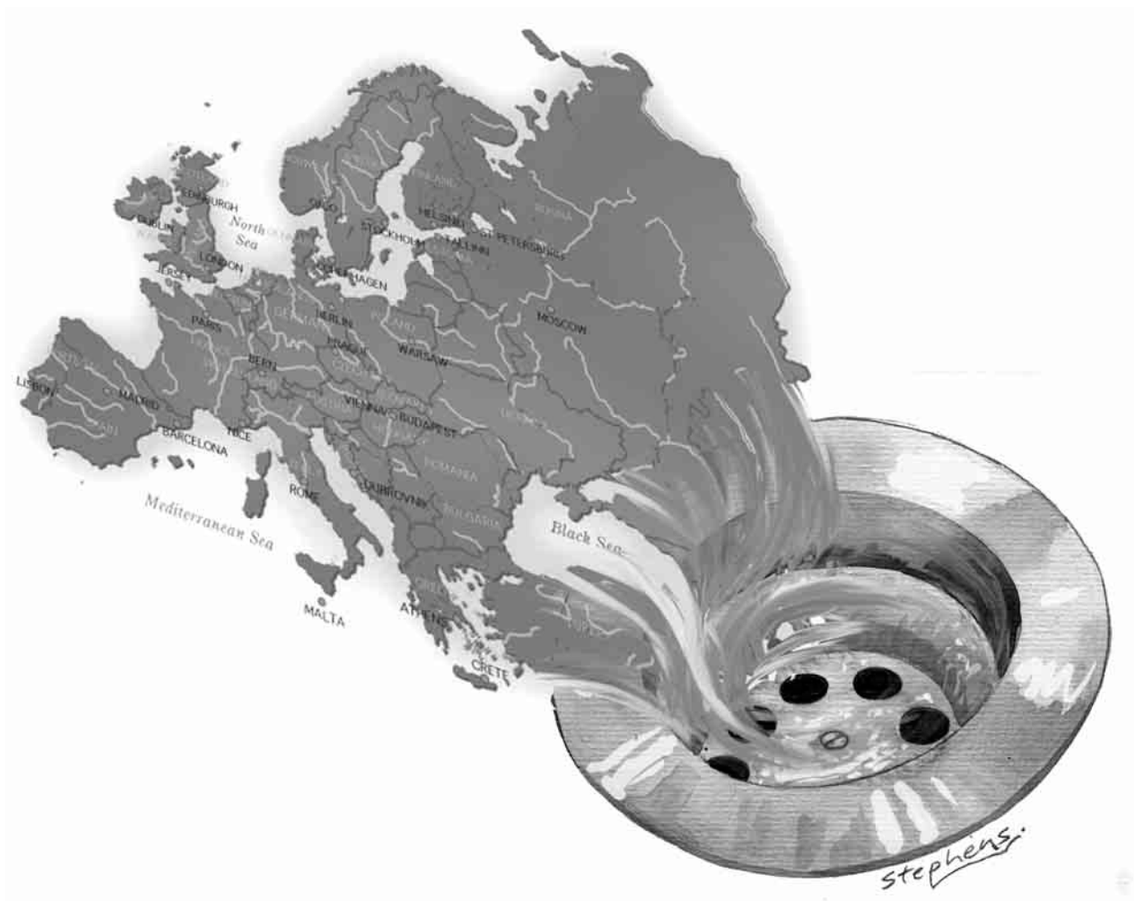
Europe's cultural aversion to accepting more immigrants threatens its economic future, writes **Giles Merritt**

A drain on prosperity



What will it mean to be European 25 years from now? Unlike the US, whose history as a "melting pot" has given Americans a truly multi-ethnic character, native Europeans are becoming an endangered species. Europe badly needs immigrants, yet it is not culturally prepared to welcome them.

The coming decades will therefore see substantially greater social change in Europe than elsewhere, although the nature of that change is far from clear.

At first glance, much of Europe's current debate is about political and economic integration – about how far its nation states should go in pooling resources and sovereign powers in the European Union. But, beneath the surface, the real tensions are about immigration and fears that national "cultures" are threatened by the influx of non-natives, both white and non-white.

Immigration in Europe today is running at a higher rate than in the US, with almost 2 million people arriving officially every year, together with an unknown number of illegal immigrants. The most conservative estimate, by Eurostat, the EU's statistical agency, puts the total number of newcomers to Europe between now and 2050 at 40 million. Inevitably, that sort of influx will ensure that Europe's already vociferous right-wing extremist politicians win even greater support.

The spectre of rising racial tensions is worrying enough. But it is just one aspect of Europe's urgent need to import people from Africa and Asia. Europeans will also see the dismantling of their welfare states and social security systems; the cherished "European model" of pensions, health care and unemployment benefits risks being replaced by the despised and widely feared "American model". This is not, needless to say, because Europeans crave the rigours of America's less-cosseted social conditions, but because it's the only way that European governments will be able to stay afloat financially.

The root cause of all these developments is Europe's population shrinkage. The "demographic time bomb" that economic analysts have been discussing for a decade or more is now exploding. The result is widespread labour shortages in many EU countries and an alarming reduction in the proportion of working-age people whose taxes pay the pensions and medical costs of those who have retired. Many countries have themselves aggravated the problem, either by encouraging early retirement or – as with France – through job-creation nostrums like the 35-hour working week.

> Europe's politicians are at a loss to cope with the high-voltage issues of race, religion and ethnicity

One-third of male workers in Europe quit their jobs by their early 50s. That, together with two generations in which birth rates across Europe have dropped well below the two-children-per-couple replacement rate, and what the European Commission describes as "spectacular" increases in longevity, means that, by 2050, instead of four workers supporting each retiree, there will be only two.

In short, European policymakers are in an impossible position. The political mindset in most EU countries remains firmly focused on unemployment as the chief ill to be cured, whereas the real threat is the worsening shortage of people to fill job vacancies. The European Commission has warned that this will put a lower ceiling on gross domestic product growth rates. According to Klaus Regling, the commission's director-general for economic and financial affairs, Europe's working population has shrunk so much that, from 2010 onwards, maximum annual economic growth in western Europe will drop to 1.8 per cent from an average of 2.3 per cent in recent years, and to just 1.3 per cent a year from 2030.

Economic stagnation on this scale has alarming implications, because it means less tax revenue to fund all the reform projects and infrastructural investments Europe badly needs to regain its competitive edge. And if things look bad for Western Europe, they're worse for the EU's formerly communist newcomers, whose demographic trends imply that average potential growth will nosedive from today's healthy 4.3 per cent per year to just 0.9 per cent after 2030.

Much of Europe already suffers from underperforming labour markets in which job seekers and would-be employers either can't or won't find one another. Stubbornly high youth unemployment, along with Europe's dwindling numbers of school-leavers, is already cancelling out the positive effects of immigration.

In Brussels, where the largely North African immigrant population comprises a quarter of the city's inhabitants, hotels and restaurants recently resorted to an emergency online recruitment service to counter their worsening staff shortages. The manpower crisis is even more acute in sectors that demand greater skills and qualifications.

Like the US, Europe's manpower-related difficulties are accentuated by the rise of India and China. How Europeans, and to a lesser extent Americans, will maintain their high standards of living is anyone's guess.

But Europe's problem is greater, for its politicians are at a loss to cope with the high-voltage issues of race, religion and ethnicity in societies that seem determined to remain anchored in the past.

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Ian Holliday

Quiet revolution

As Myanmar's humanitarian catastrophe slips out of the global media spotlight, it seems that the wily and callous junta that has repressed and mismanaged the country for the past 20 years has done it again. When crisis hits, promise just enough to keep regional partners on side and the global community at bay. When world attention shifts to other matters, return to business as usual.

In the case of Cyclone Nargis, which tore through the Irrawaddy Delta on May 3 and left at least 134,000 people dead or missing, this familiar routine saw the junta make no more than token modifications to its political plans. Only when more than 92 per cent of eligible citizens had reportedly voted for a constitution designed to entrench military dictatorship behind a façade of democracy did the junta look to the needs of 2.4 million stranded people. Even then, its chief aim appeared to be wringing development assistance out of more than 50 nations present at a donor conference convened in Yangon on May 25 by the Association of Southeast Asian Nations and the UN.

This time, however, the situation inside the country is more complex and, ultimately, more hopeful than on previous occasions. By restricting the flow of foreign aid and experts into the delta, and by doing little on its own account, the junta has turned what could and should have been a global rescue into a self-help operation led mainly by ordinary Myanmese. In this way, aspects of the humanitarian crisis that have most shocked the world have also fundamentally altered political reality inside the country.

Guiding much humanitarian effort has been the Buddhist clergy that, in September last year, headed fuel-price protests that had all the makings of a mass democracy movement until the iron fist of the junta struck. Working alongside monks have been entrepreneurs, entertainers, youth groups and regular citizens, all of whom have found creative means to evade junta attempts to channel aid through corrupt local commanders and officials. In this way, civil society has witnessed a remarkable resurgence, generating a foundation for future rebuilding.

> For the first time in years, Myanmar is rising, as ordinary people lead relief efforts

Looking in from outside, the world is right to despair. Any country that refuses to receive aid moored just beyond its territorial waters is in a desperate state. At the same time, however, the wider world must hope that the humanitarian space now being carved out by local people will not be rolled back once the junta has regrouped. To this end, it must develop a set of policies that can promote the spontaneous civil action that is unfolding.

This certainly means moving on decisively from sanctions. It is essential that the next US administration has the courage to reverse a policy stance crafted by both Democrats and Republicans. The European Union should also recognise that sanctions cannot work. It also means engaging fully and enduringly with a country that will never be easy to deal with.

While this strategy will require headline political involvement through a contact group convened by the UN, and promoted by key regional players such as Asean and China, it will also require complementary action inside Myanmar. Sustained humanitarian engagement that aims to build local capacity must be part of the package. Sustained political engagement, to coax the junta into talks premised on reconciliation across deep political and ethnic fault lines, must feature. Sustained economic engagement, which provides a basis for real prosperity, is imperative.

None of this will deliver the instant democracy sought by western leaders and activists. Instead, it will substitute the political fantasy of the past two decades with meaningful change inside the country, and a broad coalition of support outside.

For the first time in years, Myanmar is rising, as ordinary people lead relief and reconstruction efforts in the Irrawaddy Delta. The best way for outsiders to support the re-emergence of civil society and the promise of real change is not through distant political posturing, but patient and committed engagement.

Ian Holliday is dean of social sciences at the University of Hong Kong

Other Voices

Can Australia ever be part of a united Asia?

Glen Norris

Could Australia and its Asian neighbours one day share the same currency and allow free movement across their borders? The idea of an Asian Union involving Australia would have sounded far-fetched to former prime minister John Howard, who placed the nation firmly in the western sphere.

But this month the nation's new leader, Kevin Rudd, floated the idea of an Asian-Pacific Community by 2020 that could eventually rival the European Union and include Australia, Japan, China, India, Indonesia and the US.

Mr Rudd's idea is confirmation of my belief that the country's future prosperity is linked to its ability to integrate with the region. But will it be possible for a western nation to link so closely with a collection of disparate Asian countries so far apart culturally and politically?

To be sure, the EU was created from nations that, between them, had fought two of the most murderous wars in history in the space of 50 years. But the states and peoples of Europe were always closer in terms of shared cultural and social values and that made a union not only feasible but, in a globalised world, almost inevitable. It will be much harder for a nation like Australia to form any sort of union with Asia, let alone for traditional enemies like Japan and China to join hands.

Australia is now a successful multicultural nation, but there is still a large portion of the population who see Asia as a land of threat rather than opportunity.

Part of that stems from Australia's small population of 20 million, who inhabit the country's 7.7 million sq km of land mass. Unfortunately, a fortress mentality, an inability to picture itself surviving without a powerful protective ally like Britain or the US, and a belief that the country is "isolated" has been burned into the Australian psyche. Any move towards a union with Asia would have to reckon with this powerful feeling. There is only one way such a union would work: if Australia became much more culturally and genetically linked with Asia, through a large increase in the number of Asians living there.

Currently, only 6 per cent of the population is of Asian extraction, and the political hurdles to increasing that ratio through immigration cannot be underestimated. But changing attitudes inside Australia, and changing global conditions, give some hope that Mr Rudd's dream may one day become a reality.

The rise of China and India as economic superpowers, and Australia's pivotal role in supplying the raw materials for that expansion, are paving the way for huge structural changes to Australia's economy and society. Even if it wanted to continue its traditional role as a small, Anglo-Saxon nation isolated from Asia, it would not be possible. The changes occurring in Australia's backyard are too enormous for it to stay isolated.

Becoming part of Asia would not mean losing the easy-going culture, its commitment to democracy or the rule of law. It would simply mean broadening horizons, taking chances and overcoming old fears.

Glen Norris is a business news editor at the Post

Set appointees' rights and obligations in stone

Joseph Wong

The controversy over the nationality and salaries of undersecretaries and political assistants should hopefully now recede. There will still be lingering doubts over the appointment and selection arrangements, and the criteria used for deciding the starting pay of the appointees.

However, I note that the government has continued to say the no-nationality requirement was consistent with the Basic Law – a point supported by the central government's liaison office, and that the appointments involved a rigorous process.

I'd like to pick up on these two points and use them as a basis to suggest a way forward. On the nationality issue, the liaison office confirmed that it was not the legislative intent of the Basic Law drafters to impose a nationality requirement on deputies. But the press release made a "political observation" that it noticed that those who had foreign passports gave them up to demonstrate their commitment to Hong Kong. So, what our new political talent have demonstrated is also consistent with the Basic Law.

The Basic Law was passed in 1990, long before the accountability system was introduced, in 2002. It is fair to assume that drafters had no idea that, 12 year later, some principal officials would become "accountable".

Some people have suggested that the Basic Law be amended to stipulate clearly the no-nationality requirement for undersecretaries. On the other hand, our chief executive reiterated that it was not in the interest of a modern and international city like Hong Kong to impose a Chinese-nationality requirement on these positions. But, alas, he did not or could not persuade his new teammates with foreign passports to take this principled position. So they bowed to public demand, setting an unfortunate precedent for future appointees.

I concede that the chief executive has a point on the nationality requirement. But should one blame people for not accepting the principled position of the government when they see no specific provision for undersecretaries in the Basic Law? In fact, the Basic Law is silent on the whole accountability system.

> The Hong Kong civil service system has a clear legal basis. Our accountability system lacks such details

Nationality is not the only aspect of the system that should be clarified in law. In defending its position, the government said that the appointment and pay arrangements of political appointees were generally in line with the Hong Kong civil service's practice. So, are there specific provisions for the civil service in the Basic Law? Yes, there is a whole section on public servants.

I am not suggesting that the appointment and pay policy of political officers should exactly follow the civil service practice, for the simple reason that it is a political system. But, in my view, the main reason why the public has expressed strong concern over political appointees is that they were apparently asked to accept much of the government's explanation on faith.

The Hong Kong civil service system has a well-established, transparent and clear legal basis in hundreds of pages of regulations and documents which are readily available.

Our civil service system is not perfect. But, by and large, it has the confidence of the public and the civil servants in terms of its internal checks and balances, independent oversight, transparency and legal backing. In comparison, our accountability system lacks such details and has no specific legal provisions.

So, I ask the government to seriously consider drafting a new piece of legislation on the entire accountability system, covering the three layers of political appointments.

Specific legislation on the accountability system would strengthen our rule of law as we move towards the day when we will have a fully democratically elected chief executive.

It will also fulfil the pledge of the central and Hong Kong governments that Hong Kong will be ruled in accordance with the rule of law.

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Reinventing the US spying machine (again)

David Ignatius

If the US intelligence community were a business, it would be obvious that there's something wrong: it's in the middle of a botched reorganisation that makes the AOL-Time Warner merger look good; its most famous brand name, "CIA", has been badly tarnished; and it has lost the confidence of its three shareholders – the executive branch, Congress and the American public. This bear market in intelligence is not helpful for a nation that is fighting two major wars.

So how can the next president fix the US intelligence community? A group of past and present members of the spy world, joined by some journalists and academics, gathered in Vermont last week to discuss this covert conundrum. The conference didn't come up with definitive answers. But it convinced me that this issue should be at the top of the next president's list of national-security challenges.

The spy world's troubles are like a murder mystery where it turns out everyone had a hand in the crime. During the Bush years, the right grew to mistrust the CIA almost as much as did its traditional enemies on the left. Some of the CIA's wounds were self-inflicted – notably its disastrous misjudgment about Iraqi weapons of mass destruction. The bipartisan 9/11 Commission made matters worse with an unwise 2004 reorganisation plan that created a director of national intelligence in place of the director of central intelligence, but with many of the old problems.

The reorganisation added more bodies to an already bloated community. It did nothing to fix the real weakness of the old system – that the old director had little control over the sprawling Pentagon intelligence archipelago.

This messy, undigested reorganisation will become Senator Barack Obama's and Senator John McCain's problem the day after they are nominated. That's when the presidential candidates will begin receiving intelligence briefings. The nominees will see the power of intelligence reporting, but should also understand how the CIA has declined as an effective (and secret) arm of the commander in chief.

Every member attending the conference had a different "fix-it" list, but here are some proposals I culled from the discussion:

- The reorganisation should be rationalised. One person should run the entire community, and should probably also have oversight of the CIA's clandestine service. What that person is called is irrelevant.
- The CIA should stop trying to be all things to all policymakers, and instead concentrate on the hard targets that matter most.
- Washington should learn from what's working in Iraq and Afghanistan.

But none of these reforms will work unless Congress and the White House stop treating the intelligence community like a political football. As John McLaughlin, a former acting CIA director, observed, this should be a moment of renaissance, like the one in which the CIA was created in the late 1940s: "This is a dangerous world we don't fully understand, and we need the tools of intelligence. A page is about to turn."

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