Demographic trends, labour market needs and migration

François Héran

MATCHING ECONOMIC MIGRATION WITH LABOUR MARKET NEEDS
EU-OECD DIALOGUE ON MIGRATION AND MOBILITY
Brussels, 24-25 February 2014
Contribution of migrants to population growth in host countries
Retrospective « counterfactual » projections
(what would have happened without...?)

- The French case, 1946-2004 (Aubry et al. extrap. to 2014)
- *If* France had experienced since 1946...
  
  *no migrations*    *nor baby-boom*    *nor decline in mortality*,
  it would have in 2014 *less* inhabitants than in 1946:
  34 M instead of 40 ! (due to its age structure before
  WW II: the eldest worldwide)

- In fact from 1946-2014 France has not lost 6 M but gained 24:
  a 30 M gain, broken down into:
    - 33 % due to *immigration* (10 M)
    - 35 % due to the *baby-boom* (10.5 M)
    - 32 % due increased life expectancy (9.5 M)

- Contribution of migrants to demographic growth: *one-third*
Resorting to young migrants to counter population ageing?

Not that simple...
Age groups in GERMANY: projected trends (central scenario by UN Population division)
Age groups in GERMANY: projected trends (central scenario by UN Population division)

Top down population ageing (increased life exp. + ageing baby boomers)
Age groups in GERMANY: projected trends
(central scenario by UN Population division)

- 65 +
- 25-64 ➔ Population in active age
- 0-24
  - 25-64 high
  - 25-64 low

Bottom up population ageing
(below replacement fertility)
Age groups in GERMANY: projected trends (central scenario by UN Population division)

High/low variants in migration
Age groups in GERMANY: projected trends
(central scenario by UN Population division)

Migration can only mitigate population ageing

65 +
25-64
0-24
25-64 high
25-64 low
Percentage of immigrants and children of immigrants in the working-age population (25-54) in EU countries, circa 2010

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The share of “people with migration background” within host countries is now so important that the basic question about their “utility” no longer makes sense:

Does it make sense to ask whether 20% or 25% of the population are “useful” to the remaining 80% or 75%?

The relevant question is no longer “are they useful?” but “why is their contribution not better recognised?”

Scope and limits of the use of counterfactual scenarios in the “utilitarian” case for immigration
What if we hadn’t…?
A thought experiment

Without Immigrants, Our Country Wouldn't Function - So Let's Give It a Go for 24 Hours

Posted: 22/07/2013 11:10

Follow » Immigration, Theresa May, UK Politics, Bnp, Migration, NHS, UKIP, UK Politics News

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« Sans immigrants, notre pays cesserait de fonctionner. Alors, tentons le coup pour 24 heures ! »

Huffington Post
London
22 July 2013

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Economic (and moral) utility of immigrants according to former Florida Gov. Jeb Bush

Jeb Bush: America will decline without immigrants

Jeb Bush said Friday that if Americans don't allow more immigrants to pursue their dreams in the United States, "we will be in decline."

WASHINGTON — Former Florida Gov. Jeb Bush says the future of the American economy depends on immigrants.

Speaking Friday to religious conservatives, Bush said immigrants are particularly important to help create more taxpayers to fund the safety net for the large, retiring baby boomer generation.

Related: Jeb Bush more open to a 2016 White House bid

"Immigrants create far more businesses than native-born Americans over the last 20 years," he said, adding that immigrants also have more "intact families."

"Immigrants are more fertile, and they love families," he said.
A symbolic action with no follow-through: the French attempt to import “A Day without Immigrants” (2010-2011)
Inspired by the American experience
“A Day without Immigrants” (2006)

- USA 2006: mass demonstrations against the “Sensenbrenner bill” (Dec. 2005):
  - Criminal penalties for “aiding and abetting” illegal aliens
  - 700 miles of fence along the US-Mex. border
- The proposal did not pass the Senate
- Impact of the boycott? Unknown

- France 2010: an initiative from journalists with migration background
  - No mass movement from immigrant themselves
  - Rather a campaign against discriminations

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Share of immigrants and children of immigrants in the labour force by employment status (2012 German Mikrocensus)

- Civil servants
- Spouses of self-employed
- Employees
- Self-employed with employees
- Self-employed without employees
- Trainees
- Workers

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### Share of immigrants in the labour force, by economic sector (2007 French Census)

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Immigrant Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Énergie</td>
<td>3</td>
</tr>
<tr>
<td>Agriculture, sylviculture, pêche</td>
<td>5</td>
</tr>
<tr>
<td>Activités financières</td>
<td>5</td>
</tr>
<tr>
<td>Administration</td>
<td>5</td>
</tr>
<tr>
<td>Industries agric. et alimentaires</td>
<td>6</td>
</tr>
<tr>
<td>Industries des b. d'équipement</td>
<td>6</td>
</tr>
<tr>
<td>Éducation, santé, action sociale</td>
<td>7</td>
</tr>
<tr>
<td>Industries des b. intermédiaires</td>
<td>8</td>
</tr>
<tr>
<td>Commerce</td>
<td>8</td>
</tr>
<tr>
<td>Transports</td>
<td>8</td>
</tr>
<tr>
<td>Industrie des b. de consommation</td>
<td>9</td>
</tr>
<tr>
<td>Industrie automobile</td>
<td>9</td>
</tr>
<tr>
<td>Services aux entreprises</td>
<td>11</td>
</tr>
<tr>
<td>Activités immobilières</td>
<td>13</td>
</tr>
<tr>
<td>Services aux partic.</td>
<td>15</td>
</tr>
<tr>
<td>Construction</td>
<td>16</td>
</tr>
<tr>
<td>Sécurité</td>
<td>21</td>
</tr>
<tr>
<td>Service domestique</td>
<td>25</td>
</tr>
<tr>
<td>Nettoyage</td>
<td>32</td>
</tr>
</tbody>
</table>

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1st point of substance

- Outside expansion/reconstruction periods are the migrants and their children indispensable as such (by their specific skills)...
- ...or because they make up a component of society like any other?
- In fact no country could work...
  - without farmers
  - without pilots and drivers
  - without teachers
  - without cleaning personnel, etc.

➡ No one is useless in this world: every category could claim “A Day Without Us”
The advocacy for immigration is often a 2nd degree utilitarianism: the arguments are hardly believed but it is thought this is the only language understandable by policy-makers.

But are immigrants there...

...to fix our age pyramid and fill the depleted cohorts of our labour force? (cyclical or contingent reasons)

... or because they have the right to migrate (permanent reason) ?

See Jim Hollifield (market/law)
Two pull factors disconnected since 1975. Migration cycle no longer follows economic cycles in old immigration countries
François Hollande to RTL/LeMonde, nine days before the 2\textsuperscript{nd} round of the presidential election

« Dans la période de crise que nous connaissons, la limitation de l’immigration économique est nécessaire, indispensable (...) Chaque année, le Parlement fixera le chiffre en fonction des besoins de l’économie »

(Le Monde, 27 avril 2012)
The weight of human rights in the structure of entries to France
New permits to non-EEA migrants by admission category, 2005-2012
Admission categories of non-EU migrants to UK, 2011: 3 statistical sources

Source: ONS, Home Office
After the onset of the 1973-1974 oil crises, the main immigration countries responded to rising unemployment by drastically reducing direct in-flows of workers, admitting them only under an exemption system.

But governments and public opinion had to realize that migrant inflows were increasingly fuelled by compliance with international agreements on human rights:

- the right to marry the person you want
- the right to family reunification
- the right to seek asylum...
- ....and later a right which, although less formalized was nonetheless real, namely the right to go abroad to complete one’s education in a good university
Permanent labour inflows per 1 000 inhabitants, selected OECD countries, 2005-09 average and 2010

From: OECD, Recruiting Immigrant Workers: Germany 2013, fig. 2.1
Having obtained a residence permit on grounds of human rights, most of “non-economic” migrants end up entering the labour market

The bulk of new entrants are *de facto* labour migrants as well

From the 1970s onwards, the official admission categories used for migrants corresponded less closely to the real motives for migration

- Beyond the question of bureaucratic classification, migration flows to many countries no longer followed the economic trends
- A good indicator: employment rate of foreign-born/natives
Difference in employment rates between foreign-born and natives in OECD countries, 2001-2012

DIOC, LF surveys, moving average on 3 years
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DIOC, LF surveys, moving average on 3 years
A major obstacle to labour force participation in host countries: the participation rate in origin countries (15 years or over, UN, DESA)

- Western Asia
- Northern Africa
- Southern Asia
- Central America
- Caribbean
- Rest of more devel.
- Eastern Europe
- South-Eastern Asia
- South America
- CIS in Asia
- Sub-Saharan Africa
- Oceania
- Eastern Asia

Male: [Bar chart with rates]
Female: [Bar chart with rates]
Economic incentive *versus* right: possible impact of the admission category in time of economic crises

- If you entered a country legally thanks to the recognition of a human right, a change in the economic context will not be a strong motive for leaving the country.
- But if you migrated for economic reasons, you may prefer to move from this country to a more attractive one.
- The recognition of a right of entry, as opposed to an economic incentive, might be an institutional trap:
  - For the migrants themselves this rigidity is a protection: rights are not a bubble liable to burst at any shock.
  - For the authorities rights may appear to be a pointless rigidity.
Reconciling rights and markets?

- However, the guarantee of stable institutions for migrants and their family can be integrated into a more comprehensive view of well-being (see works in economic history, Daron Acemoglu)

- With regard to migration, rights and markets are not enemies, they follow different lines, but reconciling them is a reasonable challenge.
“Labour market”: a recent concept

% frequency of the expression in printed texts since 1870, estimated by Ngram Viewer from 8 Google Books corpora
The communist legacy in Germany: very little immigration in the New Länder

Proportion of population “with migration background” (1st + 2nd generations)

Source: 2011 Census
“Reconstruction”, “Wiederaufbau”: frequency in % in Google Books French, English and German corpora since 1900, estimated by Ngram Viewer.
Labour shortage, reconstruction and migration in French writings, 1850-1970: a correlation that vanishes in the 1950s

frequency in % in Google Books German corpus since 1900, estimated by Ngram Viewer

immigré(e)(s) + migrant(e)(s) * 5

manque/pénurie/besoins de main d’œuvre *10

R/reconstruction
Gastarbeiter, Migranten, Einwanderer, Zuwanderer:
frequency in % in Google Books German corpus
since 1900, estimated by Ngram Viewer
and... Migrationshintergrund
travailleurs immigrés and immigrés: frequency in % in Google Books French corpus since 1900, estimated by Ngram Viewer

immigrés (without travailleurs immigrés)

travailleurs immigrés
Conclusion

- Because human rights have become a driving force in human mobility, inflows and outflows of migrants will no longer narrowly follow the changing curves of economic (or demographic) needs, except in new immigration countries.

- The real challenge to migration policy is to find a form of matching that conciliates economic needs and human rights:
  - Training, language courses, integration courses (practical initiation to daily life, economic issues, civic procedures, socializing with other groups)

- It may seem expensive in the short-term. But in the long-run it is certainly beneficial to society at large.
Demographic transition in England and France: birth rate and death rate, 1750-2000

Blue area: positive natural growth (excess of births over deaths); black area: negative growth (excess of deaths over births in war times). Source: J. Vallin, 1999.
Demographic transitions in LDC and Europe
Observed and projected rates, 1950-2100

Least developed countries

888 million in 2012

Europe

740 million in 2012

Source: United...
A historical dilemma: two options for maintaining the pool of migrant workers

1/ pure labour migration

- Organizing the immigration of young male migrants, without family or dependents
- Work migrants, not settlers
- Flip-side: short-term solution
  - the gender and age imbalance
    - shortage of women of reproductive age
    - negative natural growth, below replacement rate
    - high turnover in recruitment.
A historical dilemma: two options for maintaining the pool of migrant workers

- 2/ facilitating reproduction in the destination country
  
  - rising and training the young generation within sex-balanced families
  
  - additional cost supposed to be lower, in the long run, than the cost of perpetually reconstituting the workforce from abroad
1. Sélection des travailleurs en amont

- Recruter des travailleurs présentant des garanties générales de qualification (sélection individuelle du capital humain via point system)
  - Sans confrontation préalable de l’offre et de la demande au niveau local et sectoriel (« concours non fléché »)
  - Universel: n’importe qui peut postuler, quel que soit son pays d’origine
  - Pb: l’ajustement au marché du travail se fait de facto, ex post, progressant avec la durée du séjour (enquête longitudinale d’évaluation)
  - Solution : accélérer l’ajustement (formation, meilleure reconnaissance des diplômes)
  - Solution: modifier le poids respectif des critères: capital humain (+ linguistique, + de qualifications) versus capital social (- de solidarité sur place)
1. Sélection des travailleurs en amont

2/ Recruter après avoir confronté l’offre et la demande

- Planification locale et sectorielle des besoins: OLE suisse, imitée par l’Italie (*decreto flussi*), l’Espagne, mais aussi certaines provinces du Canada
- Listes de « métiers en tension » (projections démographiques des entrants/sortants, immigrés/natifs)
- Pb1: À réviser en cours d’année, car faible valeur prédictive de la planification Pb2: Inégalités de traitement : UE/non-UE; accords bilatéraux ➔ système illisible et susceptible d’être attaqué pour discrimination (pas universel)
- Pb3: interdire aux recrues de changer de secteur et de région pour gagner les zones les plus attractives (MTV) ? Contraire à la liberté de circulation interne. Clause supprimée en Suisse, clause interdite au Canada ➔ seul moyen de fixer les migrants dans le métier et la localité: offrir des contrats stables, i.e. stabiliser le travailleur sur une base volontaire, contractuelle, et non pas par l’interdiction
Recrutement en aval

B. Peu de sélection des travailleurs en amont (admission directe réservée à des catégories très particulières, aux effectifs très faibles)

1/ La plupart des migrants entrent via d’autres catégories d’admission (cas français)
   • Etudes / Raisons humanitaires / Raisons familiales
   • Attention: migration matrimoniale = à la fois famille ET droits de l’homme
   • Pas de prise en compte anticipée des besoins de l’économie

2/ Mais ils finissent par se présenter sur le marché du travail
   • Pas tous: cf. le faible taux d’emploi des femmes de la
   • (mais seulement des conditions de ressource ou des conditions linguistiques)
   • Politique:
History teaches us that all attempts to include migrants in the labour market without integrating them into society have failed:

- Slavery
- “Indentured” migrants
- “Credit-ticket” migrants
- “Temporary contracts” annually renewed to provide permanent jobs
- And now: “sponsored” migrants closeted from the rest of society (domestic workers and construction workers from Asia in some Gulf states)
Main circuits of long-distance migration, 1846-1940

<table>
<thead>
<tr>
<th>Destination</th>
<th>Main origins (plus auxiliary origins)</th>
<th>Estimated number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas (65% to the US, the rest to Canada, Argentina, Brazil, Peru, Caribbean)</td>
<td>EUROPE</td>
<td>55-58 million</td>
</tr>
<tr>
<td>Siberia, Manchuria, Central Asia, Japan</td>
<td>India, China, Japan, Africa</td>
<td>2.5 million</td>
</tr>
<tr>
<td>Southeast Asia and lands around the Indian Ocean and South Pacific (mainly British Empire, plus Dutch Indies and French Mascarenes)</td>
<td>RUSSIA, NORTHEASTERN ASIA</td>
<td>46-51 million</td>
</tr>
<tr>
<td></td>
<td>INDIA</td>
<td>over 29 million</td>
</tr>
<tr>
<td></td>
<td>SOUTHERN CHINA (Guangdong, Fujian)</td>
<td>over 19 million</td>
</tr>
<tr>
<td></td>
<td>Africa, Europe, Middle East, Northeastern Asia</td>
<td>4 million</td>
</tr>
</tbody>
</table>

Source: McKeown 2004: 156-157 and 186-189, based on customs statistics (ship passengers in 3rd class or steerage, categorized as "emigrants" or "workers", or included in official colonization schemes)