



## Demographic change and migration

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### 1/ Who is affected by the issue? What are the main reasons for this issue?

In Europe our societies are ageing and in numerous other European Union (EU) countries the population is also shrinking. In Slovakia, Germany, Poland or Hungary the majority of the population will soon be over 60 years of age. The situation is less acute in France, Great Britain and the Scandinavian countries due to comparatively high birth rates. The average birth rate in the EU is 1,6 per woman (in France: 2,0; Denmark: 1,84; Poland: 1,4; Germany: 1,4).<sup>1</sup> At the same time, people are getting older and the average age of the European population will increase from approximately 40 to 50 years in the next four decades.<sup>2</sup> This means that there will be more and more older people and less and less younger people. Decisive factors for this demographic change are therefore birth rate, life expectancy and not least *migration*. Every year, 2 million people immigrate into the EU; often young people aged between 25 to 35.<sup>3</sup> It is they who ensure that the numbers of inhabitants and those in employment do not decline further.

The consequences of our *ageing societies* are serious and affect many areas of society such as the employment market and the economy or services of general interest, social security and pension systems.<sup>4</sup> In view of the above, there are fears that the high standard of living and economic growth in the EU cannot be maintained in the long term. In *distribution based pensions systems* (such as in Germany and France) fewer and fewer people in employment (i.e. social security contributors) are responsible for more and more pensioners and the system could face serious financial difficulties. Likewise, there are fears of impending *labour and skills shortages*.

It should also be noted that rural areas are much more affected by the migration of young members of the workforce into economic hotspots within and beyond state borders. The percentage of older and unemployed citizens in rural areas is increasing dramatically. Here, the risk is great that primarily the infra-structure of social and health systems will deteriorate due to a lack of personnel. In view of migration there is a risk that the *integration* of migrants is not successful and social tensions and poverty the consequences thereof. Today, it has already become apparent that people with migrant backgrounds face more difficulties on the education and employment market.



### 2/ Who is responsible for finding solutions? Who should get involved in decision-making?

As the ageing of societies and the shrinking population of the EU affects each European country differently, solutions are initially a responsibility of *national states*. This is even more so the case as social market, family and employment policies lie in their hands. If the population ages as drastically as predicted over the next few years, the majority of voters will be over 60 years of age and the question arises as to whether investments in an active employment market and economic policies can be accepted by the majority at the expense of pension payments or

<sup>1</sup> To enable a stable birth rate, every woman should have at least two children (2,1).

<sup>2</sup> In 2008 life expectancy in the EU was 82,3 years for women and 76,4 years for men.

<sup>3</sup> As a comparison: five million children are born a year in the EU.

<sup>4</sup> Aside from labour migration within one country and also within the EU, for example in East Europe, there is a north-south migration of older citizens who wish to move to more favourable scenic and climatic conditions.

services in health systems. A feeling of responsibility for cross-generation issues and a sense of *intergenerational fairness* are therefore essential requirements for sustainable policies.

The *regions of Europe* play a special role in this regard as there are great differences across Europe concerning economic and settlement structures with high/low population growth and populations in areas that are richer or poorer. Here, policies encouraging the mobility of EU citizens to find work and to move outside their own countries could remedy the situation. Up to now this has been complicated by different social security and pension systems and language barriers etc. Various political areas such as politics, administration, the economy and independent funding bodies have been affected by demographic change. It is therefore necessary, to enable networking and the exchange of information between those concerned to find joint and sustainable solutions. Assuming that regional development, job migration and unemployment are related, an opportunity for more political options and greater participation in "steering the ship" could be discussed at a European level.

If migration policies are viewed as an important factor to counter demographic change, then it is most definitely a *European solution* that must be found. Based on the opening of internal borders after the Schengen Agreement in 1985 and the freedom of movement for citizens, national regulation has become ineffective and mutual dependency has become evident. However, the issue was initially a national one and each country attempted to find solutions for active migration policies in varying degrees of urgency and scope. Most of these ideas were based on *managed immigration*, which enables the recruitment of particularly well-trained specialists for certain segments of the economy. Similar paths have been taken on a European level. In 2008 EU governments passed an agreement titled the European Pact on Immigration and Asylum and in 2009 the Blue Card was introduced. Comparable to the Green Card in the USA, this card permits highly qualified third country nationals to work and live in the EU. At the same time, the pact has tightened EU borders to help halt illegal immigration. Perhaps that is why one often hears the expression the "fortress of Europe".

It is essential to view migration in connection with integration so that social exclusion and poverty can be prevented. To enable migrants the opportunity to find their homes here, political and social "participation mechanisms" are of vital significance. Regions and *local authorities* have an important role to play here as they are the first contact point for migrants and need to create an atmosphere of acceptance and offer support. It is therefore, the individual responsibility of each and every citizen and migrant to promote and enable integration. On a local basis, opportunities for political participation such as taking part in elections and involvement in local organizations and institutions could lead to a successful integration of migrants of third countries. This could also involve participation in EU elections.



### **3/ How can this issue be permanently solved?**

A closer look at the three factors birth rate, life expectancy and migration which influence demographic change also enable a starting point for solutions. This means that on the one hand, family and social policies, and on the other, employment and migration policies must assume responsibility, although a distinction must be made between how to deal with the consequences and/or the causes.

To enable the stabilization of birth rates a *sustainable family policy* would be advisable and could include, for example, tax and other financial benefits and improve the infrastructure of child care (more child care centers etc.). At the same time, a reconciliation between work and family would be desirable, particularly for women. This would not only have a positive effect on families but also on the employment market. An increase of women in employment would also compensate for labour shortages as a result of the ageing of societies. This clearly shows how closely interwoven the political areas are. Possible solutions should therefore be regarded as a unit and joint solutions found to counteract the ageing of societies. A further alternative could also be employment market reforms, to integrate and activate the so-called "hidden labour

reserve”<sup>5</sup> Consideration could also be given to reducing the length of professional job training to enable an earlier entry into working life.

On the other hand there are currently considerations to raise retirement age and/or to facilitate the retaining of older workers and pensioners in the labour market. There are various and very different approaches and procedures in Europe. In Scandinavian countries *labour market and pension reforms* were introduced at an early stage (Denmark is often drawn on as an example). In view of the possible uncertainty of future pensions, thought has been given to the effectiveness of the contributory system presently in force in many countries and if alternative schemes would be more sustainable. Private pension schemes are an important point of discussion here. To encourage increased mobility of workers in Europe, it has been suggested that introducing a European pension and social security system could enable mutual solutions for demographic change. Perhaps it would then be possible for an unemployed Spanish architect to find work in Schwäbisch Hall in Germany.

*Active migration policies* play an important role as they are expected to have a positive and long-term effect for demography in Europe and primarily, the advancement of migration and integration. This could be achieved with a less stringent migration regime in Europe and a simplification of regulations. Together with the above, local support structures would make migration and permanent residency more attractive. If migrants make up larger proportions of the population of Europe, it follows that an early participation in social and political issues is essential. These opportunities to participate could speed up the integration process considerably.

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<sup>5</sup> This includes people who would work under certain specific conditions (e.g Housewives, the discouraged unemployed, pensioners, students and school pupils in part-time work).

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