

# Ensuring Long-Term Human Resources in the 21st Century With Adherence to Human Rights Standards

Gábor Kertész

International Business School, Budapest, Hungary

The longstanding debate persists: is the economy for the people, or are people for the economy? Technological advancements have increasingly reduced the need for physical human labor in economic activities. However, the demand for human resources is expected to persist at some level. Historically, the necessary human resources for national economies have been sustained through birth rates or immigration. This study explores whether maintaining a stable fertility rate of 2.1 in modern EU member states can be achieved in the long term while adhering to constitutional and human rights standards.

*Keywords:* human resources, fertility rate, state-founded child

## Introduction

Nowadays, we hear and talk a lot about “revolutions” and “crises”—the new industrial revolution, the ecological crisis due to global warming—but there are also phenomena where one side experiences an effect and another country experiences the opposite of it; such an example can be population growth. While at global level, population continues to grow—as it has been since the beginning of recorded history, with only a few interruptions—in most EU member states, it is declining<sup>1</sup>. In the following, using Hungary’s data as an example, I will examine how it is possible to ensure the human resources necessary for the functioning of the national economy while adhering to universal human rights standards.

It is a macroeconomic fact that in addition to other necessary resources, human resources, that is, people who work, are also needed for the functioning of the economy. It is also a well-known fact that, at a societal and national economic level, to maintain the population size—which, from a macroeconomic perspective, is considered human resources—in the long term, women of childbearing age are needed to give birth to an average of 2.1 children. According to long-term statistical data from the Hungarian Central Statistical Office (KSH), this value was last achieved in Hungary in 1978, and <sup>since</sup> then it has consistently been below this level, with fluctuations. According to the most recent data from 2023, the fertility rate is 1.51<sup>2</sup>. This means that ensuring the long-term viability of the national economy requires the continuous provision of a sufficient number of human resources. However, we must not forget that all human resources, as people, have fundamental human rights guaranteed by the Constitution. Looking at the long-term data, we see that despite small fluctuations, the trend

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Gábor Kertész, professor, Ph.D., International Business School, Budapest, Hungary.

Correspondence concerning this article should be addressed to Gábor Kertész, International Business School, Beszterce street 30, H1034 Budapest, Hungary.

<sup>1</sup> <https://www.worldometers.info/world-population/population-by-country/> (08/10/2024)

<sup>2</sup> <https://www.ksh.hu/gyorstajekoztatok/nep/nep2307.html> (08/10/2024)

has not changed: population decline and a decrease in birth rates have continued. In the past 40 years, the government has launched several programs to reverse this trend, but despite significant national expenditures on these programs, they have only temporarily slowed or halted the decline. The “low point” in the fertility rate was in 2002–2003, with a value of 1.27, but considering the decline in the number of people of childbearing age, the 94,647 newborns of that time meant that by 2023, a rate of 1.51 corresponded to the birth of 85,200 children<sup>3</sup>. Due to the natural population decline over the past twenty years, this higher fertility rate reflects a smaller overall population and fewer women.

In other words, based on the data, additional human resources must be “acquired” from somewhere to ensure the long-term stable functioning of the national economy. This issue arises in most of the Union’s countries. In most member states, the problem is primarily solved by the immigration of guest workers. Western member states have experience from the 20th century in integrating larger working communities into society, and in many countries, there is experience with living together or side by side due to old colonial ties. In the following, I will examine whether, apart from immigration, there are other constitutional and nationally viable solutions.

### **The Ancient Romans**

As lawyers, we studied Roman law at university, and in our daily work, we often encounter situations similar to those faced by the Romans, where legal development, with minor modifications, continues to apply the old Roman solution.

A legal entity—in this case, a human—has the right to abandon ownership of a thing (applying dereliction), making the thing “ownerless”, which can then be freely appropriated (Földi, & Hamza, 1998). In the case of abortion, the human legal entity decides to “derelict” the fetus, and for this dereliction, the individual (and in most cases, considering their health insurance status, the insurer) even pays.

If we start from the premise that the aborted fetus could eventually become a human resource valuable to the national economy, which, since it is currently not (or not yet) a legal subject but an object, and the pregnant woman intends to apply dereliction through her lawful decision, the question arises: Can the state lawfully take action, while fully respecting the rights of the pregnant woman, to acquire this potentially macroeconomically beneficial human resource in the long term?

According to the current state of science and technology, which even the Romans knew, the fetus needs to grow in the maternal body for a maximum of 300 days to fully develop. It is widely known that during pregnancy, the female body functions differently from the “usual”, which in the vast majority of cases leads to a significant reduction in her work capacity and efficiency. Consequently, in most cases, the pregnant woman’s income decreases, and she incurs additional expenses. The state addresses these financial downsides through the social security system, typically compensating in percentages but with an upper limit.

### **Collision of Rights—Contract**

According to Article XIII (1) of the Hungarian Fundamental Act (Constitution), everyone has the right to property, a right known and recognised by all legal systems in the world. We have known since Roman law that no one can be considered the owner of the parts of his body, but if something is separated from the body, it becomes a thing in its own right, and the owner of which becomes the person from whose body it is separated.

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<sup>3</sup> [https://www.ksh.hu/stadat\\_files/nep/hu/nep0006.html](https://www.ksh.hu/stadat_files/nep/hu/nep0006.html) (08/10/2024)

According to the last clause of Article II, sentence 2 of the Constitution, the fetus is entitled to protection from the moment of conception. According to consistent practice, this does not affect the legal practice of abortion for decades, since “protection” is not the same as “recognition of legal personality”.

In this paper, I will not address the library of international pro and con debates on abortion, but only examine whether it is economically profitable and legal to operate a program that immediately takes aborted children into state care, thus increasing the long-term workforce and taxpayer numbers.

Article II, sentence 1 of the Constitution states that human dignity is inviolable. Fraud, deception, threats and coercion are sanctioned by the legal system not only in criminal law but also in other branches of law. In other words, if we accept the mathematically and demographically based hypothesis that the fetus destroyed by abortion—in the sense of the law of property—which is a legal “thing” under Hungarian and most other legal systems, is “appropriated” by the state in the interests of ensuring the long-term (meaning several decades)—stability of the national economy, all the rights of the pregnant woman—personal and property—must be respected to the maximum. In a functioning free market society, this can be solved in individual cases by means of a contract, by “persuading” the pregnant woman, with a commercially advantageous offer, to carry and give birth to a child, whose future upbringing and education will be provided by the state, as the child’s guardian. The “bargain” is nowadays typically made on a monetary basis. In addition, the State is obliged to compensate the woman who is expecting for the loss of income in connection with the case and for the necessary and justified costs incurred, since they incurred in her interest.

It is important to note that a child born as a result of such a transaction will have the same legal personality from birth as everyone else. In Hungarian law, as in all modern legal systems, the legal personality of everyone is complete, unconditional and unlimited from the moment of a person’s live birth (Hungarian Civil Code, § 2:1-§ 2:2). I know, it is “strange” or “heretical” to use the aforementioned concepts of property law in relation to human beings, but Hungarian health law has been using concepts known from property law such as “embryo deposit” and “embryo donation” in connection with artificial insemination for decades. It is important to note that nowhere in the world are different rules applied to different people depending on the way in which they were conceived or born, including the uniform practice in most jurisdictions that the fetus is a child of the deceased father and that an embryo conceived through rape can be aborted under the law of almost all states.

The purpose of the legal act, from the State’s side is to ensure that the fetus is carried by the woman and, by increasing the population, to ensure the long-term functioning of the national economy. This is a very long-term investment, since the first two decades are almost entirely costly and it is only at the end of the second decade, or rather in the middle of the third one when the young citizen begins to contribute to the production of the national economy.

The legal transaction is a special engagement contract where the woman gives birth to the child and the state pays a fee. The rules of an engagement contract are laid down in the Hungarian Civil Code. § 6:272-§ 6:280. which may be amended by the parties in accordance with the principle of freedom of contract.

It can be proved with invoices—and most likely estimated before the agreement—how much income the woman loses and how much extra cost incurs at her because of the change of condition. The loss of income is typically the full cost of the loss of work due to the change of condition, as under the relevant legislation, social security benefits for pregnancy are subject to a fixed or insured earnings cap.

### **Costs to the State**

In addition to the one-off payment and the reimbursement of costs to the pregnant woman, the State bears the cost of maintaining the child protection system as a public service. At some level, the system has centuries of history and experience.

The number of abortions has been steadily declining, it was 21,200 in 2023<sup>4</sup>. In the child protection institutional system there are currently approximately 26. 000 children. If the State, in order to increase the available human resources in the long term in terms of numbers, offers all those concerned the opportunity to cover the costs of pregnancy and loss of income at the mandatory pre-abortion counselling, and 25% of those concerned accept it, this would mean that the number of people served in the child protection system would suddenly increase by nearly a quarter, based on 2023 data, and nearly a quarter of all those served would be infants. From then on, it will be necessary to provide staff and equipment to cope with the multiple staffing levels in an “ascending system”. In other words, with unchanged numbers, a continuous increase of at least 25% in the cost of the child protection system will be necessary for two decades, based on 2023.

The 5000 extra children per year would probably only reduce the rate of population decline, but would not reverse the trend. However, an increase in the number of children in the child protection system will, in addition to nominal improvements, also justify structural changes to ensure that the significantly larger number of children in the system can be educated to an appropriate cultural and social standard and that children can move from residential child protection institutions to appropriate educational institutions without problems and then enter the labor market after leaving the system.

From this point of view, it is regrettable that the public social and educational sectors are experiencing staff shortages in many areas and that there are fewer and fewer young people entering higher education. From a national economic point of view, the State needs the growing number of human resources leaving the child protection system to have marketable skills and also the social skills needed to successfully integrate into the workplace.

Although Hungary has a century—old history of child protection system, allowing such a large number of new care leavers into the system today, in 2024, is politically unimaginable and requires very thorough planning and preliminary system assessment. In the near past, in the first half of 2024 it became a huge domestic political scandal when it was revealed, that the President of the Republic had pardoned a person sentenced to a term of imprisonment because, as deputy director of a child protection institution, he had actively prevented the authorities for years from investigating the pedophile acts committed by his boss, the director of the institution, against the children in his care. The development of a new secure signaling system has not yet been completed. A comprehensive audit of the system is still underway to investigate whether this was an “accidental incident” or an internal fault coded into the system that needs to be detected and corrected.

Given the current labor market situation, notwithstanding the fact that under current public education rules compulsory education lasts until the end of the school year in which the child turns 16 (Article 46(3) of Hungarian Labor Law Act), it is probably appropriate for children in the child protection system to complete a school leaving certificate and then higher education in order to acquire more effective and marketable skills.

### **May It Be Worth Raising a Worker?**

So far, it may seem commercially unprofitable to take on all the costs of having a child until the child reaches

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<sup>4</sup> [https://www.ksh.hu/stadat\\_files/nep/hu/nep0013.html](https://www.ksh.hu/stadat_files/nep/hu/nep0013.html) (08/10/2024)

the age of 18 years (including pregnancy and compulsory schooling rather than abortion as the child is in the child protection system until this age). These costs cannot legally be demanded from the child in any way, nor can he or she be obliged to work in Hungary for the same period of time.

Perhaps the question should be asked in terms of the timeframe of the plan to maintain the country's population at a level that can sustain the economy at a normal level. Since we are dealing here with a trend change in the number of human resources, which can be assessed over a period of decades, neither planning nor evaluation can be applied using the traditional, commonly used methods, where the total project timeframe is five years or less. In the first 20 years, the project will undoubtedly represent a significant increase in expenditure, not insignificant from the point of view of the public budget. The next project, which will also require a significant budgetary outlay, is to encourage young people who have completed their compulsory education to obtain a higher level of qualification, which will lead to higher productivity in the national economy—for which a study contract is already possible as per the Hungarian Labor Law Act §209. This is a “win-win” solution, both for the person concerned, who will have a higher income, and for the State that will gain a more productive citizen, who will remain a domestic taxpayer and citizen for the duration of the contract. On the other hand, marketing and PR activities should be used to persuade citizens so that they want to live as tax-paying citizens in their home country.

Once the young adult reaches the age of 18, he or she is taken out of the child protection system, but it is possible under current legislation to conclude a study contract with the young person, with the provision of benefits in kind until the end of his or her studies, the cost of which is then paid for out of his or her wages. Children of compulsory school age are obliged to be educated by the State, so children aged 0-16 years are obliged to be looked after by the State in the child protection system and cannot claim any compensation for this either then or later. It is evidence nowadays not only in the field of HR that the higher the level of education, the more educated the person, the easier it is for them to get a job and the higher the income. Therefore, just as families wish to provide their children with the best possible education in the appropriate educational institutions, the State is also interested in helping the children it educates to obtain the qualifications best suited to their skills and abilities. In this respect it can conclude a study contract with the student after the age of compulsory schooling, in which it can quite legitimately stipulate that he or she is obliged to work in Hungary for the period corresponding to the duration of the support.

It has been known “beyond human memory”, to use a term from legal history, that the higher the level of education received, the higher the standard of living in the vast majority of cases, and consequently the higher the amount of money paid into the budget in various forms of taxes and contributions.

According to the data of the Hungarian National Bank and the Hungarian Central Statistical Office (mnb.hu ksh.hu), in 2022, the average cost of raising a child, counting only the necessities and services, but not the cost of maintaining the building, will be 33.000€ up to the age of 16. Up to the age of 18 a further 7.000€ is needed and up to the higher BA level a further 10.000€—the cost of BA varies greatly between courses, here I give a weighted average rounded to the nearest thousand. By very rough calculation, if a young person leaving the system with a BA degree has cost the State 2.000€ (to compensate for pregnancy costs and loss of income) + the above mentioned cost of 33.000€ + 7.000€ + 10.000€, it means a total of 42.000€ with the young worker with a BA degree who will most likely earn in the contracted time rounded up to 27.000€ GDP/capita. Taxed at the 30% Hungarian tax rate means that over five to six years the person will pay about 42.000€ to the budget only on the basis of the taxes and contributions on his/her work. In other words, it can still be assumed, to a high degree of

approximation, that a person leaving the state child protection system with a BA qualification will “repay” the State the amount spent on his upbringing over six years through the public taxes he pays on his work. Since the worker cannot be tied down for a period longer than the duration of the training and the study contract can only cover three years of BA training, it is possible to use extra legal means to ensure that the person wishes to continue working in the country.

### **Guest Workers**

The childbearing model outlined above will undoubtedly be a very costly project for several decades without any noticeable impact. The other solution, used by several EU Member States, is to bring in guest workers, which does not require a budgetary outlay of the same magnitude as the one outlined above and the person starts working immediately, thus increasing both the state’s GDP and budget revenue.

As in this case the entire training costs of the worker are borne by the “exporting” country, international experience of the last decades shows that sooner or later, the demand for “brain drain” will arise, mainly among the population and/or leaders in the exporting country, which could easily turn into a political agitation against the importing country.

As we have seen above, the population is growing in numbers at least at the global level, despite the fact that many economically developed countries do not have a fertility rate of 2.1 to maintain population levels, but in economically less developed countries it is well above 2.1, with a peak of 6.0 in several African countries.; in these countries emigration is also high, but below the rate of population growth<sup>1</sup>. In the long term, it is therefore worthwhile to ensure that the labor supply comes from places where the education system also provides graduates with the skills needed for the modern labor market.

In this context, it is worth recalling Thomson’s theory of the “demographic transition” (Thompson, 1929), which states that the size of human civilization has changed in four stages in history. In pre-industrial societies, with high birth rates and high pre-fertility mortality rates, the population stagnates, or even increases very slightly. In the early industrial age, birth rates remain high but the pre-fertility mortality rate falls significantly, so the population grows rapidly. In the late industrial age, the birth rate falls, and the population stagnates. Finally, in post-industrial societies, with low birth and death rates, population stagnation slowly turns into a slight decline. In the last century, we have seen Thompson’s theory put into practice in a number of industrialized countries. In many developed countries the data show population decline for decades, even in the absence of war and natural disasters. There is as yet no scientific consensus on a theory to reverse the last stage of the model, or to outline a new fifth stage of it, but, sensing the problem, several solutions to stop population decline are being experimented with around the world. All of them use socio-political methods to stop population decline, like improving the family support system, strengthening the position of women in the labor market, promoting equality between men and women, improving the education and health systems, reforming the pension system and encouraging immigration.

Before addressing the labor issue through guest workers, it is worth noting from a macroeconomic perspective that long-term historical time series show the trend that population growth was slow until the last century, when medical advances made many previously fatal diseases curable, and vaccinations protected the population from many diseases. Medical progress is clearly beneficial to the economy, as it reduces the number of hours lost from production due to illness, including the training of new workers to replace the ones lost. On the economic side, however, the question arises about the scope of compensation for medical research, treatment

and health promotion activities, whether it is at individual, national or global level. After all, on the one hand, medical treatment and disease prevention have generated value for the person concerned, for the company employing him or her and, on the macroeconomic level, for the budget and GDP. On the other hand, at the global macroeconomic level, the economic value generated by the treatment may—because of the foreign guest work undertaken by the person—generate revenue for a company or state that has not invested any significant amount in this medical project. Such a problem can be dealt with in individual cases by lengthy civil and economic litigation under most modern legal systems, but if it becomes a mass problem, it can only be properly dealt with at international level, to the satisfaction of all parties concerned.

As the previous two paragraphs suggest, in the long run it is worthwhile for the world economy and most national economies to help poorer countries with higher fertility rates to improve their health and education systems, as there is a not insignificant long-term chance that they will import labor directly or spontaneously from such countries.

On the basis of the available data for each country, it is possible to forecast several versions of the multi-decade macroeconomic path for each country.

### **Human Rights**

Today, it is an international legal evidence that all human beings have equal fundamental human rights, despite the fact that according to surveys of many organizations there are many people who are unable to enjoy some of their fundamental rights (in varying proportions). Without going into the history of the development of human rights, it is worth noting that the right to life, property and the right to dispose of it, as a born human being, is enshrined in all legal systems. The human rights issues to be considered in the human resource acquisition solution outlined in Parts 2-5 are as follows.

The freedom of the pregnant woman concerned to choose whether or not to enter into a contract must be respected to the maximum extent possible. If the answer is “no”, she should be subject to medical intervention under the relevant health and health insurance rules; if the answer is “yes”, the pregnant woman should be reimbursed for all costs incurred in relation to the contract.

From birth, the child shall enjoy full and unconditional equality of rights like every human being as well as Hungarian nationality and the right to be cared by the state child protection system until the age of 18.

Upon completion of compulsory education, aged 16, and thus legally of limited capacity, the young person is entitled to conclude a study contract with the State, in which he or she undertakes to work in an employment relationship determined by the State for a period corresponding to the duration of his or her studies.

From then on, the relationship becomes a fully general employment relationship, whether he or she works under a traditional or any other employment relationship. From then on, this worker is likely to have the advantage—primarily at the macroeconomic level, but not noticeable at corporate and micro level - of being fully socialized in the country’s cultural system, which will make it easier for him to relate to his national colleagues and avoid the risk of conflicts arising from the different cultural backgrounds of the workers<sup>1</sup>. It is important to briefly mention here that guest workers are much more likely to develop conflicts with colleagues and local residents<sup>3</sup>.

### **The Mouse: Pet, Pest Rodent or Laboratory Assistant**

Today, mice in the European Union are found in one of these three categories. Here, I highlight the results

of the work of the American ethologist and behavioral scientist J.B. Calhoun on the “third job”. Calhoun’s experiment, UNIVERSE 25, investigated the social behavior of mice in “paradise conditions”, where they were provided with sufficient food and space, at ideal temperatures, free of predators and disease. In the first period of the experiment, the mouse population grew rapidly, but after a while the population started to contain increasing numbers of individuals that (1) became “hermits”, (2) neglected or attacked their offspring or their mates, (3) behaved aggressively towards other mice, (4) lost sexual interest. The spread of such behavior caused the mouse population to rapidly collapse after a few generations of stagnation (Calhoun, 1973).

On the basis of the experiment, Calhoun concluded that “for an animal as simple as the mouse, the most complex behaviors involve an interrelated set of courtship, maternal care, territorial defense, and social organization within and between hierarchical groups”. According to the results of an experiment modelling post-industrial societies—that have been disputed, e.g. the studies of the psychologist J. Friedman’s show that crowding has no similar detrimental effect on people (Friedman, 1975). In our human resource management question, we see from the UNIVERSE25 experiment that it is worthwhile to introduce new individuals into the community when the population stagnates, because after stagnation there is a rapid collapse.

It is worth comparing the data and theories of Calhoun and Thompson. Phases 2 and 3 of Thompson’s demographic theory are clearly reflected in Calhoun’s data; phase 4 is (hopefully) different. There was no example in Calhoun’s experiment of importing extra individuals into the system from outside, either in the stagnating or collapsing phase. The thought experiment described in the preceding points 2-5 quasi imports future workers from outside to supply the national economy with sufficient human resources.

### Conclusion

Today, with fertility rates in the most economically advanced countries typically below the “sustainable” 2.1, countries concerned are dealing with domestic human resource shortages by importing labor of some kind, which experience shows the unintended side-effect of various conflicts. To avoid these, I have sketched out a thought experiment for increasing human resources from domestic sources, taking into account the constitutional rights of the people concerned. In the thought experiment, I made calculations based on official Hungarian data for 2023 and the relevant legislation. Based on the results of the experiment, assuming the outcome of the fetal protection counselling, the woman, with a conservative estimate and assuming the consent of 25% of the persons concerned, agrees to bear the child and the State agrees to compensate the woman for the loss of income and justified costs of pregnancy and to raise the child in State care, then, assuming the child graduates with a BA, her income tax for six years will pay the State’s costs incurred in this connection. Other public tax payments are from then on “pure profit” for the State. In addition, since he has lived his entire childhood here, there are no cultural or linguistic issues that arise with human resources imported from abroad (whether as employees or entrepreneurs).

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