

Lyon 2006 - Background papers and conclusions

EIN Summer University and European Ideas Fair

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EIN POLICY ROUNDTABLE

Demographic Changes and Immigration

Background



Europeans are living longer. Life expectancy in Europe in 1900 was just 47; it reached 77 a century later. By 2050, if not earlier, it will rise to 81 for men and 86 for women - and in Japan it will be 92 years. The number of people in Europe over 65 will increase by 60% by 2050, when more than 10% of Europeans will be over 80. At the same time, Europeans are having fewer children. Fertility rates have declined significantly, with Europe's baby boom being followed by something of a 'baby bust'. Twelve EU member states have fertility rates lower than the stable state ratio (half the countries in the whole world to be in this situation). In 1960s, an average of 2.1 babies were born per woman; now the figure is 1.5.

Taking account of likely immigration, these twin trends mean that the EU-27 population will fall back from 500 million in 2025 to 470 million by 2050. More serious even than these total falls is the crucial shrinkage of the working-age population (those between 15 and 64). This will decline by 48 million (or 20 per cent) between now and 2050, with falls in Italy and Germany of 40 and 28 % respectively. By contrast, the US population should increase by 40%, due to higher birth and immigration rates, and that of North Africa will more than double. The policy consequences of this situation are serious: lower economic growth, a shrinking tax base, higher age-related public spending. Already German GDP growth, for example, has been one per cent lower than it would otherwise have been for the last ten years, as a result of demographic change.

Over the past four years, the EIN working group on Demographic Change and Immigration has identified systematic policies to help adapt labour markets, reform training and education, and address family and immigration policies. The central questions being addressed by the WG are: i) how to encourage higher birth rates through financial incentives, measures to make it easier for working women to raise children, enhanced day-care provision, and approaches that strengthen the legal framework and social status of families; ii) raising the labour-force participation rate - the Lisbon Agenda envisages a rise from 64 to 70 % across the EU- so increasing the percentage of the adult population engaged in employment, especially women and younger workers; iii) extending the length of working life, by raising retirement and pensionable ages, discouraging early retirement, and combating 'ageism' in the workplace; iv) increasing the provision made by those in work towards their pensions, through higher contributions to funded schemes and/or greater personal savings; v) promoting greater productivity of existing workers, so that increased output offsets the deflationary effects of falling populations; vi) encouraging adaptability of workers, so that they possess skill sets that enable them to move between jobs and professions during working life; and vii) whether to promote immigration, and how to ensure that immigrants admitted possess skills that add to the productive potential of the host countries.



In June 2006, the WG met in Brussels to discuss the latest Eurostat population projections that confirmed persistent levels of low fertility. Improving the child-care environment and compatibility between work and private life, underpinned by tax incentives, could help to increase birth rates. The 'opportunity cost' of having children needed to be reduced through targeted incentives in the pension and healthcare systems. The recent success of France and certain Scandinavian countries in halting their decline in fertility rates was instructive.

Conclusions of Lyon discussion

The following broad consensus emerged among participants in the Policy Roundtable in Lyon. In order to sustain future costs of demographic change, a comprehensive set of measures should be adopted today. It is vital to discuss the challenges thoroughly and repeatedly in public in order to generate support for, or at least a tolerance for, the political actions that are required based on the needs of society and the competitiveness of the economy. This should help to close the implementation gap. In terms of co-ordination, information and decision-making the European Union has a major role to play in fostering mutual learning, in communicating good and best practices and in making decisions where the vital needs of several or all EU member states are concerned simultaneously.

Demographic changes and welfare state reform

- Multi-faceted strategies are needed to raise the employment rate especially amongst older workers, women and the young whilst simultaneously increasing low fertility rates.
- Specific actions are needed, for example, to lower the entry age into the labour force by making education and training more efficient and shorter; and to prolong working lives by promoting lifelong-learning and by improving related welfare state and labour market incentives. Further instruments include, for example, childcare for all age groups in order to raise fertility rates and target-oriented incentives in pension systems. Last not least, it is vital to improve the compatibility of family and working life, for example by better access to part-time work and an increased flexibility of working hours.

Legal and illegal immigration



- EU countries need to re-think legal immigration policies that are biased towards unskilled workers and replace them, at least in part, by policies that facilitate immigration of qualified workers: This will also help fill gaps due to a lack of skilled manual workers. The potential benefits of a points system, that could be adapted to

the national or regional context and also to labour market developments, need to be considered thoroughly.

- This approach needs to be complemented by helping poor countries develop their economies in return (for example, through increased investment by EU member states in schools and universities in the countries of origin).
- Common EU solutions to problems of illegal immigration need to be found as actions of individual countries, for example giving legal status to clandestine entrants, have repercussions on other EU members due to the mobility of labour within the EU.
- Action needs to be taken to make Europe more attractive compared to the rest of the world in order to retain and attract skilled workers and to reverse the brain-drain. These policies may include, for example, a greater facility for skilled workers to move across European borders with a special visa for researchers in Europe.

Integration of immigrants

- A specific migration policy is not sufficient to face issues on immigration. It has to be backed up with an integration policy which includes, for example, compulsory language courses. Other countries, including Canada and Australia, may serve in this respect as role models which balance economic and cultural considerations.

The specific problems of the integration of immigrants and the 'second generation' (children of immigrants) in several member states need to be addressed more thoroughly than before in the interests of both immigrants and native populations.