

Anna Diamantopoulou

European Commissioner responsible for Employment and Social Affairs

**Economic aspects of migration,
Opening Video Address**

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Joint European Commission/OECD Conference, "The economic aspects of migration"

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Good morning. And welcome to Brussels.

Immigration is a reality in all OECD countries. With emotional connotations. And with strong economic, political and social implications.

On the one hand, there are fears – irrational but present all the same - about being over-run. On the other, there are critics who see us as some kind of 'fortress Europe'.

Contrasting us with the United States. Where it has been said that up to half of its increase in GDP in recent decades can be attributed to population expansion through immigration.

In reality, such comparisons are misleading. Even false.

The European Union is a region of immigration – like the United States – with numbers of the order of 1 million a year over the past decade. But with a somewhat larger illegal immigration into the EU – possibly 500,000 a year, compared with 300,000 a year in the US.

More generally, though, the EU is a region of strong population expansion. Not only through immigration. But through Enlargement.

Our population in 1960 – with 6 countries – stood at 170 million. By 1973 we had increased to over 250 million. By 1985 this had risen to 320 million. By 1995, it had increased further to 370 million.

And by the middle of next year – following the latest Enlargement - we will have increased to over 450 million.

An increase of over two and a half times over the past 4 and a half decades. Giving us a population after Enlargement which will be more than 65 per cent larger than that of the United States.

It is important to recognise, though, that a population increase – whether through immigration or expansion - is neither a solution or a problem as such. Much depends on making effective use of our human resources.

Which is why EU policy is particularly focussed on the labour market and social integration of non-EU nationals who are legally resident in Europe. Where we actively pursue equal treatment for all. With a particular focus on outlawing racism and discrimination of every kind.

That is our basic stance. No second-class citizens in the EU. A compassionate, but firm, policy on asylum seekers. And determined efforts to tackle the problems of illegal immigration.

At the same time, and in a broader, more pro-active way, we seek to address the forces behind the phenomena.

On the one hand, we recognise the forces driving emigration – they are generally poverty, unemployment and under-development. But also persecution.

And, on the other, we see the forces within the Union encouraging immigration. At times in the past this was a general shortage of labour. More often, today, it is a shortage of skills, or a shortage of workers willing to do work unattractive to resident Europeans.

In this latter area – where I am most directly concerned - we must beware of short-term self interest masquerading as enlightenment.

We must also recognise that, historically and globally, some countries have even encouraged immigration and population growth for no better reason than to create a larger army.

In general today, we are much more careful about the use of 'guest workers'. And we recognise that any recruitment which occurs must be done in ways that are supportive of economic and social developments in the immigrants' countries of origin. Encouraging them to return to their country with skills and capital and help build a better life, not only for themselves, but for their regions.

Which brings me to the issue of demography and immigration. Where you do not need to be a Nobel Prize winning economist to recognise that some of the linkages commonly made are tenuous, or erroneous.

Europe does, of course, have a demographic problem – in the sense that its age profile is becoming progressively distorted. With older age groups expanding. And younger age groups shrinking. For two reasons.

One positive reason is that our people are healthier and are living longer. A testament to our successful health policies.

But with the obvious implication that everybody will need to work longer – in order to maintain the ratio of working life to non-working life years - if they wish to maintain the same level of retirement income relative to work income.

The second reason, which is not so positive, is that we are not having enough children. We are not replacing our populations.

Not because people do not **want** to have children – survey after survey shows that they do – but because the economic incentives have all shifted in the opposite direction.

The opportunity cost of women **not** working has risen strongly, as has the cost on parents of raising a child. Yet, little has been done to alter the structure of economic incentives – particularly regarding taxation. Childcare provision has increased. But it remains widely inadequate, and the costs all too often fall on the parents themselves, rather than society as a whole, as it clearly should.

Those demographic imbalances have to be met on their own terms. And not confused with immigration. Attractive as it might first appear.

Young immigrants will not remain young forever. And they will have the same tendencies as the rest of us on having children once they are integrated in our societies, and come under the same range of economic pressures and incentives.

There are clearly many important issues on your agenda for discussion over the next two days.

I would like to thank those who took the initiative in launching this wide-ranging event, and those who are contributing their expertise.

I wish you a stimulating and fruitful debate, and I look forward to your conclusions on a topic which is of great interest both to the Commission and the Greek Presidency.

Thank you for your attention.