

European Migration and Asylum Policies: Coherence or Contradiction ?

An Interdisciplinary Evaluation of the EU
Programmes of Tampere (1999),
The Hague (2004) and Stockholm (2009)

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POPULATION TRENDS, HUMAN CAPITAL DEVELOPMENT AND THE ROLE OF MIGRANT WORKERS IN AN AGEING EUROPE

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ABSTRACT

Demographic change shaping both domestic labour supply and demand affects directly and/or indirectly the demand for migrant labour. Yet empirical studies focusing on the impact of population dynamics on the labour market of ageing and contracting demographic regimes from a labour migration perspective are rare. This paper takes stock of the research and policy debates on the links between demographic change and the demand for migrant labour in Europe. The argument that European contracting and ageing demographics will be a major pull factor in the future scenarios of population mobility is elaborated and discussed. Finally, the paper stresses the need to build a long-term demographic perspective into migration policies which are highly influenced by the short-term nature of the political and economic cycles.

KEYWORDS

migration, demographic trends, ageing, labour shortages, migration policies.

Introduction

Until the recent past, migration was the component of population change receiving the least attention among demographers. This was mainly due to its lesser influence in driving population trends in comparison with fertility and mortality in most historical and many contemporary populations (Keely, 2000; Teitelbaum, 2008). However, this is less and less the case. With few notable exceptions such as France, immigration comprises the greater part of population growth in many European countries – sometime counterbalancing a negative natural change – and most projected future growth to mid-century (Eurostat, 2008).

Indeed in the last decades demographic studies have increasingly focused on international migration and its impact on population change. A number of population projections have specifically engaged with modelling the demographic impact of immigration on the contracting and ageing populations of the Western and industrialised world. This stream of research has generally concluded that although migration can contribute to sustain population growth and mitigate ageing trends, in the long run it will not be able to counter the effects of low fertility and mortality under any plausible and politically sustainable migratory-scenario (e.g. United Nations, 2000; Coleman, 2002).

While the impact of immigration on demographic dynamics and structures has been extensively investigated, there is still limited understanding of how causal relationships work in the opposite direction, i.e. how demographic factors shape migration trends. From a theoretical perspective, the main contribution of demographers to the literature on the determinants of international migration is the so-called 'demographic differential hypothesis', according to which it is the demographic gap between countries that substantially determines international migration flows as an equilibrium restoring mechanism (Wattenberg, 1987; Weiner and Teitelbaum, 2001). Although plausible and potentially valid, this demographically-driven explanation proves simplistic when confronted with the complexities intrinsic in contemporary international migration patterns. In reality, much international migration takes place either between sending and receiving countries with low fertility (e.g. from Eastern to Western Europe) or between countries with high fertility (within Sub-Saharan Africa). Hence, while demographic imbalances may well play a role in driving international population movements, their presence alone does seem to be neither necessary nor sufficient for the occurrence of migratory flows.

Based on a critical review of the theoretical and empirical literature, this paper takes stock of the academic and policy debates on the links between demographic change and the demand for migrant labour in Europe.

I. – Demography and migration: the state-of-the-art

In the main body of theories of the migration determinants – focusing on economic and, to a lesser extent, social and political factors – demographic trends were often mentioned as contextual and contrib-

uting factors to social and economic change underlying migration movements. Overall, much more emphasis was placed on the 'push' effect of the demographics in sending countries than on their possible role as 'pull' factors. The only conceptual framework stressing the socio-demographic characteristics of the labour force in receiving countries as a factor shaping demand for migrant labour is the dual labour market theory (Piore, 1979), particularly in its later formulations (Massey *et al.*, 1993). It is suggested that demographic and social changes in modern societies have led to the contraction of the pools of workers who are willing to take dead-end jobs at the bottom of the occupational hierarchy. On one hand, the decline in the birth rates has resulted in progressively smaller cohorts of young workers entering the labour market. On the other hand, higher educational attainment and social modernisation have entailed a reduced labour supply for low-pay, low-status occupations from three demographic groups who were traditionally available to accept entry-level jobs in the 'secondary' labour market: women with no career prospects, usually up to the time of their marriage or first birth; teenagers, considering work instrumentally as a means of earning pocket money and gaining experience; and rural-urban migrants, moving from the social and economic backwardness of impoverished rural areas.

The contraction of young cohorts entering the labour market as a result of declining birth rates in the previous decades is a factor often mentioned as a major driver of the domestic labour shortages experienced by West Germany (306) in the post-WWII economic boom and leading to the massive recruitment of overseas workers (*Gastarbeiter*) through temporary labour migration programmes (e.g. Martin, 2006). Similar demographic trends underlie the transition from emigration to immigration countries experienced by Italy and Spain in the late 1980s and early 1990s. Nevertheless, empirical analyses trying to isolate the effect of demographic and related factors from other economic and political determinants of the demand for migrant labour are scarce. While a number of quantitative studies investigated the broader consequences of demographic changes for labour markets of advanced economies – e.g. looking at the impact of cohort size on access to education, employment opportunities and wages (e.g. Bloom *et al.*, 1987; Ermish, 1988; Coleman and Salt, 1992) – the implications of demographically-

(306) The size of birth cohorts in Germany halved between the beginning of the 20th century (just under 2 million births per year) and the early 1930s (about 1 million per year), leading to a significant contraction of the new cohorts entering the labour market in the early 1950s.

driven labour shortages for the demand for overseas workers were discussed only incidentally in this body of literature.

II. – European demographic trends and future demand for migrant labour

Understanding of the role of demographic pull factors in shaping demand for imported labour is a question of paramount importance in European demographic regimes characterised by ageing and contracting demographics. More specifically, two major components of population change – already ongoing and occurring on an unprecedented scale over the next decades – are likely to play a fundamental role in determining a ‘demand’ for migrants (Johnson and Zimmermann, 1993; Golini *et al.*, 2001; Münz, 2007):

i) the contraction of the young working age cohorts may bring about significant transformation of labour markets, and particularly a shortage of labour supply in low skilled, entry-level jobs which cannot be outsourced;

ii) ageing populations will imply the need to expand the health and social care workforce, a sector of the labour market already characterised by a high reliance on migrant labour in many EU countries.

Europe is a demographic case in point. Eurostat demographic projections indicate that over the next two decades the working age population of the EU-27 will begin to shrink – an unprecedented trend for centuries. Although this decrease will be initially slow (- 4% between 2010 and 2030) and its impact on the labour supply may be more than offset by increasing labour participation, it will be significant for the young cohorts entering the labour market (e.g. the population in the age group 20-34 will shrink by 13%), particularly in EU countries with the lowest fertility (e.g. - 16% in Spain and - 37% Poland). Moreover, this scenario already assumes the continuation of large – although decreasing – inflows of international migrants (net migration to the EU-27 is assumed to total more than one million per year throughout the projection period). In Spain, for example, under a zero net migration scenario the cohorts of labour market entrants are projected to shrink by 32% in only two decades. It is difficult to assess the extent to which economic restructuring may reduce demand for lesser skilled workers in European economies by increasing capital and technology and outsourcing the production of goods and services to the newly

industrialised economies – a trend which has characterised several industries over the last decades such as textile, manufacturing and the call centres. However, it is a fact that much demand for migrant workers comes from sectors that cannot be outsourced: construction, retail, hospitality, domestic work and health and social care. If the EU Common Agricultural Policy will continue to subsidise local producers, reliance of the sector on migrant workers is also likely to continue – should that not be the case the production would probably be outsourced because the sector would not be able to compete on the global market (Castles and Miller, 2009).

Future demographic trends not only entail a lower supply of lesser skilled workers for industries which cannot be off-shored, but also an increasing labour demand from some of these industries. This is certainly the case of the health and social care sector, which, combining both effects, can be considered as a ‘litmus paper’ of the impact of demographic change on demand for migrant labour. According to Eurostat’s 2010 demographic projections, the European population will continue to age significantly over the next decades: the proportion of older people (aged 65 and over) in the population, currently 1 in 6 EU-27 residents, is expected to rise to 1 in 5 by 2019 and 1 in 4 by 2033. In less than two decades (2039) the EU population is projected to have twice as many ‘oldest old’ (aged 80 and over) as today. The magnitude and pace of population ageing raise concern for the provision of care for older people. Although much of the debate around the future demand for care is cost-driven, concern is increasingly moving to workforce issues. The extent to which the increasing demand for care will imply the need to expand the workforce caring for older adults will depend on various factors, mainly the prevalence of disabilities and long-term health conditions and the amount of informal care provided within the family. However, projections show that demographic trends will outweigh any reduction that may ensue from a declining incidence of care needs (e.g. Comas-Herrera and Witterberg, 2003; OECD, 2006) and that increasing labour force participation rates of women and the decline in co-residence between older people and their children are likely to widen the informal care gap (Pickard, 2008). Public funding constraints of long-term care for older people and poor working conditions in the labour market suggest that the sector will hardly be able to meet its staffing needs by solely relying on a domestic labour supply (e.g. Cangiano *et al.*, 2009).

III. – Demography and migration in policy-making

While the potential benefits of managed migration for achieving future economic prosperity and welfare sustainability are often mentioned in policy debates, there is hardly a prioritisation of long-term demographic objectives in migration policy-making. In contrast, there is a general lack of farsightedness in migration policies, which are mostly driven by short-term objectives (e.g. annual reviews of labour migrant entry systems), limited in scope (i.e. ignoring the economic contribution of migrants entering countries via non-economic immigration routes and of the long-established foreign born workforce), and influenced by political agendas not exceeding the duration of one parliamentary mandate and treating immigration as a security issue or as a flagship of populist electoral propaganda. In countries with currently high levels of net immigration, policy debates on demography and migration are also affected by alarmism about overpopulation (see the recent debate about the UK population 'hitting' 70 million in the next two decades if immigration continues at the current levels).

However, some increasing understanding that demographic trends will be major drivers of the domestic labour shortages is becoming apparent at the policy level. Two interesting cases in point – at different institutional levels – are the European Commission's Policy Plan on Legal Migration, stressing the need for labour immigration to fulfil the Lisbon's employment targets and ensure economic sustainability and growth (CEC 2005, pp. 4-5); and the current immigration policy devised by the Scottish Government which has clearly set population growth as an objective of its economic growth strategy, and is taking action to attract new migrants and encourage their settlement (Kyambi, 2009). While these examples of policy-making strategies have an unquestionable merit in looking beyond short-term political mandates, their approach has been one-sided – i.e. little consideration has been given to the implications of such pro-immigration policies were they implemented on a global scale, particularly vis-à-vis the universally decreasing fertility in currently sending regions.

IV. – Discussion

Existing knowledge suggests that demography, by shaping both domestic labour supply and demand in European labour markets, affects – directly and indirectly – the demand for imported labour. On

the supply side, the size of the young cohorts entering the labour market can have implications for the level of unemployment and earnings; rising levels of education can reduce the supply of lesser skill labour; and an ageing workforce requires a greater availability of senior positions. With specific reference to low pay, entry-level jobs where migrants are typically over-represented, socio-demographic changes affect the supply of domestic labour force pools which traditionally occupied these positions: teenagers and students, unmarried women and rural-urban migrants. On the labour demand side, ageing populations require a larger workforce in health and social care, especially in the light of the decrease of informal care due to increasing female labour participation – which also increases demand for domestic paid labour – and changing social norms.

While these demographic processes may have significant consequences for the demand for migrant labour, there is a dearth of studies focusing on demography as a pull factor for international migrations. Empirical contributions, mainly by economists, looking at the impact of demographic changes on the labour market have discussed only incidentally their implications for the demand of imported labour. Much attention was instead paid to the impact of immigration on the domestic labour force, particularly discussing the notions of substitution and complementarity between the domestic and migrant workforce – i.e. whether or not migrants displace domestic workers and depress their wages.

Yet, this paper points to the need to consider the greater complexity of possible transitions between different economic statuses and positions in the job hierarchy due to socio-demographic changes of the domestic labour force, and their implications for the demand for migrant labour in different sectors and occupations. Further, our review suggests that research needs to engage in a re-assessment of the role of demography within migration theories, with a view to unpack the connections between demographic change in receiving countries and other dimensions of economic and social change at the core of these explanatory models. In particular, there is a need to rethink the capacity of existing conceptual frameworks to reflect the impact of demographic dynamics in demographic regimes characterised by contracting and ageing demographics.

A sound understanding of the impact of European demographic trends on labour shortages and the demand for overseas workers is also needed for a longer-term planning in the migration policy arena. In

most cases labour migration policies focus on short-term objectives: non-EU migrants are admitted to meet current unmet demand for labour in selected occupations, with little or no consideration of the structural changes of the labour market due to long term socio-demographic trends. Even when adopting a longer-term perspective, the migration policy debate, revolving around the question "do we need more migrants to achieve future employment and economic growth", is framed in simplistic terms. This paper suggests that, beyond the deterministic and functionalistic logic of this question, the demand for migrant labour in European labour markets is more a structural issue than a simple matter of numbers.

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