

Why pro-immigration policies must be part of an adaptation to predictable demographic changes in Europe

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The 'Lampedusa Dilemma':
Global Flows and Closed Borders.
What should Europe do?
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INTRODUCTION

The **EUI Forum on Migration, Citizenship and Demography** is a joint initiative by the four departments of the EUI, the Robert Schuman Centre for Advanced Studies and the Max Weber Programme. It brings together critical analysis, informed debate and policy recommendations from the wider field of citizenship and democracy, demography, migration and asylum governance, and the management of cultural diversity.

Professor Anna Triandafyllidou is the Scientific Organiser of the Forum's Inaugural Event: The 2014 Conference on the Lampedusa Dilemma.

Policy experts and scholars from a variety of disciplines will share their views on migration governance, human rights, asylum-seeking and international protection, as well as irregular migration.

The Lampedusa disaster of October 2013 demonstrates the dramatic events taking place in the Mediterranean area which require urgent, forward-looking and well-thought out responses.

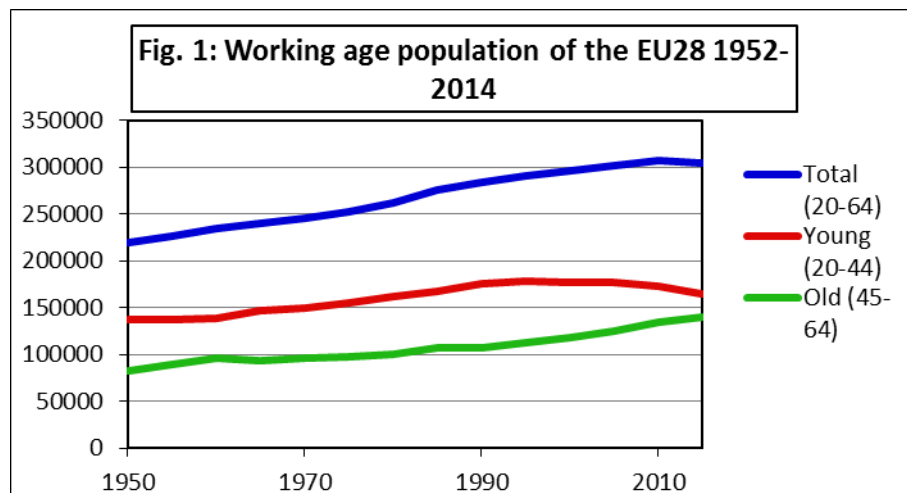
Europe sees its future economic growth as being driven by knowledge, technology, and innovation. The underlying assumption for the international division of labour is that the West will master the intellectual side of things and 'the rest' will deal with material production. Immigration, meanwhile, because it would bring cheap labour, would favour labour-intensive rather than knowledge-intensive developments, and as such might hamper innovation-based growth. Pro-immigration policies would, therefore, not be part of a sensible European strategy for economic growth. Reality, though, give the lie to this widespread prejudice.

AGEING WITHIN THE WORKING AGE POPULATION

The working age population of the EU28 is already subject to shrinking and ageing. The total number of persons aged 20-64 years, which kept growing from 220 million in 1952 to 307 million in 2010, declined to reach 305 million in 2015. More significant changes affected the age structure. While young working age population (20-44 years) started to decrease from 180 million in 1995 to 167 million in 2015, representing a loss of 8%, the old working age population (45-64) is still increasing (Fig. 1).

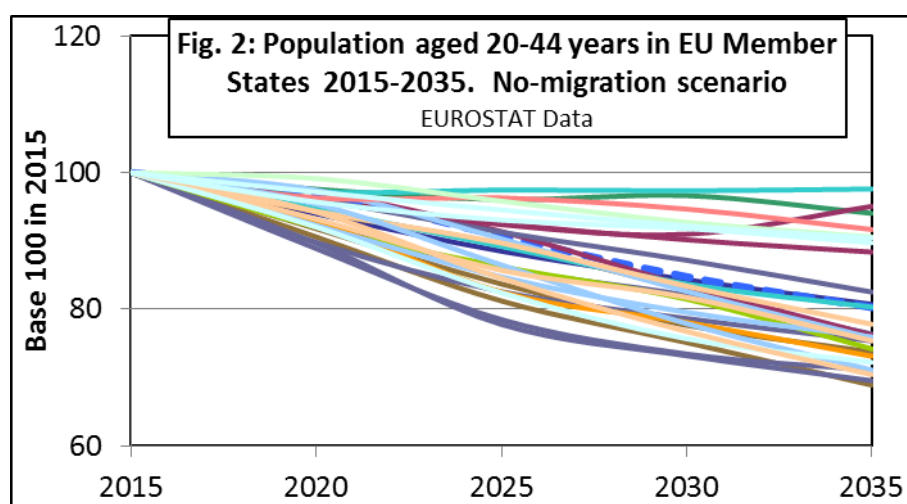
How will the future look? Projecting a population that is already born – such as the young working age population (20-44) over the next twenty years (2015-35) – involves only two factors: mortality, which is extremely low at 20-44 and known with a high level of accuracy, and external migration which is an unknown. In EUROSTAT's main scenario in which recent migration trends are simply extrapolated from 2015 till 2035, a slight decline is to be expected at EU28 level from 167 million in 2015 to 150 million in 2035 (-10%). There will be much variation from member state to member state. So

in Luxemburg the 20-44 age group will grow by +48% in conjunction with sustained immigration: in Lithuania, on the other hand, it will be -43% as a result of continuing emigration.



What would happen if migration came to a stop as of now?

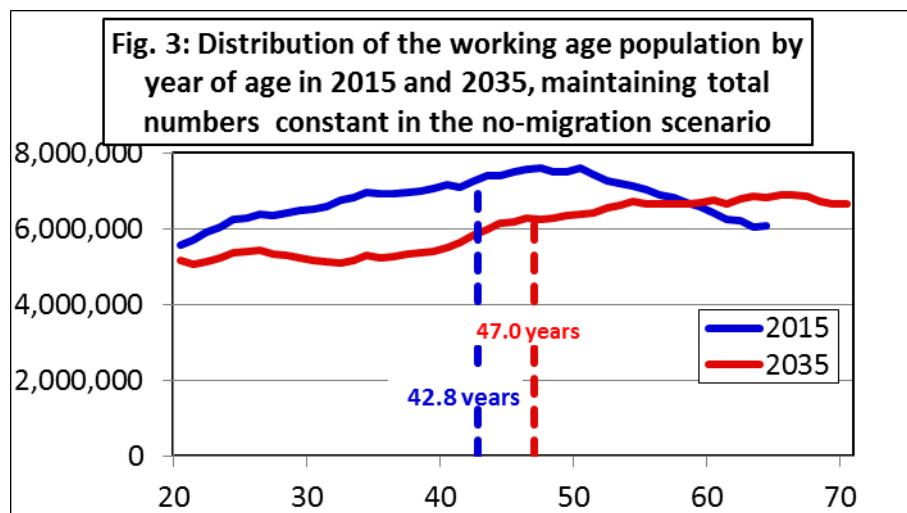
But why should migration continue the same way as in recent years, or more particularly as it did in the decade before the current economic crisis? We can learn more from the no-migration scenario, in which immigration as well as emigration are hypothesised to be nil from 2015 till 2035. What would happen if migration came to a stop as of now? Well, the young working age population would decline in all member states (Fig. 2). At EU28 level it would drop from 167 million to 134 million, losing 19% of its size. The relative loss between 2015 and 2035 would range from 31% in Bulgaria to 2% in France. Eleven Member States would lose more than 25% of their young workforce and only six would lose less than 10%.



THE RISK OF SKILLS AGEING

Do absolute numbers matter for innovation and the growth of knowledge-driven economies? It perhaps works much the same way as in sport: the more athletes a country has, the more medals it can win at the championship. The predicted population loss at 20-44 can be offset in the

no-migration scenario. The old can replace missing young people. In order to maintain the size of the total working age population, it would be sufficient to replace 32 million missing at 20-44 and 8 million missing at 45-64 with 40 million aged 65 years and over. Elevating the upper limit of the age group defined as 'working age' from 65 to 72 years would be sufficient. It would result in a rise in the mean age of the labour force from 42.8 years in 2015 to 47.0 years in 2035 (Fig. 3).



Would this shift in the age structure of the workforce have any impact on EU's capacity to develop as a post-industrial economy? A reduction in the number of people aged 20-44 amounts to a reduction in the mass of: recently acquired education; formal knowledge; and skills in the fields where up-to-date knowledge matters more than experience. But will it affect the EU's labour force productivity and its potential to innovate?

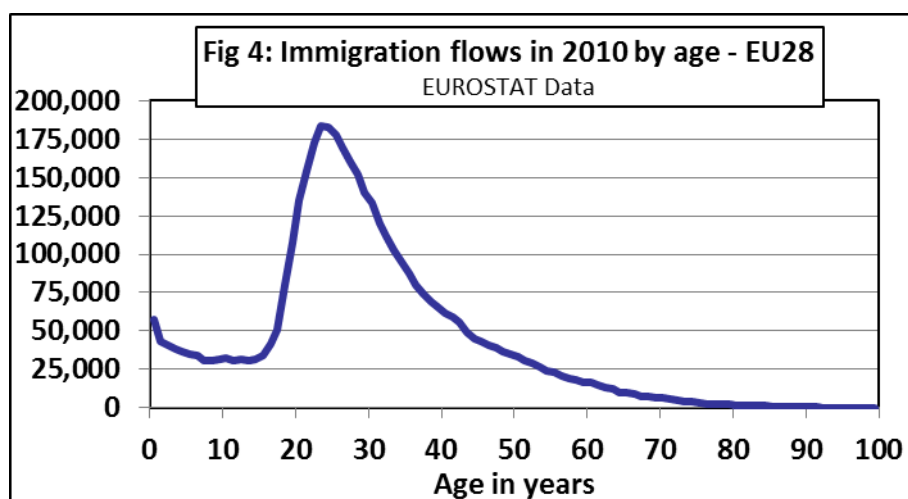
How does productivity evolve over a worker's life cycle?

How does productivity evolve over a worker's life cycle? The question does not seem to have received any decisive answer. Neuroscience has established that cognitive performance peaks at an age corresponding to the end of formal education and then starts to decline with age. But economics shows that human capital can benefit from an age dividend with experience gained on the job with life-long learning making up for eroding cognition. The resulting overall variation of productivity with age is a reverse U-shaped curve. But what precise function it is and at what age it reaches a maximum are not found in the literature.

It is easier to locate innovation in the life cycle of inventors. There it corresponds to a recorded fact, be it a patent, a medal or a prize. It has been established that great achievements in knowledge occur in the first half of the working life, but at a later and later age in the course of the twentieth century. This might be because the duration of formal education, which has increased over time, delays innovation, or because improving health conditions expand the working life period during which innovation is made. While research does not tell us whether ageing might affect the EU's capacity to maintain the highest levels of productivity and to innovate, it suggests that migration can be instrumental in reaching these goals.

THE YOUTH OF MIGRANTS

For as long as statistics go back in time, international migration occurs on average at the age of 25 (Fig. 4). The remarkable stability of the age for international migration over time and space is a fact that no theory has tried to explain. But it has two interesting implications for our topic.



First, migrants arrive just after they have completed their education, and increasingly before the last step of it when they migrate as students. They are still at the beginning of their working life, a moment when their potential contribution to production and innovation is growing.

Second, while age at migration has remained stable, outstanding demographic changes have occurred in migrant origin countries. Delayed marriage and decreasing birth rates have resulted in a radical life change for young adults at the age of international migration. Until recently, at 25, a typical migrant would have a family left behind in the home country and migration was motivated by a need to feed this family. Remitting money to improve the family's level of consumption was the main driver for migration. Today, at the age of 25, family building has not yet started. Migrants have no spouse and no children when they leave their homes. They may continue to remit savings to their country of origin. But it is increasingly to prepare their own return or to manage a safety net for themselves. Remittances grow with investment rather than with consumption. At the same time, new migrants (as opposed to traditional ones) have a higher propensity to invest in knowledge and the acquisition of skills. They accumulate human capital in addition to financial capital.

Migration operates a double selection of the best and brightest.

Moreover, migration operates a double selection of the best and brightest. There is statistical evidence for migrant self-selection in the country of origin: where an average migrant has received more education than an average non-migrant. There is also state-selection in the country of destination: where a selective point system attracts migrants who are more educated than natives.

CIRCULATION OR MIGRATION ?

Should “replacement migration” be permanent or temporary?

Calling on migrants to fill the young working-age population gap may be part of a response to population and skills ageing. Should “replacement migration” be permanent or temporary? Policymakers have recently developed much interest in ‘circular’ migration, a term coined to designate short-term, but renewable, labour migration. Circular migration would bring the economic benefits of additional, flexible, and selected manpower. But it would do so without the social, cultural, and often political costs of the long-term settlement of migrants and the emergence of a second generation. But are things really that simple and neat?

Permanent migration adds to manpower, both directly (migrants are active at the time they migrate) and indirectly (they bring or found a family contributing to demographic reproduction). In the long, long-term however, they will become subject to ageing like natives so that the more migrants are called on to compensate for the ageing of natives, the more new migrants will be needed to compensate for former migrants ageing.

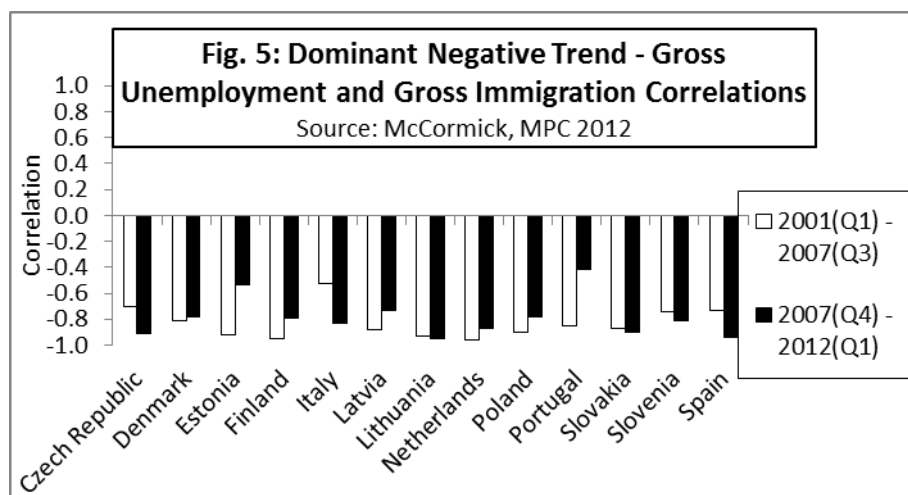
Temporary migration brings workers who will soon return to their countries of origin. It has no, or little, impact on demographic reproduction in the destination country. But it has two serious limitations. Economically, it produces a turnover in the workforce that might be harmful to productive performance. Socially, it translates into the migrant’s weak membership of society and their disinterest in acceding to citizenship, and, therefore, the segmentation of society as a whole. This model prevails in the Gulf States. But would we really want to develop it on a large scale in Europe?

RISK OF UNEMPLOYMENT?

If immigration can bring young workers who will later contribute to knowledge-driven economic growth, could this happen at the price of increased unemployment among native workers? In other words, should we not fear that immigrants will end up ‘stealing’ natives’ jobs? This is a widespread opinion in Europe. According to the 2009 European Social Survey, 50% view migrants as competitors for jobs, and this opinion is in strong positive correlation with unemployment levels.

The reality, however, does not seem to confirm popular prejudices. Correlations between quarterly unemployment and immigration from 2001 till 2012 are negative for 13 Member States during both the pre-economic crisis (2001 – third quarter of 2007) and the economic crisis (fourth quarter of 2007 – 2012) periods (Fig. 5). In eight other countries, a positive correlation before the crisis turned into a negative one when the crisis began. In the seven remaining countries, no significant correlation was found. The dominant pattern by which more immigration is coupled with less unemployment can be explained in two ways. It may be that migrants go to countries where unemployment is low and avoid high unemployment countries, or it might be that immigration is not *per se* a source of unemployment.

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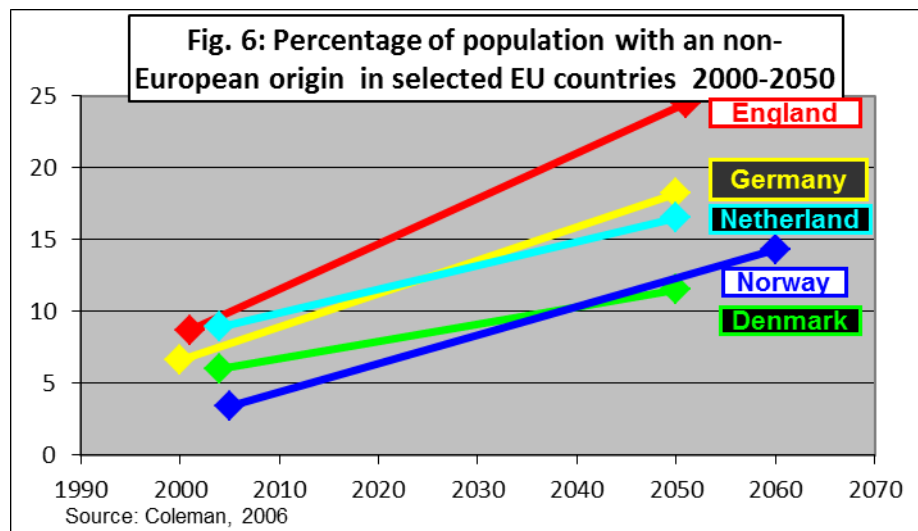


THREATENING DIVERSITY ?

If immigration is capable of boosting smart economic growth without increasing native unemployment, does it not risk altering European cultural identities? This is a popular argument among anti-immigration parties in Europe, and it is an argument which some scholars have supported. Below-replacement fertility in Europe combines with high immigration rates from the non-European world in a process that some demographers have described as a “Third Demographic Transition”. A durable demographic shift characterised by shrinking native EU populations and growing populations of non-western foreign origin would generate a cultural shift. This would make Europe increasingly resemble the origin countries of the immigrants it receives.

Theorists of the third demographic transition stress that the changes underway are inexorable as they are underwritten by the young age structure of immigrants. While they are not violent, they would endanger the social cohesion of the receiving society as people of foreign origin do not necessarily share native values. The demographic shift would, therefore, bring about a process of cultural replacement. Contrary to the first demographic transition, the third one is not universal as migration from non-Western to Western populations is not accompanied by any symmetrical movement from the West to the rest of the world.

The above argument is founded on ethnic demographic projections made under current trends of migration and fertility. Natives, on the one hand, and the foreign-born with their sons and daughters, on the other, are projected separately (Fig. 6). Ethnic projections are scientifically disputable. After all, exogamy is a simple fact and results in offspring with ‘blurred’ origins. Indeed, children of mixed parentage — a normal product of migration — cannot be classified either as persons of foreign-origin or of local origin since they are both simultaneously.



The important point may be another one here. Yes, migrants bring part of their culture to the host society. But does this imply that the neighbourhood where they live will soon resemble the neighbourhood they left behind in the origin country, as argued by the supporters of the third demographic transition theory? Migrants are a minority in the receiving population. Unless they settle in ethnically homogenous ghettos, they are heavily exposed to non-migrant ideas, values and practices. The extent to which they will adopt these ideas, values and practices for themselves, will depend upon the quality of their integration in the host society. The third demographic transition risks becoming a self-fulfilling prophecy: whether it will or not is a question for integration policies.

Diversity of origins should not be regarded only as a challenge but first and foremost as an opportunity

Moreover, diversity of origins should not be regarded only as a challenge but first and foremost as an opportunity. Economists have found a strong positive correlation between diversity of origins at the workplace and the productive capacities and performances of a firm, a sector, or a region.

CONCLUSION

Sequences in the life cycle of individuals speak in favour of pro-immigration policies as a response to the demographic changes underway in Europe. Migration occurs just after (school) education ends and before individuals enter the most productive and creative period of their working lives. Moreover, a new migration era starts in which migrants are less and less tied by (family) duties to their home countries. This means that they are increasingly likely to invest themselves elsewhere, including in the destination countries. Pro-immigration policies have strong argument on their side, but they must win over rising anti-immigration sentiments in Europe. Demography is rarely high on politicians' agendas: changes in population numbers and structures are so slow that they are imperceptible in real time and no one feels accountable for long-term transformations. By contrast migration – and more precisely limiting immigration – has become a priority for many opinion leaders in the EU. Looking at Europe's population, this seems a particularly dangerous choice.

Disclaimer: The views and opinions expressed in this paper are those of the author and do not necessarily reflect those of the EUI's Forum, its constituent parties or scientific directors and organisers.

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Mission Statement

The **EUI Forum on Migration Citizenship and Demography** is a 2-year programme (2014-2016) that brings together professors, senior fellows, post-doctoral researchers and PhD students from the four EUI departments, the Robert Schuman Centre for Advanced Studies and the Max Weber Programme, over a set of themes of common expertise and interest.

Building on a wealth of academic publications, policy papers, conferences and workshops, produced by EUI scholars in the wider field of citizenship and democracy, demography and migration management, cultural diversity and ways to address it, the Forum offers critical analysis, informed debate and policy recommendations.

Topics to be addressed by the Forum activities in the form of Oxford debates, policy workshops and academic conferences include:

- The management of cultural and religious diversity in Europe at times of intensified globalisation trends and increased migration flows
- Balancing demographic and labour market challenges. How to build an effective and efficient migration and migrant integration policy in Europe?
- Upholding our asylum commitment in an increasingly volatile geopolitical framework: Ethical and political considerations.
- EU law and policy on migration and asylum: Fit for purpose for 2030?
- Europe: a continent of emigration, immigration and mobility. Past experiences, present challenges and future trends.

FORUM website

<http://www.eui.eu/Projects/TheForum/Home.aspx>