Middle East. This region, also known by the acronym "MENA", includes 19 countries stretching from Morocco to Oman, from Qatar to Yemen. Except for Israel, these are all predominantly Muslim societies that are very diverse in their development. The region is characterised by historical conflicts, by arbitrary borders drawn at the end of the colonial era, by the aftermath of the Cold War, by the battle for natural resources, by inter-Arab and inter-religious fighting as well as the Israeli-Palestinian conflict, currently the longest-lasting trouble spot in the world. The MENA region is consequently one of the world's politically most unstable regions. Contributory factors have included poor governance, corruption as well as religious and ethnic conflicts. Demographic and social changes taking place in recent years have added to the unrest.

The Correlations between Political Stability and Demographic Changes – an Analysis

As in other emerging and developing countries, the number of children per woman has declined significantly in parts of the MENA region as well. This has meant an increase in the proportion of people of working age within society. School enrolment rates and educational qualification levels have improved at the same time.

Social science experts agree that changes such as these have a major impact on political stability. They differ, however, in their opinions about whether the impact is on the whole positive or negative. Two schools of thought come to different conclusions here. The first one, which focuses on the economics, works on the assumption that large numbers of young people of working age, referred to as the Youth Bulge in the specialist literature, facilitate an economic upturn and a rise in prosperity, thereby fostering political stability.[1] According to this theory, it would be possible to achieve a "demographic dividend" if these people could be furnished with jobs. Then, the young people could boost the economy and thereby contribute to political stability. The Asian tiger states are considered prime examples of this type of development. According to a study by the Berlin Institute for Population and Development entitled (in translation) "MENA: A Region in Crisis. The influence of demographic change on developments in the Middle East and North Africa and what this means for Europe", this correlation can be seen around the world – particularly in developing countries – but not in the MENA region.[2]

Developments there seem to support the second school of thought, which focuses more on conflict theory. According to its ideas, a rapid change in population structure has a destabilising effect.[5] A Youth Bulge consequently does not represent an opportunity but a high risk. If it is not possible to provide a large proportion of the

young adults with good job opportunities and thereby a place in society they will be likely to express their dissatisfaction with the situation, potentially using violence. This applies particularly strongly to better-educated individuals who do not see a way of putting their talent and their commitment to profitable use. And this is precisely the dangerous course of development the MENA countries are following – according to the Berlin Institute's study – taking a separate route to any other region.

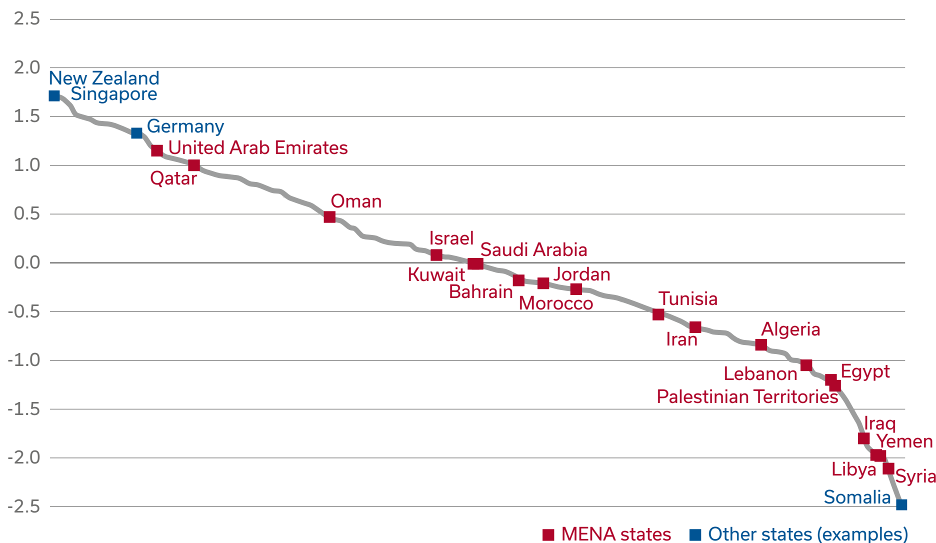
In MENA, More Education Does not Create More Stability

While social modernisation processes resulting from demographic change and better education have produced an economic upturn, job creation and greater political stability elsewhere, these effects are not seen in the MENA countries.

On the contrary. In this region, the rise in the proportion of the better-educated among the population of working age goes hand in hand with a rise in the risk of political instability. In the MENA region, education, which means access to the realm of higher value creation elsewhere, is more likely to cause conflict. Here, as formally, the overall education attainments rose, the degree of political stability declined during the period covered by the study. To date, the region has not succeeded in leveraging the growing human capital for the benefit of society. Instead, an increase in the proportion of better-qualified individuals seems to fuel unrest in the population. The potential of the young people of working age is therefore not being utilised.

One could conclude from these findings that it would be better for the MENA countries to keep the educational level of their inhabitants as low as possible in order not to risk political instability. But education is a human right for good reason. It offers people the basis for informed, self-determined action and gives them the opportunity to make the most of their lives within the existing social framework. Low educational standards also result in high popu-

Fig. 1: Degree of Political Stability of 207 States (2014)



States that enjoy legitimacy among the population, enforce their monopoly on power, and are able to provide their inhabitants with a functioning infrastructure are considered politically stable.[3] The thirty most unstable countries in the world include seven located in the MENA region. After Somalia, South Sudan and the Central African Republic, Syria is considered the world's fourth most unstable country. The United Arab Emirates (position 26) is the only MENA country positioned in the upper section of the scale. Source: The World Bank[4], authors' calculations.

lation growth, which in turn makes it more difficult to solve most of the problems in the affected countries.

To allow the MENA region to leave this dangerous development path, they would need to succeed in transforming education from a risk factor into a success factor. To find out how this could be accomplished, it is worth taking a closer look at the current economic and political circumstances in these countries and at the demographic and socioeconomic changes forecast to take place between now and 2030. In its study, the Berlin Institute conducted a cluster analysis to identify two groups of countries that are very similar in terms of these characteristics. The first group comprises 13 on average relatively unstable states, the second comprises six relatively stable ones.

Job Scarcity Causes Growing Problems for MENA States

Today, 86 per cent of MENA inhabitants, namely some 363 million people, live in the relatively unstable countries of Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Oman, the Palestinian Territories, Syria, Tunisia and Yemen. This proportion is likely to remain stable over the next 15 years, while the total population of these countries is set to grow by 95 million. Educational standards generally are likely to rise. One can also expect large shifts in the different age groups in these countries, with the population as a whole ageing. And as greater numbers of young people attend secondary school or even university, the group of better-educated 20 to 29-year-olds will be growing strongly – in some countries their share in the population is set to increase by almost half.

To ensure that this group can contribute to stability as happens in other countries, the MENA countries must give their young, capable entrants to the labour market the opportunity of using their skills profitably. It is not enough to provide them with simple jobs, because the pay for those is hardly sufficient to make a living. And as most of such jobs are in the informal sector they also do not provide any social security cover. Both these factors represent unfavourable conditions for the start into adult life and are likely to cause great dissatisfaction among the young population.

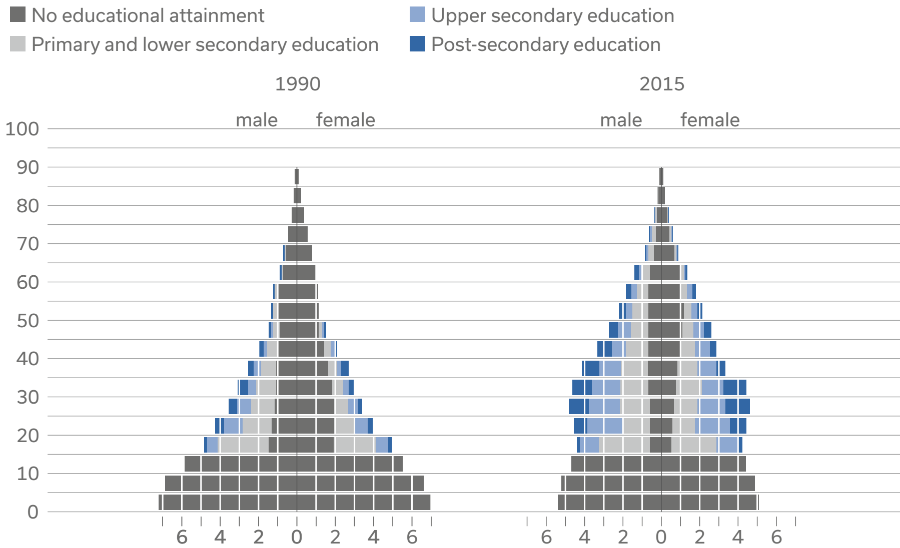
The unemployment figures illustrate how poor the job opportunities are for young people. In Libya, almost half of those aged 15 to 24 who are officially recognised as job seekers cannot find a job. In the Palestinian Territories, it is 41 per cent, in Tunisia 38. In Egypt, three quarters of all 15 to 29-year-olds work in so-called irregular jobs without the protection of a contract. Half of them would like to change jobs.[6] Over ten per cent of Moroccans in work aged between 15 and 24 are considered to be underemployed, i.e. they would like to work more than is currently possible.

The MENA region has the highest youth unemployment rate and the lowest female labour force participation rate in the world.

The outlook is particularly dire for young women. They are the most likely to be unemployed and frequently do not even enter the labour market because of family responsibilities. Fewer than 20 per cent of young Syrian women between 25 and 34 work or are seeking work compared to over 90 per cent of the men.

58 million of all MENA inhabitants, representing some 14 per cent, live in countries that are currently reasonably stable politically and likely to remain so according to the forecast demographic and socioeconomic developments. These are mostly oil-rich Gulf States – Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates – as well as Israel. Their total population is set to rise to nearly 72 million by 2030. The currently high proportion of young people is likely to decline in these countries, but

Fig. 2: Composition of the Population in the MENA Region According to Age Group and Educational Background, in Per Cent of the Population



Both in the area of education and in terms of demographics, there has been a great deal of change in the MENA region over the last 25 years. In most countries, the demographic transition from high fertility and high mortality to smaller families and longer life expectancy has begun. The most recent cohorts are therefore somewhat smaller than those of the early 1990s. This also means, however, that the groups of young people of working age between 20 and 29 are currently particularly large. In addition, they are significantly better educated than people were just 25 years ago. Over half of them have completed a secondary school education and roughly a quarter have gone on to obtain further qualifications, such as a degree. Back in 1990, two-thirds of all women and half the men in this age group had not even completed primary school and had to manage their lives as virtual illiterates. Source: Wittgenstein Centre, authors' calculations.

their absolute numbers will continue to rise. The already relatively high average level of educational standards by comparison with the other MENA countries will probably not rise a great deal.

Considering these facts, it seems likely that these countries will remain politically stable in the foreseeable future. However, another aspect not linked to demography will create problems. The governments in these countries are currently using high profits from the sale of natural resources to subsidise the population without asking for any significant quid pro quo, partly by providing disproportionately remunerated jobs to people in a bloated administrative apparatus. Due to falling oil and gas prices and the envisaged worldwide move away from the use of fossil fuels for energy by 2050, this business model is becoming increasingly questionable. This does not apply to Israel, which stands out among the MENA countries anyway on account of its very high educational standards and level of development. The countries on the Gulf, however, are finding it increasingly difficult to guarantee prosperity and provide job prospects for their growing indigenous populations.

In the past, most activities in the private sector have been performed by people recruited from abroad, not only in construction and road building but also in skills-intensive sectors such as banking and scientific research. The latter areas could represent attractive alternatives to the public sector for local job seekers. But currently, schools and universities are not doing enough to prepare the young people for these jobs, which is

why the local population cannot keep pace with global competition.

While things demographically look reasonably good, the group of the currently relatively stable countries is therefore also facing great risks to their political stability. If they don't quickly find an economic model that will ensure prosperity in the post-fossil-fuel era and create well-paid jobs for the local population, these countries could also become destabilised.

Areas of Action for the MENA States

To achieve greater political stability, the MENA countries would need to be successful in benefiting from their population potential by taking the necessary steps to get the large numbers of people with a good formal qualification into productive jobs – whether they are currently considered stable or unstable.

A UN study from 2011 indicates how difficult it may be to change the current situation. Just to prevent unemployment from rising in the MENA countries outside the Gulf region would have needed over six million new jobs to be created there since 2011. By 2030, over 22 million additional jobs would be required. It would be considerably more difficult if the countries wanted to halve the 2011 unemployment rate (a highly desirable objective) and simultaneously raise women's labour force participation rate to even the modest level of 35 per cent. This would have required almost 25 million new jobs to be created between 2011 and 2015 alone, and a further 67 million would be needed by 2030. For this to become reality would require investments in the trillions.[7] Many MENA countries are not in a position to raise the necessary funds themselves and have to rely on external assistance. That said, the investments would pay off for all those concerned within and outside the region.

This is because the currently critical situation in many areas could deteriorate further if the MENA countries continue to develop as poorly as they have and leave their growing human capital untapped. This would produce far greater financial, security-related and humanitarian costs. It is therefore important to create appropriate conditions in the MENA region for furthering the creation of jobs for the growing young population of working age. For the reasons mentioned above, the public sector will become less and less capable of playing a role in this. It will therefore be predominantly the private sector that will have to meet the future challenges in this area.

Currently, however, most of the economies within the region are not well equipped to compete in the global markets. The economy of many MENA countries is predominantly pre-industrial in character, with a low level of diversification and low productivity. Outside the Gulf region, agriculture provides around 20 per cent of the jobs, while its contribution to GDP is markedly lower. Because agriculture hardly produces any profit, people working in the sector frequently live below the national poverty line and have no social security cover whatsoever. The situation is equally critical in the services sector. This provides the greatest share of jobs in all the countries. However, most of these are not modern occupations but jobs involving little value creation. Many services are provided by self-employed people with modest incomes working informally as fruit vendors or bicycle couriers, for instance. Or jobs in the bloated administrative apparatus.[8]

To create adequate numbers of paid formal jobs and thereby enhance political stability, changes in three areas are particularly important:

Firstly, there is a need to strengthen entrepreneurship so that the private sector will create paid jobs. Successful and competitive enterprises are usually built on the basis of innovative ideas. Consequently, there is **secondly** a need to foster young people's creativity through good education and to prepare them for the requirements of private enterprise. Currently, companies often cannot find the right personnel despite burgeoning numbers of job seekers. This skills shortage is exacerbated by the

fact that not many women work despite many of them having achieved a high level of formal education. **Thirdly**, it is therefore necessary to promote gender equality and to allow women to participate in all processes within society, from work to politics.

Entrepreneurship

Throughout the world, small and medium-sized enterprises (SMEs) are the growth engines of the economy and therefore also of the labour markets. It is the case that in less-developed countries SMEs are frequently micro-businesses with few growth prospects and hardly any employees. But in most countries, around four per cent of start-ups account for roughly half the new jobs created.[9]

The business start-up rate in the MENA region is lower than in any other region of the world except for Sub-Saharan Africa.[10] Added to this is the fact that the proportion of companies planning to expand and significantly increase their workforce in the next few years is also low.[11]

There are different factors at play here. Large numbers of those who are self-employed in the MENA region are so out of necessity.[12] Many of them sell simple goods and services that do not require any particular skills.[13] There is as yet no community of entrepreneurs who, as is the case in Germany's SME sector, manufacture globally sought-after products, create many jobs and thereby prosperity as well as a broad middle class.

There is a general lack of an entrepreneurial culture in the region and there are too few individuals willing to set up new businesses and take risks. While many young people have started to realise that starting a business is an alternative to employment, they rarely have the courage to take this step – frequently because their own family is against it as parents prefer to see their children employed in the public sector rather than working in the private sector. The work done by the *enpact* organisation shows how engrained the prejudices are.[14] This NGO brings together young business founders from the MENA region, Austria and Germany in mentoring programs. In some MENA countries, the organisation not only provides assistance to the program participants themselves, but has also introduced parents' courses to reduce fears and illustrate the benefits of self-employment. The young businesspeople learn from the *enpact* seminars what they need to pay attention to when planning the realisation of their ideas. Offers of assistance such as this are important because the education systems in the MENA region have hardly been doing anything to prepare young people for going into business for themselves.

The universities in particular make little effort to use their facilities for translating the results of their research into products and successful businesses. There is little collaboration between academia and business. Consequently, it is difficult for industry sectors involving a higher level of value creation to develop.[15] In many MENA states, innovation and technology centers are now being set up to make up for this deficit. In Morocco, for instance, the government designated 14 cities as innovation zones in 2009. The aim was to have 100 start-ups founded per year from 2014 and to increase the number of new patents from the 2013 level of 316 to 1,000 a year.[16]

But to allow an energetic entrepreneurship to develop, the structural conditions must also be improved comprehensively. Even if potential business founders have a promising idea, circumstances often prevent them from realising it. One of the reasons is the so-called *wasta*, which roughly translates as nepotism.[17] This makes it easier for old-established companies to survive even if their products are hardly competitive. Young companies without the relevant connections find it difficult to obtain building permits, have to pay more for transport, communication, financial services and energy, and are also subjected more frequently to tax audits than their old-established competitors.[18] In addition to these corrupt practices behind

Standing in line: Increasing population figures and rising education levels become a problem if well-educated young people cannot find adequate jobs. Source: © Goran Tomasevic, Reuters.

the scenes, there are also hurdles put in the way of entrepreneurship by officialdom. This is illustrated by the World Bank's "Ease of doing business index", which measures the structural conditions for companies' existence, ranging from the procedures to register a business to insolvency proceedings. Eight of the 19 MENA countries rank in the lower third of 189 countries, nine in the mid-range, and only two (the United Arab Emirates and Israel) in the upper third.[19]

In most MENA countries, entrepreneurship is also hampered by poor infrastructure. Slow internet connections, poor roads, overloaded power grids and unreliable water supplies are particularly harmful to companies in sectors at the upper end of the value chain.[20] These conditions are not just the result of a lack of investment; they are also shaped by political or even moral considerations. In Iran, for instance, online activities are censored on the orders of the religious leader Ayatollah Khamenei, and worries about increased internet use resulting in the moral corruption of young people hinder the development of a digital economy.[21] Until very recently, the Iranian internet was considered one of the slowest in the world.[22] In opposition to the will of the religious leadership, the current President Rohani has spoken out in favour of greater freedom on the Net and advocated an expansion of the digital infrastructure.[23] Since

he took office, the proportion of the population with internet access has at least increased by almost ten percentage points to 39 per cent.[24]

Not least, there is frequently the problem of raising the required starting capital.[25] It is estimated that just 20 per cent of all SMEs in the region have access to loans – it is 40 per cent in Latin America.[26] Many business founders fund their enterprises from savings during the start-up phase or with money borrowed from family or friends.[27] The example of the Palestinian Territories shows how this can be changed. There, private and public funds have been set up in the last few years and there is now a small thriving IT scene developing.[28]

Practically all MENA countries need more private sector jobs.

Education

At the beginning of any successful enterprise is a good idea. It takes knowledge and creativity to even develop such an idea. That is why there is a need to improve the educational landscape in the MENA region.

School Education: Not Much beyond Basic Skills

Some MENA countries do not even manage to equip the coming generations with basic skills such as reading, writing and arithmetic. In Morocco, over a third of people ages 20 to 29 have not even completed primary school. Almost 20 per cent of those between the ages of 15 and 24 are illiterate.

Generally speaking, however, primary and secondary education is the norm in most MENA countries. However, teacher training and curricula are inadequate with the result that the majority of MENA countries do very poorly in international comparative tests of educational standards such as TIMSS, PIRLS or Pisa – be it in the area of maths, literacy or problem solving.[29] Israel is the only country that matches the level of the Western industrialised nations. Technical subjects and foreign languages, i.e. precisely the types of skills that would make young adults internationally competitive, are given little space in school education.[30] Religious education, on the other hand, frequently plays a large role.[31] Imparting theoretical knowledge and teacher-centered instruction dominates in the school system, and the pupils do not learn how to work in a team or how to prepare presentations about what they have learned.[32]

Poor Preparation for the Labour Market

In the MENA countries, the type of education aimed at preparing young people for the workplace frequently does not meet employers' requirements. One reason is that it mostly takes place at universities. The proportion of graduates in the group of 25 to 29-year-olds in Saudi Arabia is 41 per cent, in Jordan 35 per cent and in Lebanon 33 per cent, in each case exceeding the level of 27 per cent in Germany. Vocational qualifications, which represent a recognised alternative to university education in Germany, are considered to be inferior to university degrees in the MENA region.[33] In addition, lecture-based teaching and rote learning rather than the imparting of practical knowledge determines university education.[34] This causes a paradoxical situation. Because the thousands of young people who are released onto the labour market every year have neither the English language skills nor the competence to solve complex problems and work constructively in a team, there is, in fact, a skills shortage.[35] At the same time, huge numbers of young people with good formal qualifications are on the street.[36]

The situation is not just due to the frequently inadequate teaching but also to the students' choice of subject. While there is a clear shortage of engineers and technicians in the MENA countries, many young people opt for an arts or social sciences degree – areas where there are few jobs in the private sector.[37] The young people themselves hope that it will help them to secure a job in the public sector, but the number

of jobs available there is declining all the time. Consequently, subjects that will be relevant in the future should be promoted at school level already to inspire the youngsters at an early age. Iran has shown that this can work. The proportion of prospective scientists and engineers among university students there is now extraordinarily high at 40 per cent.[38] The country has thereby built a valuable foundation that will enable competitive products to be manufactured in skill-intensive areas, although this is still happening far too infrequently.[39]

To equip the young people for the labour market will not only require changes to be made in the teaching at the universities and in the choice of degree subjects. Vocational education programs in particular are deemed to hold great promise; but they are currently very rare in the region. In the Palestinian Territories, for instance, the unemployment rate among the 15 to 29-year-olds with vocational qualifications is markedly lower than that of their peers who went to a standard secondary school or a university.[40] Nonetheless, not even one per cent of pupils at secondary level go to a vocational college.[41] For this to change, acceptance of vocational education programs will need to increase. This is one of the objectives of the work done by the GIZ (a German organisation active in International Cooperation) in the Palestinian Territories. In an interview with the Berlin Institute for

Pupils: Concerning the education level, the difference between men and women is only marginal. However, across the course of life, women are still forced to the fringes of society. Source: © Gabriela Baczynska, Reuters.

Population and Development, the program director, Andreas König, stressed the importance of raising the public image of successful people with a vocational qualification as role models to show others that such qualifications open up great opportunities.

But school graduates are not the only ones who need to be convinced of the benefits of vocational education; the companies themselves must be convinced. However, businesses are frequently not aware of their responsibility for fostering the young talent that may join their workforce, explains Bassant Helmi in the interview for the study conducted by the Berlin Institute. Helmi heads the liaison office of the German-Arab Chamber of Industry and Commerce in Berlin and is the Managing Director of Global Project Partners, an association devoted to professional training in the MENA countries among other things. In all of Egypt, only 40 companies have apparently set up a vocational college. In many cases the companies are not clear about the standards regarding teaching contents, financial instruments and the legal framework. To create those will require political will. In addition, efforts will need to be made to involve numerous relevant actors. To facilitate the setting up of a generally accepted system of vocational education in the Palestinian Territories, GIZ employee Andreas König collaborates with representatives from civil society, vocational colleges, the chambers of commerce as well as businesses. He explains that this creates mutual trust and a feeling that a vocational education system can be beneficial to all sides.

Gender Equality

To combat the skills shortage, there is also a need to make greater efforts to include women in the labour market. These days, the education systems in most MENA countries officially allow women the same freedoms and opportunities as men. In the 20 to 29 age group, there is hardly any difference between the level of education achieved by men and women. In some countries, women even do better than men. During the subsequent course of their lives, however, women are pushed towards the margins of society. Only a fraction of them enter the labour market at all. In countries such as Syria, Jordan, Iraq, Algeria and the Palestinian Territories, far fewer than 20 per cent have a paid job. Women who wish to work are far more likely to be unemployed in the MENA region than men. When they do find work, this is frequently in the informal sector; they are also paid less than men and rarely rise into leadership positions.[42,43,44] Instead of leveraging the educational investment in women, many Arab countries fail to realise the potential of their female population willing to work.[45]

The capability to utilise women's skills could help the economies in the MENA region to prosper. However, going down this road can also cause problems, at least in the short term, because more working women means more competition in an already difficult labour market. If many young women were to succeed in translating their educational achievements into productive work, this could stimulate the economy. But they could also push less qualified men out of the labour market and thereby cause even greater frustration and social conflict among that group. The Iranian government even used this potential correlation as an argument for partly enshrining the discrimination against women in the recruitment for vacancies in law and barred women from 77 degree courses – particularly those with good job prospects.[46] But such measures will, in fact, be more likely to have a negative impact. According to the experience from industrialised countries, increasing the number of women in the workforce drives up productivity within society and creates more jobs than they take over themselves. That in itself is reason enough to promote gender equality in the MENA countries.

Traditional value systems as well as existing legislation are currently working against this imperative. Not only are many women tied to their allotted role in the home, there is also a lack of childcare facilities.[47] In any case, it is frequently the family that makes decisions on

Cooling down: Women in employment increase the productivity of an economy and create more jobs than they occupy. To benefit from this potential, it is necessary to overcome obstructive moral standards at first.
Source: © Zohra Bensemra, Reuters.

whether a woman is permitted to take up an occupation and the field in which she may work. Safety concerns also militate against women working.[48] In some countries, women are not allowed to move around in public without a male accompanying them and will therefore find it difficult to get to a place of work independently. In many places, working in the IT sector or in tourism is not deemed to be appropriate for women.[49] Instead, the occupations open to women are mainly limited to teaching and healthcare services.[50] There are some professions that women are barred from by law. In some MENA countries they cannot become lawyers or work in the banking sector.[51] And hardly any women run their own businesses.[52]

In some respects, women's circumstances have improved in the MENA countries as well over the last few years. The Arab Spring has resulted in gender equality being declared a constitutional right in Tunisia and in the introduction of a women's quota of 30 per cent in parliament in Algeria. Even in Saudi Arabia, where discrimination against women could hardly be any greater, a woman has recently been appointed to a position in government, and active and passive suffrage has been extended to women in local elections. That said, the MENA countries are still nowhere near to realising gender equality. From Egypt to the United Arab Emirates, human rights organisations such as Amnesty International and Human Rights Watch publicly denounce the partly inhuman

treatment of women. Israel is the only country in the region where women operate on equal terms with men.

Sharing Responsibility, Learning from Each Other

To avoid further political destabilisation, the entire MENA region faces the challenge of providing jobs for a growing and increasingly better-educated population. The work to be done in the three areas of entrepreneurship, education and gender equality is huge and needs to be embarked on as quickly as possible. However, the challenge is not only addressed to the governments, the business world and civil society in the respective countries but also to foreign investors, to NGOs and to International Cooperation.

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Be Fruitful and Multiply!

Israel and Its Growing Minorities

Anna Jandrey / Eva Keeren Caro

Since Israel was founded in 1948, it has defined itself simultaneously as both a Jewish and a democratic state. It is home to secular as well as ultra-Orthodox Jews, Muslims, Christians and Druze. However, due to diverging growth rates in the different populations, domestic and religious tensions have been developing which could undermine the secular and Zionist founding ethos of the Jewish State.

Introduction

When President Reuven Rivlin focused on demographic developments in Israel in his speech at the Herzliya conference on security policy last year, he must have been aware that his words might spark public debate.[1] After all, demography is far more than the subject of a socio-political debate in Israel: it entails a threat to the Jewish State's spiritual foundations.

Since the state of Israel was founded in 1948, the composition of its society has been a continuous subject of political discourse. The most recent statistics for the Holy Land, i.e. for Israel plus the West Bank, East Jerusalem and the Gaza Strip, show that the birth rate of the Arab population far surpasses that of the Jewish population. Opinion-makers and political decision-makers have concluded that this constitutes a "danger from within". They believe that if Israel is not capable of retaining its demographic Jewish majority by "biological" means and by purposeful Jewish immigration as well as a successful "fertility policy", the nation will literally become "overpopulated" by the Arabs. In deliberations in the aftermath of the failed Camp David summit in 2000, former Israeli defence minister Ehud Barak described the demographic issue as an "existential threat".[2] Palestinian President Arafat even predicted a "war of the womb" back in the 1990s.[3]

Rivlin did not, however, follow this line of thought in his speech. Instead, he spoke about the social repercussions of the demographic developments in the different ethnic and religious groupings within Israeli society. He stated that the vastly diverging birth rates and the partly very different lifestyles would result in increasing fragmentation and alienation, a development that was particularly noticeable within the Jewish population. According to Rivlin, the rapid growth of the ultra-Orthodox community in particular and of the Arab minority would pose new challenges to society with respect to its "Israeliness", i.e. its Israeli identity.

Many Israelis share Rivlin's concerns: they fear that Israel will change in its very foundations. One of the crucial factors will be the rise in the numbers of ultra-Orthodox Jews in Israel. The identity and character of the Jewish State is influenced by the steadily increasing proportion of Arab Israelis, who tend to find it difficult to integrate into society and who historically do not feel as beholden to the Zionist concept as their Jewish fellow citizens. One can already observe the demographic shifts affecting the course of politics. This could result in a reorientation, which would also determine the future of the peace process with the Palestinians. In view of the demographic changes, the claim to be both a Jewish and a democratic state that offers a home to all its citizens, whatever their religion and origin, further entails one of the greatest challenges for the small country.

The Current Demographic Situation

At currently 8.6 million, Israel's population has increased more than tenfold since it was founded almost 70 years ago. The reasons for the rapid growth are obvious. Besides an active

immigration policy aimed at attracting Jews from the diaspora, there has been a constant steep population growth within the country. In no other Western country is the average birth rate as high as in Israel. With three children per woman, the small country, which covers an area roughly the size of Hesse, holds the leading position in the OECD statistics, where the average for the member states is a mere 1.7. Thanks to excellent healthcare, Israel currently also has one of the lowest infant mortality rates in the world. According to the latest figures from the Israeli Central Bureau of Statistics, three-quarters of the 8.6 million Israelis are Jewish and a further 17.5 per cent are Muslim. Druze, Christians and members of non-monotheist faiths make up a small minority of 7.5 per cent of the population.

However, the highest birth rate is found among the Israelis living permanently beyond the "Green Line": the Jewish settlers on the West Bank. Their enormous growth rate of 4.1 per cent is based above all on their high birth rate that is as ever complemented by the arrival of further settler families.[4]

A study by the Jerusalem-based demographer Sergio Della Pergola forecasts that the number of inhabitants will continue to rise significantly over the next few decades.[5] According to official figures, the Israeli population is set to increase by almost three million by 2035.[6] According to Della Pergola, new immigrants will account for less than ten per cent of that number, with the remainder arising from "natural growth".

The Ideal of the Large Family

The unusually high birth rate for a Westernized country reflects the ideal of the large family that is deeply ingrained in Jewish culture. The

Crumbling unity: Also with a view to the Middle East conflict, the rapid rise of ultra-Orthodox Jews and Arab Israelis puts the Jewish state under pressure. Source: © Amir Cohen, Reuters.

spiritual significance of fertility is underscored by the biblical edict "Be fruitful and multiply" which is also the very first of the over six hundred commandments in the Torah. An abundance of children can also be attributed to a psychological aspect. Hundreds of years of persecution and numerous anti-Semitic pogroms in the diaspora communities have left their scars; because of the Shoah and the extermination of large parts of the European Jewish population, the trauma of the threat of the annihilation of the Jewry has become part of Jewish identity. Official family policy is also a contributory factor not to be underestimated in fostering large families. Besides generous benefit packages, which not only cover most of the cost of pregnancy check-ups including prenatal diagnostics, extensive genetic testing as well as generously subsidised fertility treatment for men and women, future parents also receive active support with their family planning. Women's universal right to motherhood has been recognised by rulings of the Israeli Supreme Court; arranging surrogacies is generally permitted, contrary to the situation in many countries in Western Europe.

Immigration as a Zionist Ideal

Besides the birth rate, the second mainstay of the demographic development is immigration, which – due to Israel's self-definition as a Jewish state – is almost exclusively reserved to those who can prove Jewish ancestry. Accounting for just under a fifth[7] of total population growth, the Jews who have decided to immigrate to "the promised land" from the diaspora, making *aliyah* (literally "ascent"), contribute significantly to the country's demographic development.

The Policy Guidelines published by the current government display the significant role purposeful immigration policy plays in maintaining the political status quo, i.e. preserving Israel as a Jewish state by maintaining a Jewish majority population. Here, the fifth of a total of ten guidelines says: "The Government will place the issue of immigration and immigrant absorption at the top of its list of priorities and will work vigorously to increase immigration from all countries of the world".[8] The great significance is also reflected by the existence of a separate "Ministry of Immigrant Absorption". In 2015, this government department, headed by Russian-born Minister Sofa Landver, was allocated roughly the same budget as the Israeli Ministry of Foreign Affairs.[9] The department does not only offer generous financial support to eligible new immigrants (*olim,* individuals who are Jewish or have a recognised right of return), but also fosters integration through free language courses, educational measures and consulting services for business start-ups.

Immigration of persons of Jewish descent is one of Israel's declared policy aims.

The cultural significance of *aliyah* already comes across in the terminology: referring to immigration literally as "ascent" epitomizes Israel's elevated position as the chosen homeland in contrast to the diaspora community, whereas emigration is referred to by the Hebrew term *yeridah* ("descent"), which has a negative, almost derisive connotation.

Deep Religiosity Combined with Large Families

Besides the remarkable number of over three children per woman, the distribution of the children between the different groupings within Israeli society is even more decisive for the country's future than the overall "biological" growth. According to statistics, every mother who describes her lifestyle as secular has on average 2.1 children. It is a totally different picture for the ultra-Orthodox families (*Haredim,* which translates as "god-fearing"). The *Haredim* embody the strictest interpretation of the Jewish faith. They do not, in fact, form a homogeneous group, but represent a mosaic of different communities, which generally follow a rabbi as the authority figure. Their everyday lives are

characterised by strict adherence to biblical and rabbinic laws, and their contact with other groups of society is frequently very limited due to separate education systems and residential areas.

Altogether, the average birth rate among the Haredi community is currently around 6.5 children per woman. However, have been some indications of a trend towards "smaller" families over the last few years. Just three years ago, an ultra-Orthodox woman even had more than seven children on average. While the overall number of *Haredim* at Israel's inception is estimated to have been approximately 30,000, their share in the population has increased at an enormous rate since then. At some 830,000 members, the community now makes up over ten per cent of Israel's total population. Many demographers agree in their estimates that their number is set to increase to as many as more than two million in the next 20 years.

The Growing Minority of Arab Israelis

The current number of Israeli citizens from an Arab background living in Israel (not including the Golan Heights and East Jerusalem) is estimated at approximately 1.4 million, accounting for just under a fifth of the close to eight million inhabitants. Over two-thirds of them describe themselves as Sunnis. Comprising a little more than quarter of a million, the Bedouin make up the second-largest group of Arab Israelis. The formerly nomadic desert people, which is Sunni as well, consists of 30 different tribes and lives mainly in the Negev. Besides these two groups, Israel's Arab population includes approximately 120,000 Christians and roughly the same number of Druze. The average birth rate among Arab Israelis lies somewhere between those of their secular and ultra-religious Jewish compatriots and is higher for Muslim Arabs than for Christians and Druze.

Within the group of Arab Israelis, it is worth taking a closer look in particular at the Bedouin. At 6.8 children per family, they figure far above the overall Israeli average. Should this birth rate continue unaltered, the number of Bedouin in Israel will have risen to half a million by 2035 according to a forecast provided by the Israeli Minister of Agriculture Yair Shmair in 2014.[10] One of the main reasons for the large numbers of children has to do with the Bedouin's polygamous lifestyle. As a relic from the era of the British Mandate, the Bedouins are still granted certain privileges; polygamy, for instance, which is traditional among Bedouins, is tolerated while it is illegal elsewhere in Israel. This legal tolerance has come under strong public pressure for some years now. Firstly, because it is not compatible with the democratic values of the state, and secondly, because many Israeli politicians hope that no longer tolerating polygamy will help to reduce the birth rate and thereby improve the socioeconomic situation of the Bedouin communities. The Bedouin are among the poorest sections of the country's population, predominantly not integrated into the regular labour market and becoming an increasing economic burden on the state because of their continued growth in number.

Devout versus Secular: Who Will Get the Upper Hand?

While the focus has shifted increasingly to the growing divide between the political Left and Right in recent years, almost half of all Israelis perceive the tensions between religious and secular groups as "high".[11] If one wishes to find out how the growing proportion of the ultra-religious community is changing the country, one only needs to spend a day in West Jerusalem. In hardly any other city is the demographic change as noticeable as here. Many residential areas have gradually changed in character through the influx of Haredi families. On the Sabbath, road blocks are set up to prevent vehicles moving through; the black and white suits of religious men dominate the street scene. According to figures from the Central Bureau of Statistics, only 21 per cent of the Jews in West Jerusalem describe themselves as secular these days. The growing presence of ultra-Orthodox Jews and the gradual takeover of previously predominantly secular residential areas have

Israel's new face? With 6.8 children per family, the Bedouin minority is growing fastest of all population groups.
Source: © Finbarr O'Reilly, Reuters.

resulted in many of the less religious inhabitants, particularly those of the younger generation, leaving the city. They are drawn particularly to the liberal city of Tel Aviv and its surroundings.

Ora et Non Labora

Among ultra-Orthodox Jews, the ideal occupation of a man is considered to be daily Torah studies under the instruction of a respected rabbi. Men who excel at the Torah school *(yeshiva)* and become a rabbi gain respect – professional success, by contrast, is mostly regarded as second-rate and transient. The majority of *Haredim* continue studying the Torah into old age, while their working wives are the families' sole breadwinners, yet still expected to run the household and look after the children. As a consequence of this traditional arrangement, more than the half of all ultra-Orthodox men is not integrated into the labour market although the number of those in work is rising. According to the Israeli National Security Institute, two-thirds of the devout families live on an income below the poverty line. The subsidising of this traditional arrangement by social benefits is a further thorn in the side of Israeli society, which is already propping up a bloated social security apparatus with high taxes and groaning under the burden of the very high cost of living. Many taxpayers are therefore worriedly looking at the demographers' forecasts, asking themselves how the state coffers can possibly keep up with the ever-growing numbers of subsidised Torah scholars.

Another aspect that is causing a great deal of anger and a feeling of injustice is that *yeshiva* students are exempt from military service by legislation dating back to the time the state was founded. In practice, the guaranteed special right, which was instituted by David Ben Gurion, means that the majority of *Haredim* are excused military service while the rest of their compatriots – both young women and men – have to do military duty for two or three years respectively.

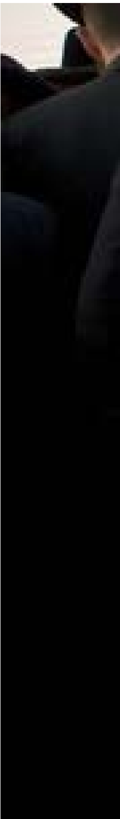
Tug of War over the Status Quo

Besides the budgetary burden from the rising cost of social benefits, the increasing influence of the devout on matters of state is provoking mounting antagonism within the social camps. According to the 1948 Israeli Declaration of Independence, Israel is a Jewish state. With regard to the nationalist secular ideology of the founding fathers, the idea was to create a place of self-determination for the Jewish people, while the religious aspect – if relevant at all – was to play a secondary role. Assigning certain competences to the Orthodox Chief Rabbinate in the course of the founding of the state was initially merely a means to an end, namely to convince the anti-Zionist Orthodox party to support the founding of a modern Israeli state. But as neither the Israeli Declaration of Independence nor the Basic Laws clearly define the normative implications of the country's self-definition as a "Jewish state", the issue of the role of religion still figures prominently in the domestic debate today.

A Strengthening Voice

In view of the demographic development and the social changes this entails, a new dynamic is developing in the domestic tug of war over the status quo that has persisted since 1948. Accounting for close to an eighth of the Israeli population, the *Haredim* have become a community of interest to be taken seriously, and one who knows how to defend its interests successfully. The growth in the Orthodox electorate, which also mostly acts in concert unlike the strongly splintered non-Orthodox majority, increases the assertive powers of the two Haredi parties in the Knesset. Thanks to successful voter mobilisation, *Shas* (Sephardic Guards) and "United Torah Judaism" (UTJ) have good representation in the Knesset in any case. Due to their mostly neutral stance towards issues of Middle-East politics and economics, they are a sought-after junior partner in both left and right-wing coalitions. *Shas* and the UTJ are adept at using their power to "tip the scales" in the government coalition of the day to oppose efforts to expand control over them and to promote the influence of religious institutions on public life as well as greater financial support for their institutions instead. Only recently, when the coalition appeared in danger of disintegrating due to internal differences, the government decided to abolish budget cuts for ultra-Orthodox schools refusing to include the legal minimum of secular content in their curricula, such as science subjects and English among others.

The creeping influence of the "God fearing" has not gone unopposed by the less religious Israelis. Libertarian organisations such as *Israel Hofsheet* ("Be Free Israel") have hundreds of thousands of sympathisers, who advocate that the authority of the Rabbinate over personal and public matters be curtailed. Particularly the age-old bone of contention of the "Sabbath rest" causes strife throughout the country. The closure of shops, football stadia or swimming pools on the Sabbath touches a nerve with the liberally minded sections of society and brings the critics onto the streets. Very recently, hundreds of furious protestors demonstrated when Prime Minister Netanyahu made a decision in deference to the ultra-Orthodox coalition partners to limit work on the railway infrastructure to be carried out on weekdays – and not on the Sabbath, the day of rest – although this will cause massive traffic problems and costs in the millions. Conversely, the opening of public institutions such as shopping centers and swimming pools rarely goes without attracting protests from the religious side. The attempt to introduce a law on compulsory conscription for *Haredim* in 2014 initiated weeks of mass demonstrations and public prayers by those potentially affected. More than a quarter of a million of the ultra-religious took part in the protest actions on the streets of Jerusalem. And they succeeded: the enforcement of compulsory military service against the will of the individual concerned is currently suspended until 2020.



Arab Israelis: Nationality vs. Identity?

By contrast with the ultra-Orthodox, their Arab compatriots do not form an interest group, but represent a separate ethnicity within the Israeli population. The equality of all citizens whatever their race, religion or gender was enshrined back in 1948 in the Declaration of Independence of the State of Israel. Accordingly, Arab Israelis (excluding the inhabitants of East Jerusalem[12]) have the same rights as their Jewish fellow-citizens. However, they frequently feel like second-class citizens marginalised by the Jewish majority. Apart from inadequate social integration, it is above all their poor economic integration that is an issue for Arab Israelis. The income gap between Arab and Jewish Israelis is considerable. Only three-quarters of Arab men are integrated into the labour market (it is 86 per cent for Jewish men) and a mere third of Arab women work[13] – although cultural factors play a crucial role here. According to the socioeconomic indices of the Central Bureau of Statistics, living standards in Arab villages and urban districts are far lower than in Jewish communities.[14] The poverty of many Arab Israeli families resulting from the high unemployment rate is making life increasingly precarious because of the continued rise in living costs in the country. According to a survey conducted by the National Insurance Institute, 53 per cent of all Arab families live below the poverty line.

Given the demographic development of the Arab section of the Israeli population, the government has realised that there is an urgent need for better integration of the Arabs, particularly into the labour market. Consequently, a historic five-year plan to foster the Arab section of the population with a budget

Departure: The strict adherence to religious laws and an isolated lifestyle denote the life of ultra-Orthodox Jews.
Source: © Baz Ratner, Reuters.

of up to 15 billion Israeli shekels was approved last year. Measures under this plan are to focus on housing construction, the education system, efforts to increase gainful employment among Arab women, improving the infrastructure as well as increasing social benefits. However, there have not been any signs of the plan being implemented to date.

Political Representation

Despite poor social and economic integration, the Arab minority has succeeded in being represented in the Knesset ever since the state was founded thanks to the size of its share in the population. There are also some Arab MPs in the other parties, including Likud, which is currently in power. However, Arab parties have not even once formed part of the 34 government coalitions to date. Involvement in government would, in any case, harbour conflict potential not to be underestimated. The Arab parties would then be seen to bear some responsibility for military action in the Palestinian Autonomous Territories among other things. Not only would this result in tensions within the party base, it would also cause a conflict of political interests for many MPs. Today, Arab interests are represented in the Knesset mainly by the "United Arab List", an association of three Arab parties. During the last parliamentary elections in March 2015, it gained 13 seats, which immediately made it the third strongest parliamentary force. One of the key concerns of the Arab parliamentarians is the Citizenship and Entrance into Israel Law, which came into force in 2003 and has recently been widened. The law denies citizens from the Palestinian Territories, Iran, Iraq, Afghanistan and Lebanon among others, who marry an Israeli, the concomitant right to a residency permit and Israeli citizenship. The proponents of this law argue that it serves the purpose of terror prevention and that the provisions are consequently in Israel's security interest. In addition, it is a way of preventing Israel from being "flooded" by non-Jews. Otherwise, so the argument goes, Israel's Jewish character would be jeopardised.

Citizens without a Sense of National Identity?

According to a survey conducted by the Israel Democracy Institute last year, 65 per cent of Arab Israelis are proud of their Israeli nationality.[15] At the same time, a survey conducted by the Achva College shows that less than half of the Arab respondents in the same year stated feeling that they could identify with the national flag.[16] One point the Arab population frequently criticises is the way Jewish religious images are integrated into Israel's national symbols. The fact that the national flag shows a Star of David and that the longing for a Jewish state is expressed in the national anthem makes it difficult for many Arabs to develop a sense of national pride. Many Arab Israelis find themselves torn by a historical conflict where their own national identity is concerned. Instead of taking part in the street parties organised by their Jewish neighbours on Israel's Independence Day, substantial numbers of Arab Israelis join in with Palestinians living outside Israel commemorating the "Day of Catastrophe" (*Yom an-Nakba*).

The demographic development is forcing Israel to make greater efforts to integrate its Arab population.

The rapid growth of the Arab minority is also always viewed through the lens of the Middle East conflict in Israel, which brings up the question of how the growth in numbers will influence the peace process. A new study conducted by the Konrad-Adenauer-Stiftung[17] has shown that the great majority, namely 87 per cent, of Arab Israelis favour a two-state solution based on the so-called "nine-point package",[18] far exceeding the proportion of supporters among either Jewish Israelis or Palestinians. While the number of those who believe in the peaceful coexistence of two independent states has dropped among Israeli Arabs as well over the last few years, better integration of the Arab minority has the potential of furthering progress towards a two-state solution.

Nevertheless, the question of the self-image of Arab Israelis frequently becomes a sensitive political issue in the context of the Middle East conflict. Arab Israelis are often accused of being on the side of the Palestinians and of approving the Palestinian terror attacks. This happened again this year, when Arab Knesset MPs went to visit family members of Palestinian assassins, who had been killed by Israeli security forces responding to their armed attack. Particularly members of the government camp criticised the visits as a gesture of solidarity with the families of Palestinian terrorists and accused the MPs of a lack of solidarity with the families of the victims. A controversial law picking up on this criticism was passed by a majority vote (90 out of the 120 votes) in the summer enabling the suspension of MPs from the Knesset if they have been found guilty of "inciting racism" or supporting the armed struggle against the Israeli state. Opponents of the law declared the vote a slap in the face for Israeli democracy and warned that this represented a further attempt to intimidate the Arab minority. In their eyes, the Israeli government was prepared to give up another valuable piece of Israeli democracy to suppress the voice and the influence of the Arab minority. Israel will not be able to perform the balancing act between democracy and Judaism for much longer, warned the opposition.

Is the Jewish State Here to Stay?

The demographic development outlined above illustrates the challenges to be faced by the Jewish State in the coming decades in case the birth rates of the various sections of the population continue to differ as much as they do now. The crucial factor is that the two sections showing the greatest growth are those that are most opposed to Israel's current make-up. The majority of *Haredim* would prefer to see the Jewish religious laws, the *halakha*, implemented instead of the civil law currently in force.

The so-called Gavison-Medan Covenant[19] of 2003 represented an attempt to outline a contractual agreement between the ultra-religious and secular Jews that would be acceptable to both sides. The document composed by two respected scholars in constitutional law proposes a compromise for regulating the influence of the Jewish religion on public life in Israel. While curtailing the monopoly of the Rabbinates in matters of family law, for instance, and allowing public services such as transport and events on a Sabbath to a modest extent, the state would in turn undertake to respect and not violate fundamental religious principles. The fact that the much-praised draft has not been followed up by any legal implementation to date illustrates the lack of will on the part of those in responsibility to enter into a compromise and thereby tackle the hot issue of the 'status quo'.

A Jewish State by Decree?

Seen from another perspective, the growing proportion of Arab Israelis among the population is causing many Jews in the country to ask themselves how this will challenge the Jewish identity of the state, seeing that Arab Israelis do not share either the religious bond with the state nor the Zionist world view of their Jewish fellow-citizens. Particularly politicians from the political Right keep accusing Arab Israelis of not identifying sufficiently with the Israeli state.

The threat to the state's Jewish character feared by many Israelis has resulted in repeated attempts to enshrine the Jewish nature of the Israeli state more strongly in legislation. Particularly members of the Likud's right wing as well as MPs from the *HaBayit HaYehudi* and *Israel Beitenu* parties have been the driving forces behind these efforts. Their demand for a "Jewish Nation-State" bill, the first draft of which envisages Hebrew as the only official language, has sparked a heated political and public debate. The bill is aimed mainly at the issue of the current lack of legal codification of the relationship between state and religion.

The proposed bill is a symbol of the enduring political debate on how Israel can maintain both its Jewish and its democratic character. This continues to raise the question as to whether the two apparently contradictory characteristics are

إرادة
القائمة

← Political representation: By the merger of several small parties, the "United Arab List" became the third-strongest party in the parliamentary elections in March 2015. Source: © Ammar Awad, Reuters.

compatible within one system of government. One thing is clear: bringing about an "artificial" shift in favour of the Jewish character through legislation would inevitably entail a loss on the other, the democratic side of the two scales. President Rivlin warned of exactly this complicacy during his press conference last summer: "Will this be a secular, liberal state, Jewish and democratic? [...] Will it be a state of all its citizens, of all its national ethnic groups?"[20] With these questions he addressed what is a sensitive and highly emotive issue for Israelis. This is because the vision of the founding fathers, in which they defined the state simultaneously as Jewish and democratic, still represents a balancing act today, which is becoming increasingly difficult in view of the governing coalition's continuing drift to the right. While 76 per cent of Jewish Israelis are still convinced that Israel will be successful in managing this balancing act, only 27 per cent of Arabs believe that to be the case.[21] But even among the Jewish citizens, the group of those who are worried about the "balance" in the character of the Israeli state is growing. The well-known Israeli sociologist Eva Illouz has come to a clear verdict in view of the current state of society and politics: "Israeli politics has become far more extremist because it has become far more committed to the logic of its ethnic-religious foundations. A Jewish state predicated on Jewish identity was bound to become what it has become: [...] a source of deep inequalities between Jews and Arabs and of incomprehensible inequalities among Jews themselves."[22] Illouz has become the mouthpiece of many secular Israelis.

Conclusion and Outlook

Because of the discrepancies in the demographic development of the individual sections of the population, differing enormously in their cultural, religious and national identity, the Israeli state currently faces a special challenge. On the one side, there are the Orthodox Jews, representing a deeply religious Jewish group, whose relative numbers are steadily increasing, but whose level of engagement in everyday social life remains low. On the other is the Arab minority, which is also growing as a proportion of the Israeli population. What these groups have in common is the fact that they fundamentally identify less strongly with the basic Zionist ethos – and therefore with the Israeli state as such – than their less devout Jewish or secular fellow-citizens. The rapid growth of these two groups compared to the rest of the population is causing an increasing split in Israeli civil society and a marginalisation of the middle, namely the moderate Jews. To counter this social fragmentation, the ultra-Orthodox Jews will have to be persuaded to make greater efforts to fulfil their social and economic duties. It will also be necessary to do more to accelerate the integration of the Arab Israelis to facilitate identification with their de jure homeland. Integrating these two groups better and bringing them closer together will no doubt require compromises and cause considerable conflict; but it will be crucial to allow an integrated, enduring, Jewish Israeli state to develop, which can claim to have revived the secular, Zionist and particularly democratic ethos of its founding fathers.

The continuing demographic changes also set a long-term ultimatum with respect to the issue of a potential two-state solution. If Israel and its Palestinian neighbour are not able to eventually come to an agreement on an independent Palestinian state, the birth rate may produce facts on the ground. The alternative to a Palestinian state, namely a bi-national state of Israel, would inevitably mean the naturalisation of (currently) about 4.5 million Palestinians from the West Bank, East Jerusalem and the Gaza Strip. However, the Jewish State will only remain viable with a Jewish majority, which would then be impossible to maintain in the long term. Finding a solution to this central issue should therefore not only be in the interest

of the Palestinians but also Israelis. Particularly those Israelis who hold the Jewish character of their homeland especially dear: the political Right.

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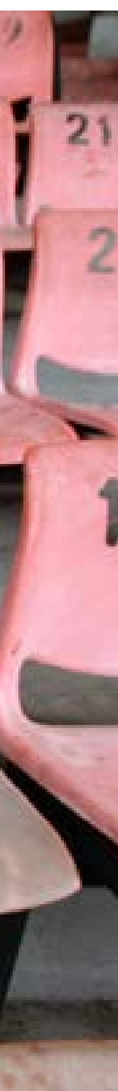
Programmed Explosion?

The Potential Consequences of the Rapid Population Growth in Sub-Saharan Africa

Serge Michailof

The African sub-Saharan countries are demographically a special case. In the course of the 20th century population has admittedly also grown in other areas of the world, but this process did not take place anywhere near as rapidly as in these states. If the population boom of the 20th century should be followed by a second one in the 21st century, its impacts would not stay limited to the African continent alone.

Demographic special case: Throughout the course of the 20th century, population in the sub-Saharan African countries has increased sevenfold. Source: © Akintunde Akinleye, Reuters.



The most spectacular demographic changes in the whole of human history are currently taking place on the African continent and this development is set to continue over the course of the coming decades.[1] As Europeans used to stagnant population figures, we find it very difficult to grasp the consequences of a three per cent growth in population leading to an approximate doubling of the population every twenty years.

In Terms of Demographics, Africa is a Special Case

In sub-Saharan Africa, we witness a demographic development different from that of the other continents. Due to the upheavals and unrest caused by the slave trade, Africa is the only continent whose population virtually stagnated between 1500 and 1900, increasing from some 80 to 95 million only. While growth rates were at a very low level elsewhere in the world during the same period, they still developed to a five-fold increase in population numbers in Europe and China.

During the course of the 20th century, Europe's population doubled, China's tripled, India's grew fivefold, and sub-Saharan Africa's increased sevenfold. This immense boost in the global population over the whole course of the 20th century can be attributed to the convergence of two factors: Firstly, the strong decrease in mortality, particularly child mortality, and secondly, persistently high fertility rates (average number of children per woman) until a gradual decline in fertility rate set in. This, in combination with a declining death rate, defines the so-called demographic transition.

From the 1960s onwards, fertility rates dropped rapidly everywhere, except for sub-Saharan Africa where it remained very high with 5.4 children per woman in the recent period from 2005 to 2010; during the last few years, the rate actually exceeded seven children per woman in most countries in the Sahel. This significant disparity between the rapid decline in the death rate and the decline in fertility is the main anomaly in Africa's demographic circumstances.

This situation has resulted in continuously high population growth rates of on average 2.7 per cent in all sub-Saharan African countries and of over three per cent in most countries in the Sahel. So how will this African population develop in the course of the 21st century?

In view of the persistently high fertility rate, it seems likely that Africa is set to experience a second population explosion during the 21st century following the initial population explosion in the 20th century. But what will be its extent? In view of the inertia that characterises demographic phenomena, one can already forecast that the population in sub-Saharan Africa will reach between 1.3 and 1.4 billion by 2030. In this region, the decline in fertility rates is considerably slower than one would expect according to the classic model. Disregarding the five countries of southern Africa, it appears that the fertility rates are, in fact, currently stabilising at over four children in the most highly developed and urbanised African countries; there has been no serious analysis of how cultural and religious reasons, lack of access to contraception and lack of interest on the part of the authorities may affect the situation. Research indicates that there has been no significant progress in the use of contraception as this only increased by 0.2 per cent per year in the first decade of the 21st century.

It has to be mentioned that the authorities have shown a lack of commitment where the promotion of active family planning measures is concerned. External donors also show little concern for resolving this issue. The amount set aside by the member states of the Organization for Economic Cooperation and Development (OECD) to run population programs accounts for merely 0.2 per cent of its overall aid budget. In addition, numerous religious authorities, ranging from the American Right to the jihadists from the Sahel, are vehemently opposed to birth control.

Accordingly, there is a high degree of uncertainty about the population figures to be expected by 2050. We do not know, for instance,

how quickly the mortality rate among children under five can be reduced. In Africa, this rate declined from 256 per 1000 children in the early 1970s to 120 per 1000 today. That said, child mortality is almost ten times lower in Asia and twenty times lower in Europe. Significant progress is therefore to be expected in this area. However, while this is in itself highly desirable, this progress will undoubtedly have an effect on population growth rates.

The population of sub-Saharan African countries, which is put at close to one billion for 2016, will most likely at least have doubled by 2050. If the fertility rate throughout sub-Saharan Africa were to decline from 5.4 children per woman (as in the 2005 to 2010 period) to 2.6 at the beginning of the 2050s, the population would rise to 1.8 billion by 2050. However, if the fertility rate were still as high as 3.5 children per woman, the population would rise to 2.3 billion.

Population Growth is Particularly Worrying in Niger

When it gained its independence in 1960, Niger had a population of approximately three million. The figure has since risen to 20 million. And one can safely assume that whatever the expected development of the fertility rate and family planning efforts, Niger will have over 40 million inhabitants by 2035 (the previous estimate for population growth of some 3.5 per cent was revised upwards to four per cent in 2015 and may even exceed the 4.3 per cent mark by 2035 based on the latest development).

Forecasts for the period between 2035 and 2050 differ greatly depending on the assumed decline in the fertility rate. They range from a very optimistic figure of 63 million at a fertility rate of 4.1 by 2050 to 76 million at a rate of 5.1 and finally to 89 million if the fertility rate were to remain at the current level of 7.6. One can conclude that by 2050 twenty times as many people will live in Niger as in 1960. Yet, is it not the children who are a family's wealth and a people's future?

Niger has a land mass of 1,267 million square kilometers, making the country roughly two-and-a-half times the size of France. But over 85 per cent of the population live in the most southerly 20 per cent of the national territory. Less than eight per cent of the land benefits from average rainfall exceeding 400 mm and is suitable for agricultural use. In these areas, population density varies between 60 and over 100 inhabitants per square kilometers, even up to 150 inhabitants in some districts.

In view of the irregular rainfall, a great disparity in soil quality, the current extensive cultivation methods and scarcity of irrigation, a population density of such degree becomes problematic as soon as the threshold of some 40 inhabitants per square kilometer is exceeded. This is because a higher population density results in a shortage of fallows, land overuse, dramatic deforestation to cover the demand for firewood and a growth in conflicts with cattle herders, who no longer have sufficient space for their nomadic herding. There are already various documents[2] in the public domain indicating that the amount of arable land per head of the working population has halved in thirty years, declining from 11.8 hectares in 1980 to five hectares in 2010.

This uncontrolled population growth has led to the proliferation of areas – by now even entire regions – suffering from dramatic rural poverty, where tensions about land use aggravate and situations arise only to be described as localised Malthusian catastrophes.[3] These problems are undoubtedly exacerbated by the lack of appropriate public and private investment in agriculture and inadequate agricultural policies.

Is a Demographic Crisis Inevitable in the Sahel Region?

In the debate about population development, the proponents of the doctrine put forward by Jean Bodin in 1576, which says that it is people who generate power and wealth, frequently find themselves opposed by the followers of Malthus, who argued in favour of limiting population

growth to prevent famine, wars and epidemics in his 1798 publication "An Essay on the Principle of Population". There have been many changes since the two authors published their works. Indubitably, the 19th and 20th centuries were still characterised by numerous famines, wars and epidemics, for which there were various reasons, not exclusively demographic ones. By and large, Malthus was in error as scientific progress, particularly in the area of agricultural science, has confounded his predictions. However, experts are also aware of the fact that at a local level, for example in a valley in Afghanistan or in a certain area of the Sahel, the combination of exceptional population growth and a lack of investment in agriculture and technical progress can result in Malthus' predictions unfortunately coming true in some instances. In Niger and in other Sahel countries for instance, indications of an increase in rural exodus as well as increased dependence on humanitarian aid are to be witnessed, a situation which is only likely to deteriorate.

Once every three years, Niger suffers from cereal shortages in excess of 200,000 tons. In periods of extreme drought, this can easily rise to a million tons. It is true that this demand is generally covered by regional trade with the neighbouring countries and by the efforts of the Office des Produits Vivriers du Niger (OVPN), the authority for strategic provision and national intervention. However, whenever the drought affects the entire sub-region, as was the case to a large extent in 1973 and 1984, the situation quickly takes a dramatic turn. Even in "almost" ordinary periods of moderate drought, such as 2009 to 2010, as many as 2.3 million Nigerians suffered from malnutrition.

In all these areas, people are engaged in subsistence farming, which often does not even cover their own needs. They have to seek resources elsewhere, resulting in a rural exodus to the major cities or to Nigeria or Ivory Coast, where they are not always welcome and where many of them do not find work. A minor climatic event can cause supply shortages or even famines.

Regularly recurring periods of drought result in a catastrophic chain of damaging events. Besides spectacular crop failures due to water shortages, there are fairly regular swarms of locusts that devastate crops and grazing land, epidemics that spread through herds of cattle, food price inflation (with prices going up four or fivefold), declining livestock numbers and a drop in the number of people making a living from farming and cattle breeding, proliferating debt, a deterioration in nutritional standards and, of course, growth in poverty. The correlations between these different mechanisms indicate that the effects of a strong drought can be felt for several years. Considering these conditions, it is comprehensible that young people dream of leaving their homeland.

A lot of young people dream of leaving their homeland Niger, in which minor climatic changes often result in hardships.

In view of the country's increasing dependence on imports and food aid, significant efforts are being made to develop irrigation systems of all types: large-scale irrigation systems, communal or individual small-scale irrigation, and measures to improve the use of surface water. Despite these efforts, cereals grown on irrigated land accounts for less than two per cent of overall cereals production, and forecasts show that even if all the areas suitable for irrigation were sown, i.e. some 330,000 hectares, Niger would continue to depend strongly (at around 75 per cent by 2050) on an extremely precarious rainfed agriculture.

High Population Growth Leads to Increased Poverty

The principle that large numbers of children always represent a source of wealth is undeniably correct within the rural family context as

it increases the amount of manpower; but at a national level, the principle does not hold true. Firstly, very high population growth depresses the growth of per capita income. If GDP grows by five per cent and the population grows by 3.5 per cent, the effective GDP growth per person is only 1.5 per cent and it would consequently take over forty-five years to double the living standard per inhabitant. This problem is illustrated dramatically by the development of per capita GDP in Niger which has declined by a third since the country gained its independence, dropping from 476 U.S. dollars[4] in 1960 to 297 U.S. dollars in 2014, reaching a low point of around 260 U.S. dollars in the period from 2002 to 2010.

The second reason has to do with the budget; if the population of a poor country increases by 750,000 children every year, as is currently the case in Niger, and infants and school-age children already make up half the population, covering their needs in the areas of education, training and healthcare becomes an absolutely prohibitive financial burden. Niger has made considerable efforts with respect to schooling over the last fifteen years. The primary school enrolment ratio rose from 31 per cent in 2000 to almost 84 per cent in 2014. However, the quality of this education has lagged behind and the average period children spend at school is under 1.4 years, while it takes at least five years for a child to become proficient in reading, writing and arithmetic.

In principle, the growth of the working age population (individuals age 15 to 64) leads to a phenomenon described as the "demographic dividend", which encourages population growth and has to do with the fact that many cohorts representing a high labour potential are coming of age. This demographic dividend means the ratio between dependents under 15 and those in work declines. However, if fertility remains very high, the number of dependent children also remains very high, and there are only few African countries that can hope to benefit from this demographic dividend, as John May from the Population Reference Bureau and Hans Groth from the World Demographic & Ageing Forum point out in their book to be published in the spring of 2017.[5]

← Orthoptera: Locust plagues are an additional factor exacerbating farming under adverse climatic conditions.
Source: © Pierre Holtz, Reuters.

One must also bear in mind that the young people who are flooding onto the labour market need to find decent jobs if they are to benefit from a demographic dividend. In Africa, however, such prospects mostly remain illusory due to the reality of the labour market.

Again, regarding the situation in Niger, jobs in the processing industry (excluding mining and oil) only number around 4,000, while the size of the cohort of young men entering the job market every year is in the range of 240,000. Due to land scarcity, poor soil fertility and meagre returns from agriculture, young people are therefore driven out of rural areas. Unfortunately, they have a far greater likelihood of entering the masses of unemployed casual workers living in the slums than of obtaining a skilled job; the same applies to young people in the cities, including graduates.

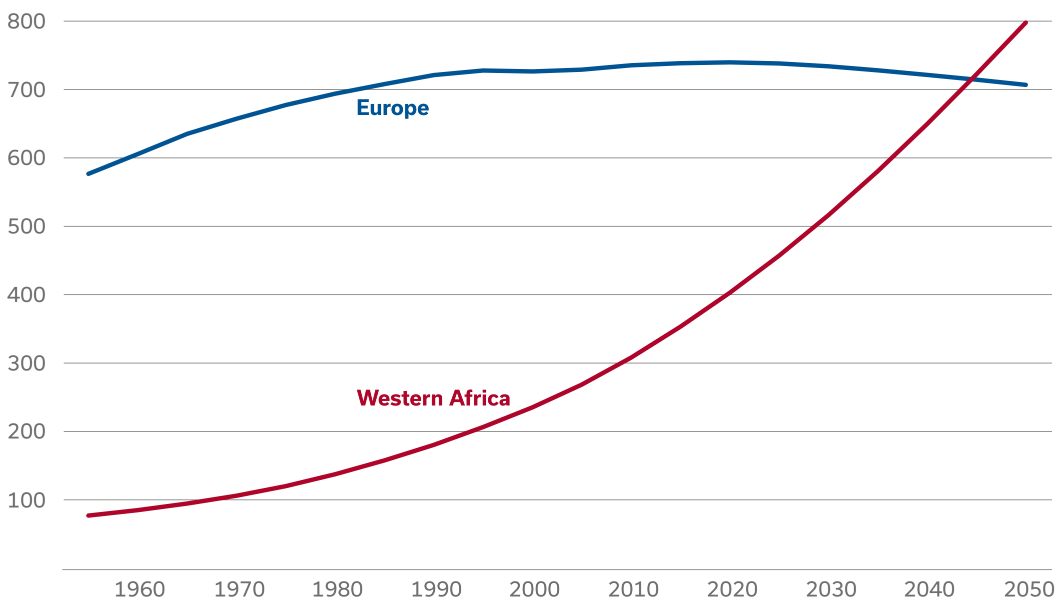
All in all, it now appears virtually certain that the demographic transition in sub-Saharan Africa and particularly in the Sahel has only just begun and will take decades to conclude. The next thirty years will see a spectacular rise in population figures and the number of young people, which will have a detrimental effect on food availability, the improvement of living standards, social benefits and the job situation above all. Both in the rural areas and in the megacities, there will be vast numbers of unemployed people, who have no hope for social advancement and many of whom will be frustrated graduates ready to engage into risky endeavours.

Large numbers of young Africans in the cities belong to the group of those referred to as "NEETS", i.e. not in education, employment or training. These young people, many of whom have gone off the rails, are either sponging off their parents or living by various types of theft. At this point, it is worth mentioning that the same phenomenon can be attributed a very significant role in the increasing tensions in the Middle East, which led to the famous Arab Spring and to the catastrophes taking place in Syria as well as in Iraq and Yemen. Therefore, the coming decades in sub-Saharan Africa will most surely turn into decades beset by all kinds of dangers, as I pointed out in one of my previous books.[6]

The Demography of Niger and the Sahel Zone Has the Potential to Destabilise All of Western Africa

How can a landlocked country like Niger with only limited agricultural potential, adverse climatic conditions and a poorly educated population hope to be capable of offering 60 to 80 million inhabitants a normal life on its territory in 35 years' time? And how can the group of the four countries forming the core of the Francophone Sahel Zone, whose population is set to increase from 67 million in 2015 to 120 or 132 million by 2035 and then to 170 to 210 million by 2050, hope to master first a doubling and then a tripling of its population in such a short time knowing that the population will

Fig. 1: Population Growth in Europe and Western Africa (in Million)



Countries in Western Africa: Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Saint Helena, Senegal , Sierra Leone, Togo.
Source: Worldometers 2016: Western Africa Population Forecast, in: http://worldometers.info/world-population/western-africa-population [8 Dec 2016]; idem 2016: Europe Population Forecast, in: http://worldometers.info/world-population/europe-population [8 Dec 2016] (each with data from: UN, Department of Economic and Social Affairs, Population Division. World Population Prospects: The 2015 Revision).

continue to increase after 2100, even if substantial efforts are made in the area of family planning?

It is hard to believe that this insane growth in population in a region of the world that faces so many disadvantages and threats will be without dramatic consequences. These could manifest in large-scale regional famines in a situation where food and humanitarian aid would be overwhelmed in the event of crop failures due to a climatic catastrophe. One can hardly expect to feed 30 or 50 million people with food aid for the simple reason that the required volumes of cereals would not be available on time, the mobilisation of the resources would take too long and may not even be possible, and finally the logistics systems would not cope with distributing the aid even if, by a miracle, the first two problems could be overcome. In fact, humanitarian aid tends to be largely ineffective when there has been a severe drought affecting an entire region as this precludes intraregional trade making up for local deficits.

Throughout human history, overpopulation has repeatedly led to the collapse of whole civilisations.

People often forget that phenomena involving overpopulation have resulted in the collapse of entire civilisations throughout human history. In the remarkable book by Jared Diamond,[7] itself carrying the word "collapse" in the title, there are several examples of societies that have not survived environmental crises that they brought about themselves. They also forget the dramatic famines costing the lives of millions of people. Leaving to one side the major famines of the 20th century in Ukraine and China, which resulted from despotic or erroneous policies, Ireland is a case in point. There, around one million people starved to death between 1846 and 1851 when the potato blight devastated several harvests in succession in a situation where the population had grown from four to nine million within four decades. This famine caused mass emigration to the United States.

A similar drama of historic dimension is most likely to take place in the Sahel, long before the population will have tripled by 2050. The final report of the multi-disciplinary conference on the Sahel crisis that the University of California, Berkeley organised in 2013 in collaboration with the OASIS Initiative stresses that "[t]here is no escaping the conclusion that climate change and population growth in the Sahel will rapidly outstrip the food supply".[8] The first famines, even relatively minor ones, would trigger massive migration flows to coastal countries and to Europe. The exceptional character of such a migration, while representing the most natural "safety valve", would inevitably initiate a xenophobic response of unprecedented severity and, as we have seen several times in the past, result in massive deportations and widespread turmoil. The unrest in Ivory Coast and in Libya in 2010 to 2011 resulted in the repatriation of 210,000 Nigerians, triggering a great deal of tension.

But a consequence even more likely, even before such famines set in, will be that the impoverishment of rural areas and the sense of hopelessness felt by the young will boost jihadism. The threat of this is already ubiquitous. Being caught between Boko Haram in the south-east, Libya in the north, which is drowning in fire and blood and the persistently unstable northern and central parts of Mali, insecurity will probably become so widespread that economic life becomes paralysed. One telling example is the disastrous situation in north-eastern Nigeria, where the insurgency conducted by Boko Haram is paralysing economic activity and where a humanitarian catastrophe is looming. The insecurity that is currently still increasing in the Sahel may well spill over into Ivory Coast, Cameroon, Senegal and Nigeria, whose fragility people tend to underestimate. In any case, it is certain that if the current demographic trend in the Sahel continues, the situation will become unmanageable.

Causes of flight: Famines that are already foreseeable now would cause massive migration movements – especially within Africa. Source: © Isaac Billy, Reuters.

Such Worrying Development Is not yet Irreversible

While the situation and current developments in the Sahel are extremely worrying, appropriate policies could mitigate the negative consequences of this extraordinary population growth and at least help to gain some time.

Suitable measures in the area of agricultural policy and rural development could undoubtedly slow the rural exodus and initiate genuine and sustainable growth in the rural areas for a certain time; René Billaz, former Scientific Director of the well-known French research institute CIRAD and subsequently President of the NGO *Agronomes et Vétérinaires Sans*

Frontières, has just published a remarkable book[9] summarising his sixty years of global experience in tropical agronomy and his extraordinary expertise in agriculture in the Sahel. The title of his book, which translates as "Turning the Sahel into a Land of Plenty", paints a clear picture of the challenge. Although the funding that is available for agricultural research is very modest, the systematic application of knowledge about agricultural ecology in the Sahel that has been acquired over half a century's time would make it technically entirely possible to at least minimise the consequences of ongoing climate change for agriculture in the immediate future and double agricultural yields, entirely without using expensive chemical fertilizers and pesticides.

The measures range from protecting and restoring soil fertility to controlling the rainwater cycle. This would require some adaptations, a special way of working the soil, the introduction of animal traction and low-level mechanisation, and the use of biopesticides. All this should, however, be followed by the introduction of solar electricity in rural areas, which is essential for the development of craft businesses, and a literacy drive naturally. The problem lies in managing the leap from the micro to the macro level, from pilot projects, demonstrating what is feasible by the example of a dozen villages, to the macro level with millions of beneficiaries. The application of these fundamental principles requires significant investment and the effective implementation of comprehensive development programs for rural areas in a situation where local budgets only include ridiculously small amounts for rural development (less than eight to ten per cent of the budget, although 80 per cent of the population live in rural areas) and international aid organisations have scandalously withdrawn from this sector, devoting a mere four to eight per cent of their resources to it.

A few figures illustrate this huge discrepancy between current realities and the existing demand. Burkina Faso would need 250,000 so-called *Kassines*, lightweight ploughs suitable to be pulled by donkeys. Local production capacity is 400 units per year. In Niger, 0.2 per cent of the rural population have access to electricity. And finally, 90 per cent of farmers in this country are illiterate (95 per cent of women in rural areas).

But gaining some time does not mean the fight will be won, and there is now also an urgent need to control human fertility. With respect to this culturally, religiously and ideologically highly sensitive issue, people still indulge in the hope that the problem will ultimately resolve itself "spontaneously" through education and the proliferation of modern means of contraception as economic development progresses.

In Europe, North America and Russia, this approach of relying on economic development and education was successful. However, in those countries, the demographic transition stretched over some hundred years and natural growth did not exceed one per cent a year. In Latin America and Asia, where Nobel Prize winner Gunnar Myrdal forecast dramatic famines in a famous book published almost half

Empowerment: Birth control programs could not only slow down population growth, but also contribute to women's equality. Source: © Joe Penney, Reuters.

a century ago,[10] natural annual growth rates of over two per cent were short-lived. In how many decades can one seriously expect sensible population growth rates of around one per cent a year, as is the case in Asia and Latin America these days, in sub-Saharan Africa and particularly in the Sahel Zone, where population growth has been above three per cent since 1960?

Birth Control Is Unavoidable, But Is It Actually Politically Feasible?

The situation in the Sahel is unique in recent history. The unemployment problem both in rural areas and in the cities, which is already very worrying today, will turn into one of the most urgent problems that the governments of the Sahel countries will have to address. In the given situation, these governments have the historic responsibility to express opinions deviating from those of the religious authorities and promote them in opposition to the prevailing culture and mind-set in order to initiate comprehensive family planning programs as quickly as possible.

Is the introduction of such programs possible? Technically speaking it certainly is, because there are plenty of examples of success (and of instructive failures) with programs of this type in other parts of the world. This enables the authorities to promote the development and introduction of programs with a global character, which will facilitate better fertility control. Such programs will need to be conducted with caution, taking the culture of the respective country into account. The costs would be reasonable, amounting to a figure between six and 35 U.S. dollars per family per year in a country such as Niger, depending on the type and objective of the expenditure involved.

But is it politically feasible? Will the governments have the courage to go against prevailing opinion, against religious conservatives, seeing that armed opposition groups could use the issue as a political argument that may have a destabilising effect? Are the international donors, who have always avoided the issue, now prepared to come out of their comfort zone and offer support for the governments' efforts? Are they ready to defy the prohibitive edicts of the religious right in the USA, which has considerable influence? This would require a very ambitious lobbying program to bring on board numerous influential partners, ranging from the Catholic Church to the religious

Republican right in the USA, and get them to at least remain neutral on this issue.

Will carefully thought-through strategies that have worked in well-organised countries such as Iran (where the fertility rate dropped from six children per woman in 1986 to 3.5 in 1994, i.e. within less than a decade), ultimately also work in countries such as Niger, with its poor infrastructure and inefficient institutions? We do not know the answer to that question yet. But the answer will be of crucial importance for the continent's future.

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1 In 2015, Serge Michailof published a book with the title *Africanistan – L'Afrique en crise va-t-elle se retrouver dans nos banlieues?* (Fayard, Paris) dealing with the difficulties that could only be outlined here.
2 Cf. Nigerien Ministry of Agricultural Development 2013: Stratégie de la petite irrigation au Niger.
3 Cf. Potts, Malcom / Henderson, Courtney / Campbell, Martha 2013: The Sahel, a Malthusian Challenge in: Environmental and Resource Economics, Aug 2013, Vol. 55.
4 Expressed in constant dollars at 2005 rate.
5 Cf. May, John / Groth, Hans (eds.) 2017: Africa's Population: In Search of a Demographic Dividend, New York.
6 Cf. Michailof, Serge 2010: Notre maison brûle au Sud. Fayard.
7 Cf. Diamond, Jared 2005: Collapse. How Societies Choose to Fail or to Succeed, New York.
8 Cf. OASIS Conference 2013: Crisis in the Sahel, Possible Solutions and the Consequences of Inaction, Berkeley.
9 Cf. Billaz, René 2016: Faire du Sahel un pays de cocagne, Paris.
10 Cf. Myrdal, Gunnar 1968: Asian Drama, an Inquiry into the Poverty of Nations, London.

Who is Going to Bear the Cost?

The Rapid Ageing of Latin American Societies as a Socio-Political Issue

Karl-Dieter Hoffmann

Currently, only around 40 per cent of Latin American citizens age 65 and over receive a regular (contributory) pension; a further 20 per cent receive a non-contributory (tax funded) state pension. The remaining elderly must continue to earn a living or rely on support from family members. While the region still has a relatively young population today, the number of people age 65-plus is set to increase to 140 million by 2050, up from under 40 million in 2010. The serious deficits in pension provision are closely linked to the structural characteristics of the national economies, which provide too few formal job opportunities.

Current global population development is characterised above all by a rapidly declining fertility rate in the vast majority of the states officially recognised by the OECD as developing countries. That this trend has had only a minor impact on the global demographic growth rate up to now is due to the fact that the number of women of child-bearing age is at a historically high level and will remain so for some time to come. Latin America is the first region of the so-called Third World where the majority of countries are following the demographic development pattern that the highly developed states of our time followed since the middle of the 19th century while undergoing the process of economic and social modernisation. After a long phase during which falling mortality rates and persistent high birth rates resulted in strong population growth, improvements in working, housing and living conditions (such as access to clean drinking water, better-quality food, reduced risk of infection) provided the right conditions for a gradual reduction in the fertility rate and therefore the birth rate.

Compared to developments in Europe and North America, this process referred to as "demographic transition" is taking place at a substantially accelerated rate in Latin America. In fact, the rapid demographic change is taking on extreme forms where the age structure is oncerned, manifesting in a steep rise in the relative numbers of men and women of pension age (65 and over) in the population. While it took 115 years in France and 85 years in Sweden for the proportion of elderly people to double from seven to 14 per cent, the same result will be reached within 26 years in Chile, and the period will be even shorter for Brazil and Colombia with 21 and a mere 19 years respectively. Only a small part of this section of the population is entitled to (adequate) payments from a regular pension scheme. This will add within a few decades a serious socio-political challenge to the existing spectrum of urgent social problems in Latin and Central America. As things stand, considerable numbers of elderly people in this region of the world will have little chance of spending the last period of their lives in reasonably carefree social conditions. Public measures and programmes for resolving or at least ameliorating the situation will inevitably place a huge burden on national budgets.

← Gaps in the system: Under the given conditions, a big part of Latin America's older population has few prospects of enjoying carefree twilight years. Source: © Desmond Boylan, Reuters.

Why Latin American Societies Are Ageing so Rapidly

Up to the middle of the 20th century, children and adolescents formed the broad foundation of an age pyramid whose upper layers were considerably narrower, ending in a small peak. At that time, average life expectancy in the region was around 52 years, and every woman bore more than six children on average. By 2012, life expectancy at birth had risen to 74.5 years, while the fertility rate dropped to 2.5 children per woman in the same period. While over half the region's population was under age 20 as recently as 1950, the median age had risen to 28 by 2010. These demographic shifts were due to a strong reduction in mortality rates, itself primarily due to measures controlling infectious diseases as well as gradual improvements in general living conditions. One central key figure in this context is infant mortality, which determines the characteristics of demographic development more than any other indicator. As a regional average, this figure dropped from 128 per 1,000 live births in 1950 to 22 in 2010. This means that only two of every 100 newborns died before their first birthday in the latter year while 60 years previous it was still one in eight.

However positive the impression may be that these average figures convey, one must not forget that there are some glaring differences in a regional comparison, particularly in terms of the demographic realities in the individual countries. In Argentina, for instance, life expectancy stated for 2014 was 76.2 years, while this vital key figure was 71.7 for Guatemala and 68.3

One-Child-Perspective: Whereas the birth rate was 4.3 children per woman between 1975 and 1980 in Brazil, it declined to only 1.9 in the period from 2005 to 2010. Source: © Alexandre Meneghini, Reuters.

for Bolivia. Similar differences exist with respect to infant mortality, which is intimately linked to average life expectancy. In a small group of countries (Uruguay, Argentina, Chile, Panama and Cuba), this key figure has been close to the level of the OECD countries for quite some time. While remarkable progress has been achieved in Bolivia since the turn of the century (60.4/1,000), the number of deaths in the first year of life there (38.6/1,000) was twice the number registered in Brazil (19.2/1,000). Similar differences can be seen with respect to the fertility rates in the individual countries. While women in Bolivia still bore an average 5.8 children in the period from 1975 to 1980, it was just 3.5 in the period from 2005 to 2010. During the same period, the fertility rate dropped from 4.3 to 2.5 in Colombia and from 4.3 to 1.9 in Brazil.

One demographic characteristic that can be observed in all Latin American countries without exception is the marked difference in the life expectancy of men and women. The official average life expectancy in Mexico for 2014 of 76.7 years was based on a value of 79.2 years for women and 74.4 years for men. The discrepancy is even more marked in Argentina, where the (2014) figures were 80.1 and 72.4 respectively. At the same time, women's life expectancy in

Paraguay exceeded men's by a good four years (75.1 compared to 70.9) and in Bolivia by five years (70.9 compared to 65.9). These discrepancies imply that a great many more men than women die before having reached the respective average national age at death. As a result, there were 119 women for every 100 men in the 60-plus range in 2010 on average across the region. This ratio takes on extreme values in Argentina (138/100) and Uruguay (145/100). In Guatemala, the gender ratio among the 65-plus generation is 164 to 100.

In the long term, the combination of falling fertility rates and rising life expectancy will inevitably lead to an increase in the proportion of the population aged 65 and over. In 1975, only some four per cent of the region's population were in this age range, and the proportion of close to seven per cent that was calculated for 2010 (compared to 19 per cent in Europe) may not appear too dramatic at first sight. As is to be expected, this regional average is made up of extremely heterogeneous national figures. In some countries, the relevant proportion was lower than five per cent in 2010 (e.g. Guatemala, Bolivia), while it was close to or over the 10 per cent mark particularly in the socioeconomically advanced countries of the region (Chile, Argentina). Uruguay tops the list with a proportion of 13.9 per cent for 2013. Demographic projections agree on the fact that the ageing process of Latin American societies is set to accelerate enormously in the foreseeable future. Currently, the baby boomers of the 1950s and 1960s are reaching retirement age. In the period from 2000 to 2025, the rise in the proportion of senior citizens (65+) is expected to grow three times faster than the population as a whole. During the following 25 years, this factor is expected to increase to six. By the middle of the 21st century, the demographic weight of the 65-plus age group will amount to some 20 per cent. In populous countries, such percentages translate into huge quantitative dimensions. In Brazil, for instance, the number of people in the 65-plus age range is set to more than triple within four decades – from fewer than 20 million in 2010 to approximately 65 million in 2050. The ratio between this age group and the cohorts of working age, which is referred to as the old-age dependency ratio, is set to increase from eleven to 49 per cent over the course of this period. Parallel to an 18.3 per cent increase in the overall Mexican population from 116 to 137 million expected for the period from 2012 to 2050, official figures forecast an increase in pensioners age 70 and above from 4.8 to 16.6 million, corresponding to a rise of approximately 240 per cent. Calculations for the region as a whole project an increase in the numbers of over-65s from 38 million in 2010 to some 140 million in 2050; over this period, the number of people of working age per person of pension age is set to reduce from 9.6 to 3.2.

The ageing process of Latin American societies will accelerate tremendously in the foreseeable future.

While the progressing reduction in infant mortality was the main cause driving the rise in average life expectancy for a long time, it is now mainly the slow but steady rise in life expectancy among the over-65s themselves that is dictating the upward trend of this key figure. In the period from 2010 to 2015, a 65-year-old woman living in Latin America had an average remaining lifespan of 18.6 years, a length of time that is set to increase by a further 3.4 years by 2050-55. The comparative figures for men of the same age are 16.1 and a further 2.8 years respectively. By the middle of the century, the region's population can expect to have an average life expectancy of 80.3, while the fertility rate is likely to drop as low as 1.8 and therefore below the demographic reproduction rate of 2.1. The number of those over age 80 in relation to the 50-64 age group is set to increase by a factor of three during the first half of the 21st century. By the next turn of the century, average life expectancy is forecast to rise by a further five years; half the population will then be over 47 (median).

Conventional and Non-Contributory Pension Systems

The speed at which the old-age dependency ratio will increase over the coming decades in large parts of Latin America would cause serious adjustment issues even in countries with a comprehensive and relatively effective institutionalised pension system. The socio-political seriousness of the situation is mainly due to the fact that in a regional average in South and Central America, only 45 out of every 100 people in work are members of a pension scheme or covered by state pension provisions. This low rate of coverage has not been substantially changed by the pension system reforms that have been implemented in several countries (including a general or partial change from pay-as-you-go schemes to capital-forming models) either. A differentiated examination reveals large disparities that are typical for the region as well as serious gender differences. In 2010, there were a total of approximately 130 million people in work who did not make any pension contributions.

The considerable gap in pension provision is due mainly to the structural makeup of the regional labour markets. The great majority of employees making pension contributions work in the formal commercial sector. And while the state-run pension system has been opened up to people working in the informal economy in all countries, only a small minority of that group (regional average: 16 per cent) are making relevant voluntary contributions. As most people working on a "self-employed" basis only generate a low and frequently fluctuating income, they find themselves incapable of cutting back on present-day consumption to make contributions towards a future pension entitlement. In the formal economic sector, pension contributions are also by no means made by and for all employees. This applies particularly to employees of smaller companies, which can save costs that way and make up for or at least minimise their competitive disadvantage compared to informal businesses.[1] In the formal economic sector it tends to be the low earners who make no contributions to regular pension schemes. The fact that only a small minority of respondents in a survey conducted in Lima and Mexico City among employees not participating in a pension scheme were able to demonstrate a basic understanding of the conditions of the state pension system – over half could not even state the standard pension age – indicates that the majority of low earners had never seriously considered this option of providing for their old age.

Getting to the bottom of the issue is made more difficult by the fact that the number of future pension recipients cannot be reliably extrapolated from the number of current contributors to pension schemes. While many employees have made contributions, they may not achieve the required minimum number of years of contributions and will therefore not be entitled to any payments. Others will only receive very low pensions, which are hardly sufficient to cover their basic needs. Given the extremely unstable labour markets, minimum contribution periods of 15 years and more (e.g. Panama 18, Paraguay and Mexico 25, Ecuador and Argentina 30) have anything but a positive effect on the attractiveness of state-run pension systems. The distinction between the formal and informal sectors or labour markets suggests a dividing line that does not appear to be justified considering that many people swap between the two types of work. A study conducted in Mexico found that 41 per cent of people in work during the period from 2006 to 2010 were engaged at least in one formal and one informal job, while 23 per cent worked only in the formal sector and 31 only in the informal sector. In Colombia, Ecuador and Venezuela, one in four employees working in the formal sector at any one time lost that job within a year. Due to the notoriously insecure job and income prospects, many working people do not bother joining the state pension scheme.

In most countries, politicians have responded to the enormous gap in the numbers of people covered under general pension provisions by creating alternative safety net systems that will

Bleak prospects: Acquiring a state pension entitlement is beyond the means of many low earners; consequently, they often do not even know the retirement age. Source: © Reuters.

Corrugated iron as a retirement home: Only very few Latin American countries are able to pay pensions that come close to meeting the European standard. Source: © Nacho Doce, Reuters.

afford people without a regular pension entitlement a basic level of financial security. The programmes vary greatly in their coverage and in the amount of benefits provided. In Bolivia, the Morales government devised the so-called *Renta Dignidad* (roughly: dignity pension), a model that pays all persons age 60 and over – including those who are entitled to regular pension payments – a state pension. In Mexico, only those age 70 and over who do not receive any other social benefits or moneys from a private pension receive benefits from the *Pensión para Adultos Mayores*. What the two programmes have in common is the modest amount of the monthly payments, which are below the poverty limit of the equivalent of 2.5 US dollars a day; in Argentina, by contrast, the impoverished elderly age 70-plus receive payments equating to seven US dollars a day, while it is 5.50 US dollars in Panama and just under 10 US dollars in Uruguay.[2] In Uruguay, the proportion of tax-funded pension recipients is only eleven per cent because of the low coverage deficit of the regular pension system.

In Brazil, where the minimum age for receiving non-contributory state pension payments is 65, over a third of this age group receive such benefits (daily rate: eleven US dollars); in Chile and Argentina it is 26 per cent (daily rate: 6.50 US dollars) and 25 per cent respectively with the same age threshold. While similar programmes are of no great significance in Peru, Paraguay and El Salvador because of the low number of recipients, they are entirely non-existent in Haiti, Honduras and Nicaragua.

> **Increasing expenditures for public pension provisions prevent important investments in other sectors.**

Using the non-contributory benefit programs for elderly people, several countries have succeeded in significantly reducing the gap in the coverage provided by the conventional pension systems.[3] In addition, measures taken there have improved the general living conditions of many people of pension age reasonably significantly and thereby reduced the poverty risk. At the same time, these types of expenditures place a burden on national budgets, which are under pressure in any case in times of economic weakness. One also needs to bear in mind the low tax rate in Latin America (except Brazil) compared to OECD countries: governments can only spend what they have received in revenues. With the foreseeable rapid rise in the numbers of the over-65s, expenditures for such benefit programmes will inevitably continue to increase. Any government planning to make cuts in existing non-contributory pensions will incur a large political risk because the beneficiaries will represent an increasingly significant part of the electorate. Conversely, political parties and presidential candidates can boost their popularity among voters if they advocate an expansion of the group of recipients of tax-funded pensions and/or an increase in the monthly payments. Generally, the potential election victory wins out over possible subsequent budgetary problems. The rapidly increasing expenditure for the publicly funded pension system ties up scarce state resources that would be urgently required for other investments – in the education sector, for instance, and in the economic infrastructure; this hinders economic progress (that could be achieved through increased productivity and improved national competitiveness). And that in turn limits the capacity of the formal economic sector to create jobs and consequently encourages the continued existence of the large informal sector.

A Pressing Problem without Adequate Approaches for Providing Solutions

Unlike Latin America, Europe and North America not only had a far longer time to adjust to the challenges of a steadily ageing population, the first generation of the industrialised countries also had economic capabilities that made it easier for them to master this task. As things are, only very few countries in Latin America are capable of offering the majority of people in the 65-plus age group social benefits that come anywhere close to the respective standard in Europe.[4] Initiatives to establish institutionalised

care for the elderly have only been established in very few countries (including Costa Rica and Uruguay).

In many countries of the region, contributory and non-contributory pension models together by no means cover all men and women of pension age. On average, this affects over a third of the over-65s in the region, with the proportions being significantly higher in the economically weakest countries in particular. The affected people must rely on support from elsewhere to fulfil their basic needs. While the payments from tax-based pension programmes are mostly rather low, a considerable number of those entitled to a regular old-age pension also receive payments that are not sufficient for them to spend their sunset years in modest dignity. In Ecuador, the proportion of the recipients of both types of pension whose income equates to less than 2.50 US dollars a day is 62 per cent; in Mexico, the equivalent figure is 40 per cent. In many countries, serious shortcomings in the healthcare system further worsen the precarious living conditions of poor elderly people.[5]

Many elderly people without any pension income at all and those whose state pensions or benefits do not cover their needs find themselves forced to continue earning a living. In countries with good pension coverage, fewer than five per cent of those over age 80 are still working, while it is almost 20 per cent in countries such as Peru, Honduras and Nicaragua. In Latin America, the family traditionally plays an important role in supporting its (very) elderly members. Seven out of ten elderly people live in extended families compared to some 30 per cent in Europe. Particularly women – daughters and granddaughters – devote themselves to the time-consuming task of looking after parents or grandparents who are in need of help and/or care in a joint household. This means that hundreds of thousands of women are kept out of the (formal) labour market, incapable of building a pension entitlement of their own – a classic vicious circle. In addition, the funds used for elderly care cannot be used to invest profitably in the future of the younger generation (education, health, housing). Simply due to the

← Wonder Women*:* It is above all women who care for their frail parents and grandparents and are consequently not available to the labour market.
Source: © Pilar Olivares, Reuters.

continuing decline in the fertility rate, there will be less scope for families to compensate for the lack of pension provision. One other, and in many cases additional, variant of financial support is provided by the more or less regular transfers of funds from abroad – particularly from the USA – made by (legally or illegally) employed family members (*remesas*). Particularly in Mexico and Central America, considerably more families would be living below the poverty line without this source of income.

In view of the relatively low tax rate, the obvious remedy for compensating for the financial burden of the non-contributory state pension systems would be to raise tax revenues. Additional payments into the state coffers could be realised by raising tax tariffs and/or stepping up the fight against the notoriously pervasive tax evasion.[6] Disregarding the fact that there are many plausible arguments for increasing state revenues not only, but particularly for those countries in the region whose tax rate is only around half that of the OECD average, such measures would do nothing to address the underlying structural problem discussed above. The same applies to rising tax revenues resulting from greater economic growth rates, which can only be achieved temporarily, as we know from experience and as was clearly demonstrated by the cooling of the economy after the recent regional boom phase (2003 to 2010).

Initiatives and programmes that significantly boost participation in contributory pension schemes and therefore have the potential of limiting the costs of non-contributory pensions are currently no doubt at the top of the agenda. However, making progress in this area is easier said than done. Effecting change in the structure of the regional labour markets to strengthen the formal economic sector is anything but easy and no doubt an extremely long-term undertaking. Corrections will need to be made to the existing provisions of tax legislation that indirectly and unintentionally foster the continued existence of informal economic activities. In Latin America, policy measures in the areas of tax and the labour market therefore frequently influence people's decisions on the usefulness and method of making their own financial provision for their old age.

The non-contributory state pension models turn out to be sociopolitically counterproductive.

Disastrously, particularly the non-contributory state pension models that have been established or massively expanded lately are having some extremely counterproductive socio-political effects. For the vast numbers of low earners who have very little disposable income left after having covered their basic needs, and this affects up to 60 per cent of the working population in the most extreme cases, the tax-funded pension provision represents an alternative to the conventional contributory system. The benefits offered by those programs remove the incentive for uninsured people working in the informal sector to make an effort to seek employment in the formal sector and thereby become part of the state pension system. Following the same logic, these people are also demotivated from making voluntary contributions as most others in the same situation save this expenditure and can still expect to receive a state pension that just about covers their basic needs. One could say that the non-contributory old-age pension provisions (usually linked to healthcare programmes designed along similar lines) constitute a way of subsidising the informal sector. It is therefore obvious that the chances of significantly reducing the numbers of those working in the informal sector rather than the formal sector are very poor.

Consequently, there is a need for innovative concepts that significantly increase the incentives for participation in the contributory state pension schemes. Besides a crucial critical examination and subsequent elimination of all circumstances under government control that raise the attraction of working in the

informal sector rather than reducing it, one can envisage programs that top up contributions made to the state pension system by low earners, while guaranteeing a minimum pension that clearly exceeds the monthly payments of the non-contributory state pension provision. While making sense at first sight, combining such an offer with a (publicly announced) gradual reduction in the monthly payments from the non-contributory pension scheme would be more harmful or even counterproductive for socioeconomic reasons (continuing high poverty rates; little chance of moving from the informal to the formal sector for most affected people) as well as political reasons (high proportion of elderly among the electorate)[7], taking all the pros and cons into consideration. However, the hope remains that the fundamental demographic change manifesting in the rapidly increasing proportion of the over-65s and the need for political action this demands will encourage the development of concepts for innovative social programs, the details of which can only be guessed at today. The Latin American governments will probably not take much comfort from the fact that the progressive ageing of society is also increasing political and financial pressures to rethink the design and initiate reforms of conventional pension provisions in Western Europe and elsewhere in the First World with every year – albeit in a different form.

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1 "On average, barely 20 % of workers in firms with fewer than five employees contribute to social security. For large firms (with more than 50 employees), that contribution figure is 70 %." Bosch, Mariano / Melguizo, Ángel / Pagés, Carmen 2013: Better Pensions, Better Jobs: Towards Universal Coverage in Latin America and the Caribbean, Washington D.C., p. 48.

2 The stated dollar amounts are not based on the official exchange rate, but reflect the real purchasing power of the state benefits in the respective country (converted to US dollars for comparison purposes) according to the principle of purchasing power parity (PPP).

3 In Argentina, Brazil and Bolivia, the proportion of pension recipients among the 65-plus generation has now reached the OECD level. While only some five per cent of rural workers have paid pension contributions in Brazil in the past, today around 90 per cent of the elderly living in rural areas receive payments from a non-contributory benefit program.

4 The international NGO Help Age International regularly assesses the living conditions of older people around the world on the basis of a differentiated catalogue of criteria. According to the Global Age Watch Index 2015, Panama, Chile and Uruguay are the Latin American countries where the elderly are comparatively well provided for, while Venezuela, Honduras and Paraguay offer the worst general conditions for old age. Cf. HelpAge International 2015: Global AgeWatch Index 2015, London.

5 In combination with other risk factors (such as increasing levels of obesity, indicators pointing to an increase in the number of smokers), inadequate medical care for older people with health problems could result in demographic forecasts indicating a continued increase in average life expectancy having to be revised sooner or later.

6 In Brazil, some financial scope could be created by reducing the expenditure for the pensions of former state employees, which are still extremely generous despite some initial reforming measures during President Lula da Silva's term in office. But enforcing this politically would meet with massive resistance. The pension provisions for some three million former state employees cost a multiple of the expenditure for the conditional cash transfer program *Bolsa Familia*, which benefits over 50 million people.

7 "In 2010, the 65-and-over population accounted for approximately 10 % of the electorate. In 2050, this population segment will represent 23 % and in some countries like Chile, the segment will make up 27 % of the electorate. Moreover, the fact that elderly adults are more likely to vote than younger people means that the effective percentage of the electorate made up by the elderly could reach 30 %." Bosch / Melguizo / Pagés, n. 1. pp. 32 f.

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Crane versus Stork

Japan's Demographic Change as a Major Challenge for Politics and Society

Akim Enomoto / Hannes Bublitz

Like no other industrialised nation Japan is confronted with the challenges of a rapidly ageing and shrinking population. Today, more than a quarter of the Japanese population is already over age 65. Along with a stagnating economy that is even failing to gain momentum through the acclaimed Abenomics, Japan's demographic change is the biggest problem for the island nation. What measures is the government adopting to halt the demographic crisis? Is it perhaps already too late for counter measures?

In Japanese mythology the crane is considered a talisman and said to live for a thousand years. In Japanese folklore those who do not shun the task of folding a thousand paper cranes are granted good health and a long life.

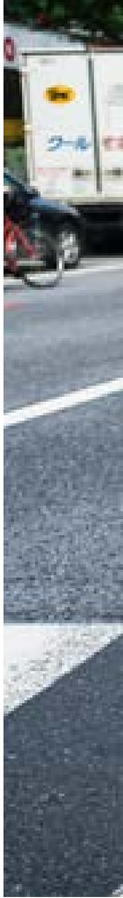
Rather like the legendary crane, Japan's population is increasingly enjoying longer life expectancy. In 2015, life expectancy at birth was 80.79 years for men and 87.05 years for women.[1] By global comparison Japan's women have the highest life expectancy, while men live the third longest. Japan is frontrunner in the percentage share of seniors of the total population. 27.3 per cent of the population is 65 years-plus (corresponding overall to 34,610,000 people).[2] These developments present the government with considerable financial and political problems. The *sakazuki*, the ceremonial drinking cup, symbolises these challenges. To celebrate their centenary birthday year, pensioners receive this silver drinking cup worth about 70 euros. Together with a congratulatory certificate signed by the prime minister, these celebratory gifts are dispatched throughout Japan to its centenarians on the "Respect for the Aged Day" (*Keirō no Hi*). When this tradition was introduced in Japan in 1963, only 153 centenarians lived in the entire country. Today, five decades later, the number of those aged over 100 is actually about 60,000.[3] In 2015, the Ministry of Health, Labour and Welfare spent almost two million euros on the manufacture and presentation of the *sakazuki*.[4] Due to the rapidly rising number of centenarians the Ministry has been unable to justify the production costs of the sterling silver *sakazuki* for some time, and this year production switched to cheaper metal for the first time. In the past, the cup was already slightly reduced in size.[5] As trivial as this example may seem, Japan finds itself in a demographic crisis. Due to long life expectancy, its society is ageing at a rapid pace and the low birth rate is responsible for a declining population number. The Japanese government is engaged in frenetic efforts to counteract the looming demographic disaster. If the government does not get demographic change under control, Japan will face dark days ahead.

Reason to Panic

Sociologists and demographers refer to societies with more than 21 per cent of the population age 65 years or older as "ageing". Latest estimates by the Ministry of Internal Affairs and Communications estimate the share of over-65 year-olds in Japan at 27.3 per cent. This share is projected to rise to 39.9 per cent by 2060. In other words, this means that for every Japanese teenager under 15 there will be three seniors age 65 years-plus in 2040.[6] Today, Japan's population is not only already overaged, but it is also growing older at a worryingly fast pace.[7] However, the rapid ageing process is rather a symptom of the demographic crisis that Japan is facing. In fact, longer life expectancy of the population is one of the virtuous outcomes of successful industrial nations. Long life expectancy directly reflects the achievements of the

state in the areas of medical technology and healthcare, and is an indicator of a generally high standard of living. The fact that the Japanese are becoming older on average is a sign of the success of the Japanese welfare state. Japan's problem is not its ageing, but rather its shrinking population; the fertility rate is 1.46 children per woman of child-bearing age.[8] To achieve a balance with the young generation, or in other words to prevent the population from shrinking, it would need a rate of 2.07 children for each woman of child-bearing age. However, experts expect a negative development in the fertility rate: based on the current trend and granted that the government doesn't intervene, it is projected that only an average of 1.35 children will be born per woman in 2060.[9] The population number would accordingly shrink from the current 127.3 million to 94.6 million. This represents an anticipated population loss of almost 33 million people. By comparison, the metropolitan region of Tokyo has about 34 million residents. There are also other causes for concern. The aforementioned trends of an ageing and shrinking society will have a devastating impact on the relation of working people to older persons. If, as projected, by 2060 the working population declines to 50.9 per cent of the overall population, every Japanese pensioner would only be supported by 1.25 people in paid employment on average.[10] This would lead to increasingly higher taxation expenditure and reduce the population's private wealth. Forecasts for this suggest that by 2024 private households' average wealth will have fallen to the same level as 1997.[11] The demographic crisis that Japan is suffering threatens to become a disaster.

Folding for retirement: According to Japanese mythology those who can make a thousand paper cranes are destined for health and a long life. Source: © Vincent West, Reuters.



The ageing of Japan's population, caused by the declining birth rate, can be classified into three phases. During the first phase, in the post-war period from 1947 to 1957, the fertility rate halved from 4.54 to 2.04. In the second phase, from 1957 to 1973, the rate stabilised and settled at 2.0 children per woman of child-bearing age. This period was characterised by Japan’s economic upswing and an annual income rise of ten per cent per capita. The third phase, from 1973 to today, is characterised by a continual decline in the fertility rate caused by economic stagnation and recurring recessions.[12] Today, the Japan's fertility rate is about 1.46 children per woman. In fact, since 1974 there has not been a single year in which the rate was above the reproduction level.[13] The reasons for the decline in the fertility rate and the related regressive birth figures are closely linked to the economic conditions in Japan. The country is continuously faced with the threat of sliding back into recession. Government debt measured in terms of gross domestic product (GDP) is over 240 per cent and *Abenomics*, the economic and monetary policy named after the prime minister, still has not resulted in an economic recovery. For Japan’s citizens this means lower incomes, cuts to social benefits and ultimately pessimistic future prospects. This economic pessimism is primarily to blame for the trend of the Japanese postponing marriage much longer than in the past, or not even getting married at all. Experts state that marriage at a later stage as well as opting for a single lifestyle could be held accountable for about half of the declining birthrate.[14] Japanese couples marry later now than in the 1970s. At about 31 years, men now marry on average 4.2 years later than in the 1970s; at 29 years old, women are even 5.2 years older when they marry for the first time.[15] In the Japanese context fewer or later marriages mean fewer births because only two per cent of all Japanese children are extra-marital; by comparison, the percentage is 40 per cent in the UK and the U.S.[16] The bad state of the economy, the aforementioned drop in salaries, and more than ever the unique character of Japanese corporate culture are held to blame for these developments. Japanese companies are governed by a strict seniority principle: age and an employee’s period of employment for an organisation determine the salary level and position within the company. During the early years, young employees often only earn a relatively modest income. The seniority principle also means that Japanese employees work extremely long hours as employees also stay for as long as the boss is still in the office. There is an obvious link between low salaries, consistently high living costs, a poor work-life balance which leaves the individual worker scarcely any leisure time, and a plummeting birth rate. Those who want a successful career in Japan marry late and have few or no children and practically no free time. To boost the economy, Shinzo Abes’ government recently supplemented *Abenomics* with *Womenomics*. Now, women should be increasingly integrated into the working age population. However, conversely this also means that more women than ever before suffer under Japanese corporate culture. The career women of *Womenomics* have, just like their male colleagues, not much money and little free time (it sounds trivial, but leisure time is the basic condition for getting to know potential partners and having children). These are undoubtedly not the best conditions to boost the birth rate.

The poor economic situation, low wages and long working hours complicate family formation in Japan.

The aforementioned projections and developments are worrying. However, the demographic crisis is now already having considerable effects on politics, the economy and social factors. Japanese old-age pensioners are proven to vote for protectionist policies; they tend to vote for initiatives promoting their government’s pensions policy rather than voting for education or expanding children’s nurseries. Pension policies and the votes of the older electorate are essential and do not necessarily mean anything negative. Also, it is only to be expected that interest groups like Japanese old-age pensioners

Ageing: Today, more than 30 per cent of the Japanese people are over 65 years old. This percentage is set to rise further in the coming decades. Source: © Lee Chapman.

vote for policies that affect themselves. However, this behaviour becomes problematic when the balance of power between "young" and "old" in the population is so heavily skewed as it is in Japan. Another factor is that Japan's seniors are heavily over-represented in elections. This dates back to the district boundary allocations after the Second World War when two-thirds of the population lived in rural regions. These districts and prefectures put forward a correspondingly high number of members of parliament. However, today only one fifth of the population still lives in the rural areas; the vast majority of the Japanese has long since lived in cities. However, the relationship between the representatives who are sent from a prefecture into parliament and the actual residents in the prefecture has not yet adjusted to the new realities of life in many parts of the country.[17] Japan's particularly "grey" and depopulated prefectures still send above-average numbers of representatives to the National Diet (*Kokkai*)[18]. The conservative and protectionist electoral behaviour of over-proportionately represented seniors at election time has an indirect influence on the decline of the birth rate, as raising children remains expensive in a state that always has to keep one eye on pensions policy and social benefits for elderly persons. Expenditure on social benefits including pensions, care of the elderly and healthcare is responsible for about 55 per cent of non-interest bearing overall government expenditure.[19]

Poverty in old age has already become a major problem in Japan today. With a shrinking working age population, social welfare benefits also decline inevitably. Social welfare benefits for old people and pensions have already been cut in recent years. More Japanese pensioners than ever are drawing exceedingly small pensions; doctors' fees and hospital treatments have to

be paid for with up to 30 per cent own contributions.[20] Japan's old people are becoming poorer despite their political over-representation. Japanese old-age poverty meanwhile manifests itself regrettably in an increasing crime rate amongst the elderly. Although the general crime rate is falling in Japan, the number of criminal offences committed by seniors has increased sixfold since 2001: Japan's old-age pensioners are responsible for 16 per cent of all police investigations.[21] Cases of shop-lifting or pickpocketing are particularly common. The share of prison inmates over age 60 is relatively high at 12 per cent in comparison to on average only five per cent in other advanced industrial nations.[22]

Rising numbers of criminal pensioners in Japan follow from high levels of poverty in old age.

The approach of government and business enterprise to tackling demographic change should be viewed from two sides. On the one hand, with the implementation of suitable measures the state hopes to increase the birth rate actively and to find new ways of a more holistical integration of specific population groups into the labour market. On the other hand, the ongoing advance of an ageing society has already become a reality that must be directly tackled both politically and economically. So, how are government and businesses reacting to this demographic challenge?

Silver Lining on the Horizon?

Japan's government is acutely aware of the negative trends projected and has already adopted measures to counteract its demographic profile that has spun out of control.

In a fairly creative way, the Japanese government is experimenting with the role of Cupid in order to reverse the low birth rate trend on a regional level. For several years some municipal councils have been offering the services of a matchmaking agency to young residents who are eligible for marriage. For example, Ehime Prefecture on Shikoku Island is gathering large data sets – so-called *big data* – from residents who are looking for a suitable marriage partner. On the basis of these data entries the system searches for suitable partners in the region and meaning to improve the chances for a quick and successful introduction. Within one year, Yamanashi Prefecture was able to inspire 700 singles to take part in a similar programme – 100 more members than the government originally hoped for. 200 couples arranged a date, and of these, five couples even said 'I do'.[23]

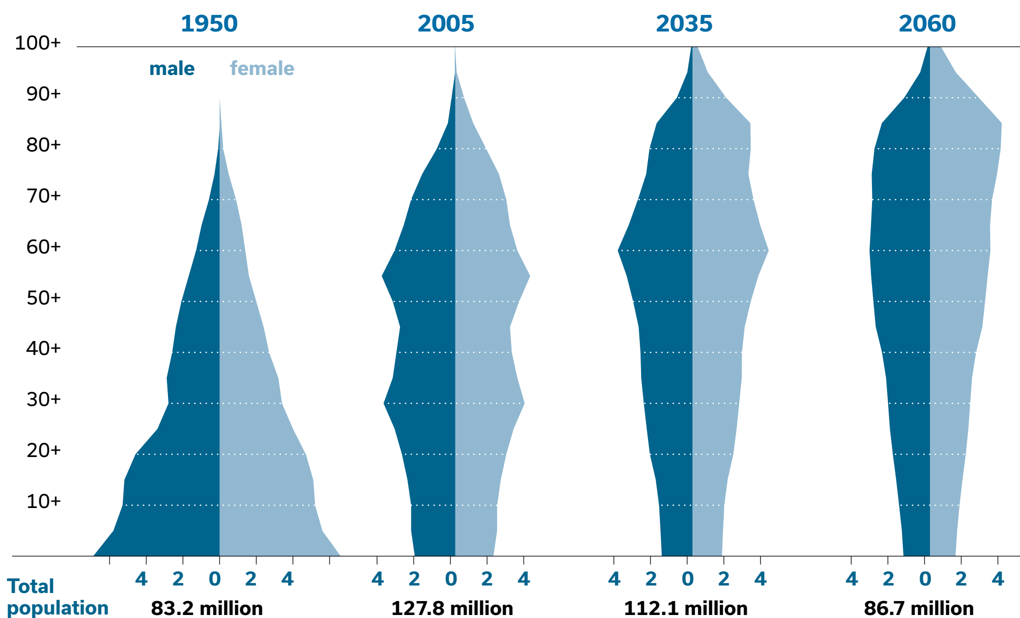
In addition, the government endeavours not merely to rely on Japan's mothers to raise their children in a campaign to reintegrate women into the job market as early as possible after having given birth. Currently, approximately 60 per cent of all Japanese women leave their job after childbirth and dedicate themselves exclusively to childcare and managing the household. Only a few return to their professional career. Pregnant women also increasingly give up their career as a result of workplace discrimination. In Japan, this phenomenon is known as *matahara*, an abbreviated form of the English phrase 'maternity harassment'. A survey of pregnant women in part-time employment conducted by the Ministry of Health, Labour and Welfare revealed that almost half of the interviewees were exposed to discrimination from managers and work colleagues. The share was almost 22 per cent among those in full-time employment. *Matahara* manifests itself in the workplace particularly in verbal abuse, degradation and unfair treatment.[24] Despite several ground-breaking court rulings, which deemed the discrimination of pregnant women unfair, it is questionable whether the mind-set of the Japanese patriarchal work collective can change without the appropriate professional development measures within an organisation.

By contrast, the percentage of men who take paternity leave is only 2.3 per cent countrywide.[25] Ironically, according to the Organisation

for Economic Cooperation and Development (OECD), Japan offers the most generous terms for fathers of all OECD countries. Theoretically, Japanese fathers could obtain paternity leave for up to 52 weeks whilst retaining almost 60 per cent of their salary, yet they fail to do so in practice.[26] This discrepancy is due to a large extent to the social stigma associated with the traditional allocation of gender roles in what is socially a rather conservative country. Such prospects are a thorn in the side for Shinzo Abe whose *Womenomics* aim to increase the amount of women in the working age population in order to boost the stagnating economy. For this reason, the state provides subsidies for companies making it easier for fathers to take their entitled paternity leave.[27]One the pioneers of the movement in politics, Kensuke Miyazaki, a young representative of the Liberal Democratic Party (LDP), was the first politician in Japanese history to claim his entitled paternity leave. However, only two months later, one week before the birth of his child, Miyazaki resigned from his position because of the revelation of an extra-marital affair. This scandal could further fuel Japanese society's already widespread prejudices against employees who wish to take paternity leave.[28]

To guarantee that both parents continue to work, the Abe government has attempted to increase the number and capacities of child daycare centres since 2013. Initially, hundreds of thousands of children were on the waiting lists of the overcrowded institutions. By 2018, 500,000 additional supervised places are now set to be offered. While the government is well on the way of achieving its allocated quota by building new children's daycare centres, substantial challenges are already emerging. These are partly caused by outdated formalities and partly by imprudent deregulation. Almost 760,000 qualified nursery carers resigned in recent years because of low income was and due to unreasonable amounts of bureaucracy. This has been caused by the government's subsidy system that only grants up to 80 per cent co-funding for licensed daycare centres whether they are public or private. Thus, there are only minimal prospects of success in this market for independent service providers that could offer personnel more flexibly and competitive

Fig. 1: Shares of Age Groups in Per Cent



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Population Census of Japan.

Tradition and modernity: Female employees are urgently needed in Japan, but Japanese society is still being dominated by traditional ideals about relationships between the sexes. Source: © Yuya Shino, Reuters.

employment conditions. Yet, if a provider does obtain a licence, all aspects of the centre's operation from opening hours to salary levels will be strictly regulated. Many qualified nursery workers cannot concentrate on the job of supervision due to numerous administrative tasks. In addition, salary increases are usually promised on the basis of seniority and not, for example, performance. According to the Ministry of Health, Labour and Welfare for every job application from a qualified nursery worker there are five vacant positions for qualified nursery supervisors.[29] Meanwhile, the growing pressure to increase the positions for nursery workers frequently leads to instances of fatalities caused by overwork of the childcarers and oversubscribed daycare centres. In 2015, throughout the country, 14 children lost their lives, mostly in unofficial institutions.[30]

A breakthrough for the long-term integration of women into the labour market could certainly be the suspension of a tax break for married couples, which has applied since 1961, and is currently being championed by the LDP. The regulation determines that a married couple will receive tax relief worth 360,000 yen (about 3,000 euros), if a partner's annual earnings are less than 1.03 million yen (about 9,000 euros). 15 million tax payers apply for this tax benefit every year. In most cases they are female spouses who only have a part-time job due to this tax incentive. A study carried out by the Ministry of Health in 2011, Labour and Welfare shows that more than a third of married women intentionally reduced their working hours to qualify for inclusion in this tax class.[31] A revision of this tax break could make it possible for women to gain promotion or to return to work and therefore introduce additional workers to the market.

Silver Economy

A chronic shortage of workers is one of the numerous symptoms of an ageing society.

While many companies grimly search for suitable young talent or hire workers from overseas, more and more Japanese companies rely on those who are 65 plus coming out of retirement. *Pola*, one of the biggest cosmetics companies in the world having its headquarters in Tokyo, sells its products in Japan with the support of 50,000 sales agents who work on commission. These agents known as *beauty directors* operate as independent small businesswomen who often spend years establishing a close network of clients and maintain this by arranging regular home visits. Almost 95 per cent of *Pola's* total revenue in Japan, estimated at an equivalent of over 870 million euros, owes to such sales agents. Amazingly, an impressive 5,500 of these "beauty directors" are in their seventies, 2,500 in their eighties and 250 of them are even more than 90 years old. The cosmetics business, which has been employing women as sales representatives since 1937, does not recognise any retirement age. It is important for the company to build up a loyal and long-term client network that can only be established through long-standing relationships. The company's most successful representative, who manages more than 90 shops, is 76 years old and has five grandchildren.[32]

The manufacturing industry, once the driver of the Japanese economy, has also been increasingly employing older workers again. Almost a decade ago the bearing manufacturer, *Isoda Metal*, founded in 1905, decided to allow skilled workers to stay on past the age of 65. The workers are given one-year contracts and also usually take on training junior workers besides their main job. The director of the company, which supplies components, among others, for the Japanese Self Defence Force submarines, regards the retirement of qualified and experienced employees as a business risk and supports the role of the veterans as a model for workers at the start of their careers. Meanwhile, 25 per cent of all workers employed by the manufacturer are between 60 and 80 years. Furthermore, since 2001, another company in the metal industry only has been employing applicants over 60 because they are also willing to work on weekends and public holidays, thus ensuring the seamless maintenance of the manufacturing process.[33]

Business with old age is booming in Japan.

These examples demonstrate that people of retirement age can certainly be integrated into the Japanese labour market with great success. However, this is not the only area that is increasingly undergoing change; even products and services for sales markets must be relevant and reoriented to the ageing society. The *silver economy* promises numerous new business opportunities. For example, many of the ubiquitous mini-markets in Japan already display entire product ranges such as food and hygiene items aimed at seniors. The Japanese government sets great store by companies specialising in medical technologies in order to control the rapidly rising costs of healthcare in future. As one of the leading nations for robot technology, Japan's researchers are now also developing and testing technologies such as exoskeletons and robots for rehabilitation and support with caring for old persons. Several research programmes are even financed by the Ministry of Economy, Trade and Industry (METI). A baby robotic seal called *Paro* developed by the researcher Takanori Shibata is said to have a therapeutic effect on old people suffering from depression, dementia and other illnesses. 3,500 of the robotic seals have already been sold in 30 countries. In Denmark, the robotic seal is even supposed to be in use in over 80 per cent of care homes run by local governments. However, the biggest challenge continues to be the costs of mass production and the future commercialisation of the robots. Hand sensors for a carer robot developed by the scientist Shigeki Sugano already cost an equivalent of almost 150,000 euros – the robot assists seniors to get out of bed and can serve them food and drinks.[34]

The substantial costs prompt the question as to whether both financially and also on a human

level it would not perhaps be more plausible to hire young workers from abroad. Care for the elderly is the sector with the most urgent need for personnel. The government certainly recognises the problem, however, foreign and mostly South East Asian carers generally find it unreasonably tough to meet the licencing conditions set by the government. In 2009, the first year foreign applicants were permitted to take the licencing test, not a single carer passed the entry exam. One year later only three of the 254 applicants successfully passed the annual test. The biggest hurdle here was the inexplicably difficult language test. After the test was simplified in 2011, 47 of 415 candidates obtained their carer's licence. In comparison, in the United States recently over 5,700 foreign carers successfully obtained their accreditation. The example of the approval conditions for foreign carers is symbolic of Japanese politics: on the one hand, problems such as the shortage of workers are correctly identified, and on the other hand only half-hearted measures are adopted to tackle them.

Fundamental Paradigm Shift – a Must

Japan needs an economic upturn. It requires a prosperous economy to create positive economic prospects for young couples in future, and for their private lives, so they can start to have children again. However, this will be an ongoing project for the coming decades. Above all, Japan needs workers. These new working-age people must help to replenish tax takings to facilitate the necessary social benefits and pensions for the older population. In future, the country will be unable to avoid opening its borders to immigrants. Culturally and historically, Japan has always been extremely sceptical and resistant to a more open immigration policy. Even today, at the peak of globalisation, only about two million foreigners live and work in Japan. By comparison, a similar number of foreigners live in Switzerland, a country with extremely restrictive immigration laws and only about six per cent the size of Japan's population.[35] Japan's government and society must rethink their reservations towards immigration. Fears about dissonant Western influences and the destabilisation of "homogeneous" Japanese society are outdated and have for some time been incompatible with modern attitudes and global labour market developments. The United Nation's Population Division has calculated that between 2000 and 2050 Japan would need about 17 million immigrants to stop the depopulation trend.[36] To reverse this trend, even, and therefore to counteract the increasing ageing population, Japan would have to become far more open still.

Only by completely reorientating itself, Japan can find a way out of crisis.

The legendary crane, the good omen for health and long life, has long since developed into a herald of the crisis. It no longer signals good fortune, but epitomises the demographic calamity – the wings of the crane flap incessantly. For the Japanese government it already seems too late to put a stop to the demographic change. It now has to practise crisis management and to attempt a damage limitation exercise. A root and branch rethink of society – not only with regard to immigration policy and gender equality – but also in terms of regenerating the economy are the only approaches that could save Japan from a completely overaged population and depopulation.

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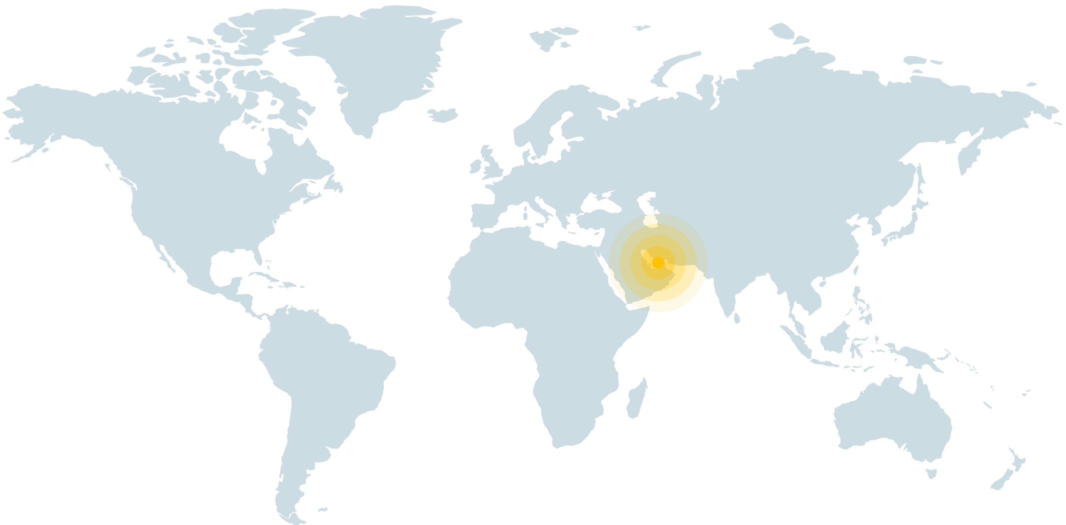
Cold War in the Gulf

The Rivalry of Saudi and Iranian Narratives for Hegemony in the Middle East

Gidon Windecker / Peter Sendrowicz



The rivalry between Saudi Arabia and Iran is much more than just a sectarian conflict: Two regional powers compete over the hegemony in the Middle East. In this struggle for dominance, both use a sophisticated arsenal of rhetorical means to construct sectarian narratives which back their real-political intents.

At first sight, the latest escalation between Saudi Arabia and Iran is in line with growing sectarianism in the conflicts in the Middle East. In January 2016, Saudi Arabia executed the Shiite cleric Nimr Al Nimr. A mob then set fire to the Saudi embassy in Tehran which led to a cessation of diplomatic relations between the Gulf monarchy and Iran. In September, for the first time in three decades, Iranian pilgrims were excluded from the Muslim *hajj* and religious leaders in both countries engaged in a war of words about the privilege of interpretation in Islam: the Saudi Grand Mufti described Iranian Shiites as "non-believers" and Iran's Ayatollah Ali Khamenei denounced the Saudi royal family as the "small and puny Satan".[1]

However, upon closer inspection it becomes obvious that while the sectarian aspect plays an important role in the Saudi-Iranian rivalry, its reduction to a religiously motivated conflict, namely, Saudi-Sunni versus Iranian-Shiite, misses the mark. The dispute between both regional powers is ultimately played out on diverse levels and by multiple means. And the instrumentalisation of the case of Nimr Al Nimr is about much more than only the execution of a Shiite cleric by a Sunni ruled state. Reading between the lines of the front-page stories clarifies that this is about a classic power conflict of two emergent hegemonies. This acts as a prism which sheds light on countless events in the region. In this case, the privilege of interpreting Islam is merely one aspect. The underlying motives for verbal hostilities and strategic maneuvers in the conflict between Saudi Arabia and Iran are the pragmatic and expansionist efforts for self-preservation and broadening the respective area of influence in one of the world's most volatile regions which like no other territory is undergoing radical geopolitical transformation.[2]

The stakes here are about dominance in the Middle East both ideologically and in terms of power politics, where all measures are enforced – similar to the Cold War era between East and West. Direct military confrontation has been avoided between Saudi Arabia and Iran.[3] Instead, both states have amassed an extensive *soft power* arsenal to guarantee on the basis of corresponding narratives the widest possible audience and public following. Both countries use the print media, international satellite television and social media to reach out to a global audience in as many as 20 languages.[4]

The Saudi-Iranian struggle for power is pursued on multiple levels.

The levels at which this antagonistic conflict is enacted and in what way it is in certain respects reminiscent of a Cold War scenario will be examined in detail as a first step. Particular attention will be paid here to the institutionalised sectarian narrative between Saudi Arabia and Iran, its regional implications as well as the motivation of both parties engaged in the conflict to conduct the war of words and histories to complement their strategic and operative actions. Following on from this, more light should be shed on the background to the conflict. The focus on the historic development

Commemorating the 18th anniversary of Khomeini's death: Even decades after the Revolution, the Ayatollah's narrative has not lost its compelling appeal among his followers. Source: © Morteza Nikoubazl, Reuters.

of the sectarian narrative should highlight how the sectarian perspective is by no means adequate to comprehend the rivalry in the Gulf, given that the origins of the divisive conflict tend to be ethnic and real-political. In the third section, the focus will be on the extent to which sectarian rhetoric influences and intensifies the current regional conflicts. The war of words between Saudi Arabia and Iran finally assumes another dimension in terms of the battle for favour with the West, which is necessary for the consolidation of power of both adversaries, domestically as well as towards the outside world. These reflections will serve as a basis for demonstrating the complexity of the struggle for supremacy in the Middle East and the rhetoric that is tied to it.

1. Parallels with the Cold War

For almost four decades now, a dark shadow has been cast over the Gulf, be it *Persian* or *Arab*, the source of which has been the tense relations between Saudi Arabia and Iran. Despite temporary moments of *détente*, primarily the considerable potential for escalation between

both regional powers has shaped destinies in the Middle East. As was previously true of the Cold War between the Soviet Union and the U.S., to a certain extent the uneasy *status quo of deterrence* is maintained – in this sense, a conflict scenario between the two powers has the capacity to deter them from taking the first military strike, so peace is preserved, at least superficially.

The rivalry is originally founded on a system conflict, as was notably analogous with the situation between the Soviet Union and the West. Since the overthrow of the Shah of Iran in 1979 by the radical Shiite revolution led by Ayatollah Khomeini, and the transformation of Iran from a monarchy to an Islamic Republic as a hybrid form of theocratic and republican and democratic elements, two fundamentally opposing political systems have confronted one another. Khomeini's propaganda for the export of the revolution to the entire Middle East region met with irritation and unease among the Arab Gulf states. The monarchies feared that the idea of Islamist Revolution could stir their own populations and sweep away the ruling elite.

Although there is no direct confrontation, elements can be identified of a militant conflict and the utilisation of military power to defend one's position. This leads to proxy wars that are also typical of a Cold War. The antagonists conduct the military dispute in third states where pre-existing conflicts, for example, civil wars can be manipulated for their own ends to weaken the adversary's following and by association the opponent itself. This can be observed in Yemen, Syria and Iraq. However, Saudi Arabia and Iran also influence events in Lebanon and Bahrain, and not necessarily to the benefit of maintaining the otherwise fragile balance of peace in a given country.

Besides proxy wars the conflicting parties resort to versatile instruments to strengthen their own positions and so are engaged in constant rivalry for recognition and prestige. In the style of the old East-West conflict and aided by sophisticated media infrastructure, propaganda plays a central role in the battle for dominance in the Middle East. Over and above this, without a shadow of doubt this conflict is also affected by a series of extensive secret service activities, for instance, if one takes into consideration the 2011 assassination attempt in the U.S. on the former Saudi Arabian ambassador and current Foreign Minister Adel Al Jubeir. According to official sources, an officer in the revolutionary guards in Tehran gave the order for *Operation Chevrolet* which, however, U.S. agents managed to thwart.[5]

Another method in the dispute is the contest on an economic level, in particular on the oil

Revolutionary leader: The export of the revolution in Iran propagated by Khomeini is one of the causes for the ongoing conflict with the Saudi royal house. Source: © Morteza Nikoubazl, Reuters.

markets. The battle over falling oil prices is an efficient instrument adopted by Saudi Arabia to further weaken Iran. This is because Iran cannot keep up with the glut on the world market due to Saudi oil, which is cheaper to exploit, since the Islamic Republic depends on higher oil prices for a comparatively lower production volume. By contrast, at least for the time being, Saudi

Arabia can still afford low oil prices, as the Saudi Deputy Crown Prince Mohammed Bin Salman provocatively announced at the OPEC negotiations in April 2016.[6]

Saudi oil price politics is certainly a reaction to the international rehabilitation of Iran, since in June 2015 the Islamic Republic signed the nuclear agreement with the West and therefore ended decades of international isolation. Since then, Saudi Arabia feels neglected by the West, particularly the U.S., and fears a renewed resurgence of Iran in the regional competition for the leading position in the Middle East. Against this backdrop, the Cold War between the two adversaries takes on a new quality and dimension that becomes particularly obvious in the conflict narratives and charged language of the propaganda between the two states.

2. From Ethnic to Sectarian Narrative

Even though the hostilities between Sunnis and Shiites date as far back as the disputes concerning the political succession of the Prophet Muhammad in the early years of Islam – which influenced the identity of the Shiites into the 21st century – for many years this was hardly decisive for the Saudi-Iranian conflict. The centuries of suppression of Shia Islam by the Sunni rulers may always resonate in the background, in particular the slaying of the second Imam and the Prophet's grandson Hussein by the Umayyads in the Battle of Karbala, which forms the genesis of Shiite self-understanding. Nevertheless, until the Islamic Revolution in 1979, Shiite faith was influenced by the acceptance of suffering and martyrdom in the classical sense, and thus was largely free of political ideology.

Accordingly, the narrative between Saudi Arabia and Iran in the era of the Shah was also not primarily religious in nature. Rather, it was influenced by the traditional concept of the enemy as *Arabs* versus *Persians*. Iran regards itself as a cultural nation with a glorious, thousand-year-old history that is not a product of colonialism. Emanating from this self-awareness from the Iranian viewpoint is not least a natural claim to the Persian Gulf along with its abundant resources, the strategically important Strait of Hormuz, as well as individual islands that are also claimed by the United Arab Emirates.[7]

The sectarian dimension has only shifted to the forefront since the proclamation of the Islamic Republic in April 1979 by Ayatollah Khomeini. The Islamic Revolution was not only political, but also religious in character. From then on, Shiites were no longer to patiently endure persecution and await their redemption from the end-times appearance of the Mahdi. Rather, they should take their fate into their own hands. The Islamic Republic and the striving to export the revolution therefore gained religious legitimacy which had been unthinkable under classic Shiite doctrine. Furthermore, Khomeini regarded himself as the leader of the entire Muslim community, not only of Shiites – hence the *Islamic* Revolution – which represented direct rivalry with the Saudi leadership claim.

On a strategic level, too, the Islamic Republic brought about a decisive turnaround. The end of the pro-Western Shah era also meant the end of U.S. President Nixon's *twin pillar* doctrine, according to which Iran and Saudi Arabia, both U.S. allies, had formed a strategic balance of power in the region. From then on Saudi Arabia was supported financially by the West and armed with military resources, which was again regarded by Iran as a strategic threat.

Khomeini also sharply attacked Wahhabi Saudi Arabia on a religious level. In particular, the "anti-Islamic" hereditary monarchy and close ties with the U.S. (the "Great Satan") were at the forefront here. Besides, the Ayatollahs now claimed the authority to lead the Islamic world and Iran's foreign policy consisted primarily of exporting the revolution especially to Arab neighbouring states with a significant Shiite population such as in Iraq, Bahrain and Lebanon, yet also in the oil-rich Eastern Province of Saudi Arabia.

Since the proclamation of the Islamic Republic in 1979, Iran has been challenging Saudi-Arabia's claim to leadership.

For Saudi Arabia, this new narrative and its consequences represented a substantial threat both in terms of power politics and ideology. Khomeini's revolutionary doctrine offered an alternative model to the Wahhabi Kingdom and called into question its political and religious legitimacy. The Saudi royal house regards itself as a "mother" and a natural protective power for the Gulf monarchies as well as an anchor of stability throughout the Gulf region. As a reaction to the Iranian effort at expansion in 1981, it therefore initiated the founding of the Gulf Cooperation Council (GCC) in which the six Arab Gulf monarchies are represented. Ideologically, the Kingdom regards itself as an *Islamic state* that is attuned to Sharia law and organised according to the example of the prophet and the first caliphs. In particular, Saudi Arabia has the two most holy sites of Islam, Mecca and Medina, under its sovereignty which makes its claim for religious leadership possible in the Muslim world. When in the wake of a disaster during the hajj (during which also many Iranian pilgrims lost their lives) Khomeini wanted to contest Saudi Arabia's holy sites, King Fahd changed his official title in 1986 from "His Majesty" to "Custodian of the Holy Shrines".

Since 1979 both Saudi Arabia and Iran have used a narrative based on sectarianism in the battle for influence in the Arab world, in order to draw sections of the population and political groups into their range of influence. Both states base their political legitimacy on their respective religious orientation. Wherever religious tensions are implicated between Sunnis and Shiites and conflicts follow sectarian lines, Saudi Arabia and the Islamic Republic are involved. Religion therefore becomes an important means of power, given that both countries regard themselves as a protecting power for their related denominations. Saudi Arabia regards itself as the patron for 1.4 billion Sunni Muslims, while Iran acts as a supporter of the 240 million Shiites.

In the Saudi context, 1979 was not only the year of the Iranian Revolution, it was also influenced by the radicalisation of Sunni Saudis that culminated in the occupation of the Grand Mosque in Mecca, at which point the responsible extremists called for the overthrow of the Saudi regime. The almost simultaneous Soviet occupation of Afghanistan and the rise of Communist powers offered the Kingdom a chance to utilise Sunni extremism both against the Iranian as well as the Communist threat. Saudi young people were encouraged to join in the jihad in Afghanistan and the regime began to fund pro-Wahhabi Pashtuns who ultimately formed the core of the Taliban leadership. Additionally, the Saudi royal family supported Saddam Hussein in his war against Iran (1980 to 1988) with 25 billion U.S. dollars. Against the backdrop of these geopolitical developments, Saudi Arabia also began to set up Wahhabi schools and centers throughout the Muslim world to establish a counter-pole to the revolutionary Shiite doctrine and Communist movements.[8]

A decisive bone of contention in foreign policy arose in the ensuing power struggle. While Iran pursued its foreign policy goal for a Middle East free of Western influence, particularly military influence, Saudi Arabia and the other Gulf states were increasingly dependent on American support to maintain the status quo in the region. This was manifested not least in the Iraq war of 1990/1991, when Saddam Hussein's troops in Kuwait could only be beaten with American help.

At the same time, the expansion of the Islamic Revolution was only crowned with moderate success. In 1981, there was a failed coup attempt by pro-Iranian Shiites in Bahrain, and even in the majority Shiite Iraq, where Saddam Hussein ruled over a Shiite majority, the sectarian discourse could hardly assert itself. This was

mainly due to the fact that a large number of Iraqi Shiites followed the traditionally oriented doctrines of Ayatollah Sistani and were hardly influenced by Khomeini's revolutionary ideas. The doctrine could only be asserted in Lebanon among the marginalised Shiites of Jabal Amil, a region bordering with Israel. In many places, the traditional self-flagellation commemorating of the death of Imam Hussein gave way to the doctrine of active resistance against Israeli and American troops. In this context, classic martyrdom was reinterpreted, on the basis of Khomeini's doctrines, as suicide attacks. This development was actively supported by Iran and in 1985 culminated in the amalgamation of various jihadist groups under Hezbollah.

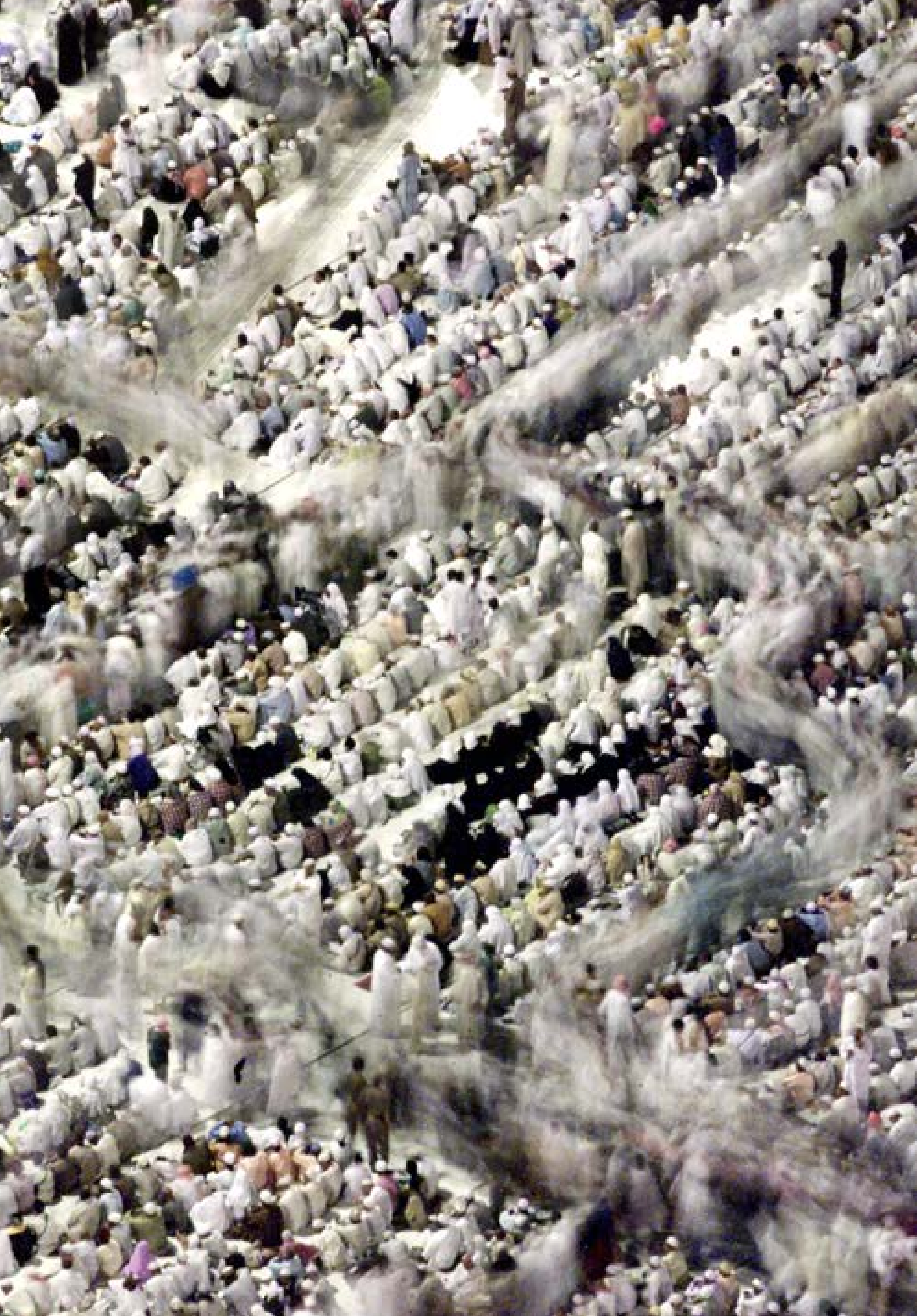
The sectarian conflict between the Sunni Muslims in Saudi Arabia and Shiites in Iran is used as an important means of power.

Nevertheless, until today the power political conflict goes far beyond the sectarian aspect. For example, Iran proclaimed itself the pioneer for the Palestinian cause and for many years has supported various Sunni jihadist groups. Its main allies in the region are also the Alawite and more secular Baathists in Syria, who in turn were enemies of the Iraqi Baathists around Saddam Hussein. Saudi Arabia for its part supported the (Shiite) Zayidis in Yemen during the 1960s in their fight against the socialists who were in alliance with Egyptian President Nasser. Furthermore, until the outbreak of the Syrian civil war in 2011, the Kingdom also maintained largely good relations with the Assad regime.

Only the regional new order in the aftermath of the 2003 Iraq War actually led to rapidly increasing sectarianism in the region. Because of the overthrow of Saddam Hussein, who for many years maintained the balance with Shiite Iran and defeated the nominally Sunni Baath regime, Iran was able to skilfully exploit the resulting power vacuum and to win stronger loyalty from large parts of the Shiite population. The Arab Gulf states saw a clear sign of the power-political ascendancy of Iran in the new Shiite government in Baghdad, indeed the so-called "Shiite Crescent" now extended from Tehran via Baghdad and Damascus as far as Beirut. Now Shiite sections of the population in the Gulf were also observed with growing mistrust, in particular, in Bahrain and the Saudi Eastern Province. From the viewpoint of the Sunni rulers these offered the potential to threaten the stability of the Gulf regime as the "Fifth column". This scenario dramatically escalated with the uprisings of 2011. When Egypt, as a Sunni regional power, fell to the Muslim Brothers that were by now adversaries of Saudi Arabia, the Gulf regimes feared all the more for their own survival. The rulers felt their security interests were ignored and the traditionally protective power of the U.S. increasingly lost trust because of what many actors in the region perceived as a policy of *regime change*. Iran on the other side saw the collapse of the Sunni states as an opportunity to expand its power regionally.

3. Fuelling Regional Conflicts

The main motive for the Saudi and Iranian sectarian narratives is based on power consolidation both internally as well as externally. The rivals often act on the basis of internal political weakness. By depicting the other as the enemy and each side presenting themselves as the victim, they attempt to unite their population behind them, while simultaneously masking everyday social, economic and political problems. The focus of public attention is steered towards the perceived threat, and the people's confrontation with concepts of the enemy and shock scenarios contributes to legitimising and securing the survival of the regime and prevailing (foreign) policy.



← Pilgrimage destination: In particular the fact that Saudi Arabia has the two most holy sites of Islam, Mecca and Medina, under its sovereignty, underpins its claim to leadership in the Muslim world. Source: © Bazuki Muhammad, Reuters.

Bahrain

In light of the Iranian expansion effort in 2011, the monarchs were particularly sensitive to protests and reform attempts in the Gulf in 2011, in particular in Bahrain, where the Shiite population is in the majority. While the social protests were initially of a non-sectarian nature, the rulers framed them as motivated by religious factors and successfully alienated Sunni protestors from the Shiite demonstrators who allegedly acted on behalf of Iran. In this way, and based on the shock scenario that Iran was supposedly virtually on the doorstep, the emergence of a widespread reform movement could be prevented. In this context, Saudi Arabia feared that serious political reforms in Bahrain and a potential regime change could lead to a domino effect and ultimately threaten its own stability. In fact, Iran repeatedly enforces its claim to the small island that belonged to the Persian Empire until the 18th century and was then conquered by the Arab Al Khalifa family. In March 2011, when GCC forces under Saudi leadership invaded Bahrain, it was not least meant to be a clear signal to Tehran. This warning was underlined when security forces pushed back the protestors from Pearl Square and it was redeveltransformed it into a traffic junction that was tellingly named *Al Farooq Junction*. This name goes back to the second caliph Umar bin Al Khattab who is revered by the Sunnis, yet who from a Shiite standpoint denied the cousin of the Prophet and first Imam Ali ibn Abi Talib the rightful succession and threatened to burn down his house. According to Shiite sources, when Ali's pregnant wife Fatima, the Prophet's daughter, intervened, she was attacked by Umar, lost her child and died shortly afterwards.

Syria

In a similar way, in the Syrian Civil War, the sectarian narrative is used both internally and regionally to preserve power-political interests. The Assad Regime violently struck down the non-sectarian, socio-economic protests of 2011 and deliberately used sectarian rhetoric to ratchet up the tensions. On the one hand, it was able to secure the support of its ally, Iran, and on the other hand it succeeded in connecting the fate of the Alawite and Christian minority directly with the survival of the regime. For Saudi Arabia the uprising in Syria initially had no wider foreign policy significance. Syria only became a priority in spring 2012 with the fall of Egypt, the closest anti-Iranian ally. In Riyadh, the hope is in particular that with the fall of Assad Iran would lose its land bridge to the Hezbollah in Lebanon. Initially, the Saudi Kingdom and its Western allies supported moderate, secular rebels around the Free Syrian Army. However, this changed abruptly when in May 2013 the Hezbollah intervened in the Syrian Civil War in the battle of Al Qusayr, therefore influencing the balance of power in Assad's favour. As a consequence, Saudi Arabia supported the founding of the *Syrian Islamic Front* and began to fund radicalised Salafist groups. The call of the influential Sunni scholar Yousef Qaradawi to support the "Syrian brothers" in the jihad against the non-believers was reciprocated by the Saudi Grand Mufti. This appeal drew the attention of countless young Saudis which caused Saudi Arabia to become the leader in providing the number of *foreign fighters,* many of whom pledged allegiance to the so-called Islamic State.[9]

Yemen

Another precarious case in the Saudi-Iranian antagonism is the war in Yemen. Similar to the situation in Lebanon and Bahrain, the conflict here also began as an uprising of the Shiite minority against discrimination and marginalisation. However, when the Zaydi Ansar Allah under Abdul Malik Al Houthi conquered the capital city Sanaa with the help of ex-President Ali Abdallah Salih in August 2014, Saudi Arabia

saw itself confronted on all sides with what it perceived as a "Shiite front". This came at a time when Washington seemed to have left its allies in the Gulf in the lurch and concentrated on achieving an agreement with Iran. During the 1960s Riyadh had militarily supported the Zayidis against Nasser supporters, yet at the latest since the 2009 border conflict in North Yemen the Saudi Kingdom considered this group an Iranian ally. In fact, politicians in Tehran exploited the situation by stoking these very fears in Riyadh in the media: "The capture of Sanaa by the Houthis was a victory for the regime in Tehran. Now, Iran controls four Arab capitals: Baghdad, Beirut, Damascus and Sanaa", was how an Iranian representative in parliament commented in the Iranian press.[10]

The Saudi intervention in the war in Yemen is another precarious case in the conflict.

While the Zayidis do not belong to the same religious group as the Iranian Twelver Shiites and in contrast to Hezbollah cannot be regarded as henchmen for Tehran, the Saudis' worst fear is also based on their ideology and rhetoric being of a similar revolutionary quality to that of Khomeini. After all, the slogan printed on their flag is already reminiscent of the 1979 revolution and expresses the general aims of the militia: "Death to America, Death to Israel, Damn the Jews, Victory to Islam!" In their ideology, Saudi Arabia is also branded as a state propped up by the West and therefore "anti-Islamic". To this extent, the conquest of Sanaa can certainly be described as a "Saudi Cuban Crisis", since it highlighted just how close "the enemy" had advanced to the Arab Gulf states. Furthermore, the Bab-el-Mandab Strait between Djibouti and Yemen is of vast strategic importance for the Saudi Kingdom, given that every day five per cent of the world's oil trade passes here on the way to Suez.

It is therefore not surprising that the Saudi intervention not only consists of a military operation but also a media campaign. Since the start of the war, media sources close to the Saudi state justified the military intervention as "self-defence against an external aggressor" and define it – in particular in Arabic – as a "religious duty" to stop the Shiite Houthis as Iranian allies. In the Saudi media the war is generally described as a heroic act whereby the stability of the Kingdom as well as the entire "Islamic community" is to be secured.[11]

The interest and commitment of the Islamic Republic at the southern end of the Arabian Peninsula intensified particularly due to the Saudi, sectarian discourse in Yemen. From Tehran's perspective the Middle East continues to be dominated by the U.S. as a hegemonic power and its allies, in particular, Israel and Saudi Arabia. Since the Yemeni Hadi government has close ties with Riyadh, it is certainly of strategic interest for Tehran. To that extent the Houthis are a useful tool for Tehran, even if there is no direct control here.

The media discourse influenced by Ayatollah Khamenei and the Iranian Guardian Council therefore frequently resorts to a revolutionary narrative that – again as a reference to Imam Hussein – is based on the fight of the "oppressed" against the "oppressors". The basis of this narrative is the same as in Bahrain, Lebanon and Palestine. The substantive factor here is that it is not primarily beset with sectarian issues, but represents the "oppressed" as law-abiding Muslims (Shiites and Sunnis) and the "oppressors" as the unlawful rulers (the U.S., Israel and Saudi Arabia).

In Yemen, according to Iranian media, the Zayidi majority is fighting a brave fight against the Saudi "oppressors" who commit the massacre of innocent civilians.[12] In turn, this offers Iran the opportunity to portray itself as a "saviour at a time of distress" that is protecting the Yemenis from Saudi "terrorism". Tehran is committed worldwide to the "humanitarian" support for the "oppressed", which is also the case in

Yemen: "We wanted to send [Yemenis] medications, not weapons. They do not need our weapons."[13] Furthermore, Iran portrays the uprising of the Houthis as part of an "axis" of "awakening" that began with the protest movement in 2011. This awakening was in the tradition of the Islamic Revolution in 1979 and was "Islamic" and therefore non-sectarian.[14] However, Tehran also likes to resort to more drastic rhetoric. Hence, Iranian government representatives assert the impending collapse of the "Saudi henchman" Israel and fuel Saudi fears: "The Islamic Republic's victory in Yemen will open the gates to conquer Saudi Arabia."[15]

4. Battle for Favour with the West

In the context of the 2015 nuclear agreement between Iran and the West, which gave the Islamic Republic a significant boost on the international world stage, the narrative is no longer oriented merely internally, but the antagonists also attempt to gain sympathy externally, in particular in the West. The intention remains the same: namely, to consolidate power – this time through strategic partnerships. President Rohani defines the Wahhabi extremism of Saudi Arabia as the "real problem" and accuses the Kingdom of being the true political barrier for

Morning prayers: Even though it plays an important role, it would be wrong to reduce the conflict between Riyadh and Tehran to the sectarian opposition alone. Source: © Damir Sagolj, Reuters.

Regaining respectability: The nuclear agreement between Iran and the West involves a tremendous gain in prestige for Tehran on the international stage. Source: © Carlos Barria, Reuters.

peace in the region. In his rhetoric he makes use of radical notions that are not only directed at Shiites, but also at his definition of non-believers, which therefore includes the West and Christians. [16] Rohani's visit to the Vatican early in the year also linked up with this discourse when he was received by Pope Francis during his state visit to Italy. Since 1953 Iran has maintained unbroken diplomatic relations with the Holy See that gives the country an ideal standing to win over the hearts and minds of Europeans. In this case, the message to the Christian West is clear: the Islamic Republic, in contrast to others, stands for religious tolerance and seeks dialogue. Iran would like to seize the chance it has been offered to win the West's favour again to the detriment of Saudi Arabia, and to give a correspondingly negative portrait of the Kingdom – such as in the most recent guest contribution by Iran's Foreign Minister Javad Zarif in the New York Times, in which he appeals to "rid the world of [Saudi financed] Wahhabism".[17] However, criticism of Saudi Arabia appear questionable – in particular in view of the human rights violations and the numerous politically motivated executions in the Islamic Republic.[18]

As regards its standpoint, Saudi Arabia does not accept propaganda aimed against it without commentary and relies on various channels to clarify its status towards the West and to use its portfolio of *soft power* instruments. In Germany, for example, the Kingdom inserted a full-page advertisement in the Frankfurter Allgemeine Zeitung with the intention of highlighting Saudi Arabia's commitment in the fight against international terror and to improve its image.[19] In particular, this was a reaction to the controversial

paper published by the German Federal Intelligence Service in which the "impulsive intervention policy" of the Kingdom was criticised.[20]

> **From ally to warfarer: Saudi Arabia's reputation has sustained severe damage in the West.**

Undoubtedly, public opinion in the West, at the latest since the 2015 nuclear agreement, draws a less complimentary image of Saudi Arabia than previously. The narrative of Saudi Arabia as the most important partner and as a strong ally in the Middle East prevailed for decades in the West, while Iran was demonised as part of the "Axis of Evil". However, since Iran is regaining its respectability within the international community, the West in particular has its sights set on the potential for a resurgence of trade relations, it appears as if the previously overriding atmosphere in public discourse in the West has gone the other way – this is definitely also in view of being less dependent on Saudi oil, Saudi Arabia's unpopular intervention in the Yemen war, the recurring criticism of the many executions in the Kingdom and the worldwide dissemination of Wahhabi ideas. The trend towards "Saudi bashing" is also confirmed by the draft bill passed at the end of September in the U.S. House of Congress that should allow the surviving dependents and victims of September 11th to take court action against Saudi Arabia to seek compensation for potential complicity in the terror attacks. This degree of involvement is not seen as improbable given that 15 of the 19 perpetrators were Saudi Arabian citizens. This decision overruled President Obama's veto and his warning about the foreign policy consequences was ignored.[21]

Conclusion

It must be remembered that Saudi Arabia and Iran are aware of the fact that they can only consolidate their power if they retain the support of their own people as well as backing through partnerships with the West. To this end they are exchanging blows in the media in a manner that is characterised by innuendo relating to political and sectarian narratives, thus underscoring the Cold War in the Gulf. The hopes of the West that the two antagonists will turn to a more sensitive reporting of the conflict and to more moderate language, will probably not be satisfied in the interim. Ultimately, the conflict in both states is virtually a national *raison d'etre*; an independent media is lacking and propaganda as well as sabre-rattling are important vehicles of diplomacy. Nevertheless, Germany and the West can continue to offer their mediation and bring together moderate forces from both countries that strike more conciliatory tones with the assistance of "Track II" activities. These could fall on open ears and resort to an existing network for dialogue as soon as the tensions between the regional powers subsides once more. Ultimately, the escalation between the Kingdom and the Islamic Republic is subject to continual fluctuations. Prior to the 2015 deal reached on the nuclear program matters seemed to be approaching a normalisation of Iranian and Saudi relations, for example, in January 2015 when the Iranian foreign minister Jawad Zarif paid a visit of condolence to Riyadh following the death of Saudi Arabia's King Abdallah. Today, two years on, this would be almost unthinkable after Saudi Arabia cut off its diplomatic relations to Iran in January 2016 as a reaction to the attack on the embassy in Tehran. However, these highs and lows pervade the history of the relationship between both countries and accentuate how in the long term the rivals cannot avoid each other and will have to enter a more constructive discourse in future. Here, however, it will not be sufficient to de-escalate the rhetoric and conduct reciprocal visits out of courtesy calls.

In order to build mutual trust, the Islamic Republic would first have to stand back from interference in the affairs of the Arab world, in particular, with regard to support for Shiite militias. This is the case in Syria as well as in Iraq, Lebanon and Yemen. With a positive and intermediary role in regional conflicts instead of its provocative rhetoric, Iran could not only contribute to a decisive image change, but also to a de-escalation of the regional conflicts.[22]

For their part Saudi Arabia and the other Gulf states could contribute to the *détente* by granting their Shiite minority populations the appropriate political and social participation whose denial has so far provided Iran with a welcome cause for provocation. Similarly, the Kingdom would have to be pro-active in pushing for a de-escalation of military conflicts, in particular, in Yemen. Additionally, the ruling houses should engage more intensively so that no more funds reach radical Salafist groups from their state territories. Furthermore, the anti-Shiite propaganda ought to be stopped, particularly in schools and Mosques. On this basis, in the long run both antagonists could establish a constructive and sustainable dialogue and commit to an integrative solution for regional conflicts.

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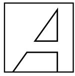

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