

LIVING SYSTEM LIFE AND WORK THE NEW PATTERN FOR *SUCCESS*

A Series of Presentation/Discussions
To Explore Critical Issues
For Your Life and Your Business

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Part 1 – 5 **4 Mega-Forces – The Demographic Bomb**

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Slide 2 – Mega-Force 3 – The Demographic Bomb

Mega-Force 3 – The Demographic Bomb

Human imbalances underlying geo-politics and business strategy

Massive human imbalances in birth rate and age distributions of national populations exist and continue to grow between various areas of the world – Especially between developed and developing countries, and between the Islamic and Western worlds. These imbalances are fact. They are locked in. They are growing. There is no avoiding them.

Their two dimensional effects qualify as *Mega-Force 3* – Really a Demographic Bomb overhanging the world. These imbalances are the real story underlying:

- 1) The growing immigration and citizenship competitions between developed and developing countries – Like between Mexico and the U.S.; and
- 2) The growing geo-political and religious conflicts between the Islamic

and the Judeo-Christian worlds that could develop into modern day “Crusades”
– Like the Middle East situation today and the Africa situation in the future.

The problems are based upon the relative numbers of humans in various areas of the world, their dominant psyche stages and their behavior because of those stages. Yet amazingly, these demographic roots of both geo-political and business conflicts between large areas of the world seem to be largely unknown and their effects unrealized by many business people.

First – Let’s look at the business strategy ramifications of demographic imbalances. The facts are startling! For example, some highly developed countries have birth rates so low they cannot maintain their populations or grow their economies without large cross-border migrations – Legal or illegal. Their growing aged populations are major drains on both their social programs and the profitability of their companies. The US is using both legal and illegal immigration to help its demographic situation. You can answer for yourself why there is no effective US control of its southern border.

As time goes on, the quest of most population short countries will not be for temporary “Guest Worker” programs but for permanent tax-paying citizens who can support their bloated and growing social-political cost structure problems compounded by the needs of aging populations.

Europe and especially the vast Russian/Siberian land mass are in a more critical demographic condition than the US. So is Japan, and it is not going to solve its demographic problems by massive immigration from outside. Russia can’t either – Not many want to go there.

Some other countries have birth rates so high that their geo-political and religious power is fearful for their adversaries. This is the situation for the Middle East and other Islamic areas of Asia.

Slide 3 – Demographic Bomb Data

Some key demographic data will help to illustrate the intensity of the world's demographic imbalances for both the business strategy and the geo-political struggle dimensions of the Demographic Bomb. In a country with moderate to good medical services it takes a fertility rate of about 2.2 children per woman to maintain a population. On this slide I show 2005 fertility rates from US Census Bureau and the CIA Fact Book data.

Let's look at North America. The US now has a fertility rate of 2.1 children per woman. It is just barely able to maintain its population of young workers as more people age. Immigration is needed now and more into the future.

Mexico is now at 2.4 children per woman. Its fertility has declined from the past. This number does not reflect Mexico's loss of population from emigration. Its fertility rate is forecast to drop to 2.1 by 2025. With continuing emigration, Mexico could become like Europe.

Canada's fertility rate at 1.6 children per woman is much too low to maintain its population. But Canada can be a place people want to go to. Its emergence as a world energy leader is one reason it can become a people magnet.

Now let's turn our attention to Europe – It is a demographic cripple. Its supply of young able workers is woefully short. Its populations are aging. Its high social costs requires more tax payers to keep the society functioning. Germany and Switzerland at a fertility rate of 1.4 children per woman are more than 35% below a sustainable population. France and England are at least 20% below sustainable populations. Russia at a 1.3 fertility rate and the least healthy population in Europe has the greatest population problems – 41% below sustainability. It is forecast to lose one-half of its current population in the next several decades. The Russian government recently announced incentives for larger families.

Some do not believe Europe can solve its worsening demographic problems with the bureaucratic, socialistic, anti-entrepreneurial environment present in some European countries.

Now look at the Islamic world. A population explosion is in process. Youthful populations cover the area. Average ages below 20 years are not uncommon. Only Iran is reported to have a fertility rate less than sustainable. The others have twice to three times the fertility rates to maintain their populations. Yemen and Syria being the highest at 6.7 children per woman. The only conclusion is that the Islamic world is in a population explosion.

Second – The geo-political effects of demographic imbalances over the next two decades could become the most powerful dimension of *Mega-Force 3*. I mean greater than its business ramifications. Growing political, natural resources and religious stresses between the Islamic and the Judeo-Christian worlds are being addressed by leaders of both worlds in terms of anger, confrontation and conflict rather than conciliation. This is the Middle East situation today and the probable Africa situation in the future.

We have growing evidence that neither a military solution by one world or a terrorist solution by the other world can be effective in the long-term and should have never been started by either. Some sort of social-political solution is needed – But given the inherent chaos of the world transformation of *Mega-Force 1*, the deflationary crises of the last decade of the current K-Wave of *Mega-Force 2* and the current leadership in both worlds, the nature and process for a peaceful resolution is not now visible. I believe the results of no effective solution, or at least a peaceful working accommodation, could be cataclysmic.

A U.S. CIA report on world demographic imbalances published in 2001, included specifics of the “Demographic Bomb”. It said, “Some of the world’s poorest and most politically unstable countries will have the largest populations.” This means that these countries will have even larger numbers of under educated, unemployed and desperate

young people than they have today. This report also forecasted that by 2030 to 2050 there will be as many Islamic people as there are people in the Western world.

Desperate young people in the developing world functioning in Stage D absolutistic and Stage C heroic psyche stages who have nothing to lose are a powerful demographic force to be recruited and organized for large scale destruction. Equally desperate leaders in the developed world functioning in Stage E linear and Stage D absolutistic psyche stages who see their concept of power being threatened and who view solutions in terms of manipulation and force are also a powerful demographic force for large scale destruction. Unless there is a transformation in the current leadership in both worlds, the potential is forming for some type of “Modern Crusades” wrapped in a religious mantle similar to the earlier Crusades.

Therefore, we as leaders in our own lives, families and businesses have serious strategic issues to face because of *Mega-Force 3* as it now exists and as it is likely to further develop over the next two decades. Although we as individual persons and businesses probably cannot confront these issues directly – We do have the clear need to understand them as clearly as possible so we can position our lives, families and businesses so as to avoid being adversely affected.

Now let’s briefly relate *Mega-Force 3* – The Demographic Bomb with *Mega-Force 2* – The K-Wave.

Slide 4 – Mega-Force 3 – Relate to K-Wave #1

First, I consider the business strategy dimension of the coming explosive effects of *Mega-Force 3*’s Demographic Bomb on world business. It is now being masked by the current decade’s deflationary K-Wave Q4 business conditions and the relentless drive to reduce employment resulting from *Mega-Force 2*. But there is a massive human talent shortage lurking under the surface. Before Q4 conditions began about the year 2000, the demographic shortages were more visible. For example, some European countries were

then immigrating large numbers of workers from the Mid-East, like Turkey, and from North Africa to meet their manpower needs.

During the decade beyond the end of the current K-Wave (probably 2012-2014) the Q1 business expansion of the next K-Wave cycle should begin to exert its effects.

Demographic imbalances will burst forth as major issues when business conditions reverse from contraction to expansion. Highly developed countries will have a two-fold crisis – A serious shortage of productive talent and of working taxpayers to support their ballooning social costs. The demographic imbalances bomb of *Mega-Force 3* for business will no longer be masked. It will explode.

The needs for really new economic and business development models for advanced and developing countries alike come from the interactions of *Mega-Forces 1, 2 and 3* over the next two decades. Massive strategic questions emerge for business leaders. Conventional linear approaches are not the way to answer these questions, even though that is what the majority will try to do.

For example, developing countries like Mexico need to place major emphasis during the current decade on solving their growing unemployment by transforming existing businesses and creating large numbers of new businesses, rather than by emigration. I doubt these countries will act without first experiencing massive crises. But for the example of the U.S. and Mexico, there are opportunities for pioneering business leaders working together on both sides of the border using the new Living System Nodal Network Business pattern to defuse the manpower shortages of the Demographic Bomb for their businesses. The current linear machine system pattern of government and business will only further intensify the demographic unbalances.

I know the vast majority of businesses and countries will not heed a call for new economic and business development models until after a severe crisis strikes. I expect only leading-edge persons and organizations will prepare themselves for their future. I cannot be concerned about who cannot see the inevitable. I am focused on those who can and will align their lives and businesses with what is coming – Living System Life and

Work. If they act now during the most crisis filled years at the end of the current K-Wave cycle, they will be naturally positioned with the new tide of human affairs that can begin to emerge at the beginning of the next K-Wave cycle. That is a great underlying strategic issue for business leaders today.

Slide 5 – Mega-Force 3 – Relate to K-Wave #2

Second, I consider the geo-political-social dimension of the coming explosive effects of *Mega-Force 3*'s Demographic Bomb on the growing world confrontations between the Islamic and the Judeo-Christian worlds. The demographic facts are certain – The populations of Judeo-Christian countries will continue to decrease or at best maintain their current size – The populations of Islamic countries will continue to rapidly increase. Their capability to challenge who they now consider enemies will continue to increase. I expect the pressure to act on deep emotional energies will accelerate especially during the current decade of worsening business conditions because of the underlying K-Wave Q4 deflation forces. Leadership intransigence in both worlds points towards deepening confrontations and possible world conflicts. No one will win from such an eventuality. There are ways out of this growing catastrophe if we can abandon combative leadership, military force and terrorism as primary paths to solution. I believe there is no solution by destructive force.

My conclusion is that world demographic imbalances will exert Mega-Force effects during the next two decades. We know a Demographic Bomb is formed. The effects of its social-political dimension are already present. Its explosive business effects may now be masked but will explode as the world begins to enter the Q1 business expansion of the next K-Wave. The effects of its geo-political dimension are now growing toward some type of climax in the next several years – Probably before the end of the current K-Wave's Q4 deflationary period. The nature, intensity and extent of this climax are great strategic uncertainties that leaders must now face. No one now knows the answers – Except that the current collision course is not the right one and that the emerging Stage A' Human Psyche System stage as the base for new leadership, at least in the Judeo-

Christian world, offers the best foundation to avoid cataclysmic consequences. Now let's move on to the *Mega-Force 4* story.

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