

‘Establish whether the economy depends on population growth’

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Malta's sudden increase in population is exerting pressure on the country's infrastructure. Photo: Matthew Mirabelli

The Malta Employers' Association has felt compelled to draw attention to the changes in Malta's demographics as this could have negative consequences for Maltese society, especially if the expansion in foreign nationals living in Malta is brought about in a haphazard manner, according to MEA director-general Joseph Farrugia.

Mr Farrugia was speaking to The Sunday Times of Malta after the publication by the MEA of a position paper entitled 'Malta's Demographic Challenges', which called for a debate among the social partners to, among others, analyse the sustainability of such a change and to propose policies and strategies for a managed transition to deal with a sudden increase in population caused by an influx of foreign nationals.

The MEA report points out that the recent pronouncement by the chairman of Jobs Plus that Malta will require an additional 20,000 workers will raise the total of foreign employees to 60,000 in the coming five years.

"Population increases to address labour market shortages is a positive thing, which is also generating business, for example in the property market and retailing. Yet we need to look beyond this.

"Hence the report also points to social, environmental and infrastructural challenges that have their roots in demographic changes. Inevitably, more people living in Malta will result in more waste, more traffic congestion and potentially a higher crime rate. From a social perspective, we cannot afford to have ghettos in such a small country, and the Maltese will have to come to terms with the fact that, for example, the children of African immigrants have aspirations for upward social mobility," Mr Farrugia said.

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The director-general of the MEA said that Malta can avoid or mitigate these problems "if we are prepared".

“For example, carbon emissions can be reduced through policies to increase the diffusion of electric vehicles; there might have to be more investment in health and education infrastructure to cater for a higher population. Potentially, our geographical limitations might imply having to choose between which economic activities are more beneficial for Malta in the long term as we do not have the capacity to expand in all directions.”

Joseph Farrugia

The report points out that fundamental radical changes in Malta’s demographic structure need to be planned and controlled to avoid the risk of a sudden implosion and its possible consequences. Asked to state what type of plans and controls the MEA was proposing, Mr Farrugia said:

“What we are recommending is a holistic approach to the demographic issue to determine as far as possible how much the population is expected to grow, the mix in terms of age groups, ethnicity, geographical concentration, and other descriptors.



“We need to establish whether, or the extent to which, our future economic growth is dependent on population growth. In a country with severe geographical limitations this is an important issue to address as there are limiting factors that may make such a dependency difficult to sustain beyond a certain level, with negative impact both on economic growth and the quality of life of Maltese citizens. This is why long-term planning is essential.”

Regarding the possibility of government funds for the MCESD to engage experts to help it come up with a long-term strategy to address this demographic challenge, as suggested in the MEA report, Mr Farrugia said this was something that will be determined once a course of action is agreed to among the social partners.

“However, the engagement of experts is essential, as neither the social partners, nor the MCESD, have resources or specialisations required to conduct an exercise of this magnitude,” he added.

Mr Farrugia, who has served on the MCESD council for 14 years, said he was optimistic about the necessary goodwill within the organisation to look into this demographic challenge.

“We had our share of failures in the past, but there were successes as well. There has been convergence on numerous issues among the social partners, even consensus in some cases, such as the Jobs Plus agreement proposed by UHM in 2012 and the agreement on the minimum wage this year.

“Ideally, the goodwill on such an important issue as demographic change should also come from the political parties, as happened with the minimum wage agreement,” he said.