



Demography and Migration: An Outlook for the 21st Century

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POLICY BRIEF

I. Introduction

One hundred years ago, the world population totaled just 1.5 billion people. Since then the global population has increased by more than fourfold. Among the 7.1 billion people currently living on our planet are an estimated 215 million international migrants temporarily or permanently living outside their country of birth (totaling 3 percent of world population). Another 750 million individuals are internal migrants, having moved from one area within their home country to another—usually from a rural to an urban setting.

Although this growth is likely to continue for the next several decades, it will occur unevenly, with some regions and countries' population size stagnating even while others increase. A small — but growing — set of countries is already displaying population shrinkage. Europe, Russia and Japan will experience labor force shrinkage within a decade, and China within two decades. Meanwhile, working age populations will grow in South and Western Asia, Africa, and Latin America. It will become increasingly common for growing and shrinking societies to exist side by side.

Within this context, the next 100 years will bring new demographic challenges: decreasing birth rate and increasing life spans. These two trends—although largely unrelated—together contribute to demographic aging at a global scale and will have ramifications for economic, welfare, and migration policies — and raise the stakes in competition for skilled workers. Still, most countries base their economic and fiscal models on the assumption that the demographic realities of today—continued population growth — will remain realities tomorrow. Planning and funding decisions and judgments about the sustainability of social welfare systems — such as health care and pensions — are often based on such projections.

This puts immense pressure on migration to resolve demographic disparities. But the received wisdom that people will continue moving from youthful to aging (and from poorer to richer) societies is being questioned. New countries — including, most importantly, China — have entered the global race for talent. The package offered by traditional immigrant-receiving countries enduring slow growth and high unemployment rates might not stand up against opportunities in emerging economies.

Countries will need to raise their game in this new demographic era. Those with aging populations will need to think strategically about attracting workers and raising the retirement age; those with youthful populations will need to create jobs to prevent brain drain. Both sending and receiving countries will have to take the long view in education planning to prevent future mismatches between labor supply and demand.

It has never been more important for policymakers to revisit population growth projections and question the demographic assumptions of existing economic, welfare, and migration policies.

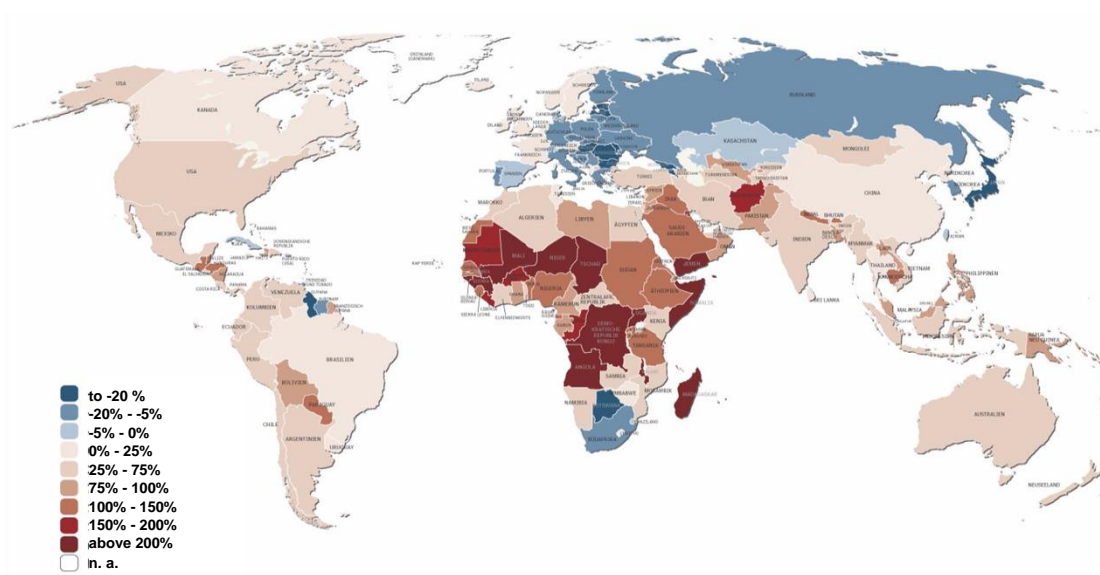
This memo begins by laying out what the current and projected global demographic trends mean for future migration flows, and correcting key misunderstandings in the conventional wisdom. It then explains why these trends are important to policymakers and makes recommendations for future policy development.

II. Important population trends

Since 2000, the world population has grown at a pace of 78 million people (or about 1.1 percent) per year. Experts expect this growth to continue for another forty to fifty years, reaching at least nine billion in 2050. Most growth will be concentrated in South Asia, the Middle East, and sub-Saharan Africa, where high fertility and the consequences of rapid population growth remain burning issues.

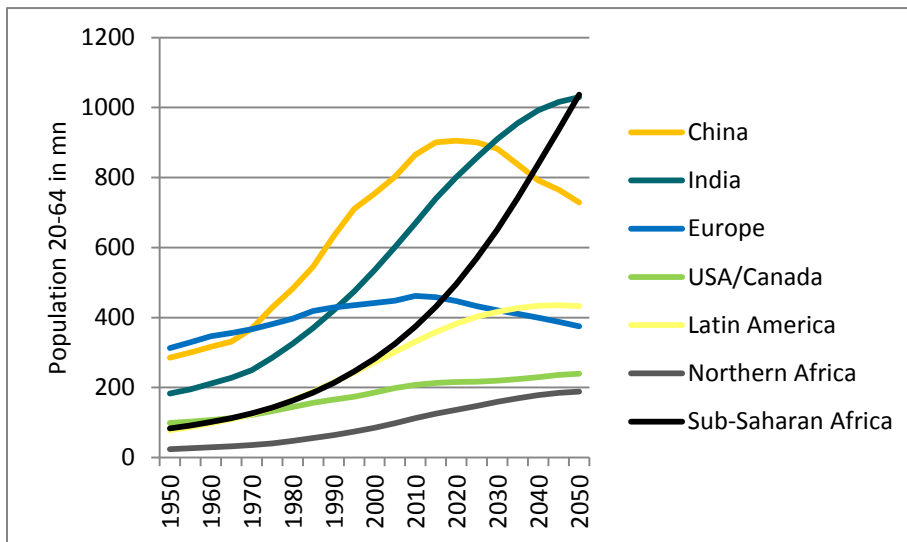
However, some regions and countries' population sizes are stagnating and even declining, especially in the Northern Hemisphere. Over the coming decades, we expect more nations to join their ranks. The pace of annual population growth is projected to slow, and the size of the global population may even start declining towards the end of the twenty-first century.

Figure 1 Demographically growing and shrinking countries, population projection 2010 – 2050 (change in %)



The declining number of children per family is the main driver of declining population growth in a small but increasing number of countries. Eventually, the size of these countries' working age populations will also shrink (20-65). Europe, Russia and Japan will feel the effects of labor force shrinkage within the next ten years, and China will begin to see its labor force decline after 2020. Meanwhile, working age populations will continue to grow in South Asia, Western Asia, Africa, and Latin America.

Figure 2 Change in size of working age population



In addition, most parts of the world are or soon will be confronted with rapid demographic aging. Today rich countries such as member states of the European Union, Japan, the Republic of Korea, and Russia have the oldest populations, followed by the United States. But soon the momentum of global aging will shift to today's emerging markets – namely to China. Nevertheless, few current policy plans prepare for rapid aging, declining working age populations and a reversal of current migration pattern.

In the future it will become increasingly common for demographically growing and shrinking societies to exist side by side. While this will create imbalances, it will also facilitate opportunities for demographic cooperation between growing and shrinking societies—likely causing significant changes in global migration patterns.

III. Implications for migration

What does this mean for international migration and mobility over the next decades? Where will future migrants come from? And will the migrants have the skills that are needed by the countries receiving them?

Though most policy projections assume that rich countries of the Northern Hemisphere will continue to attract labor and skills from abroad, many leading experts expect power and wealth to shift away from the West and toward Asia, the Pacific Rim, and parts of Latin America. Conventional wisdom has it that people will continue moving from youthful to aging societies as well as from poorer to richer economies. As a result, many policy projections assume that in the

future a youthful global South will fill the ranks of an aging Europe, Russia and North America. This, however, should not be taken for granted.

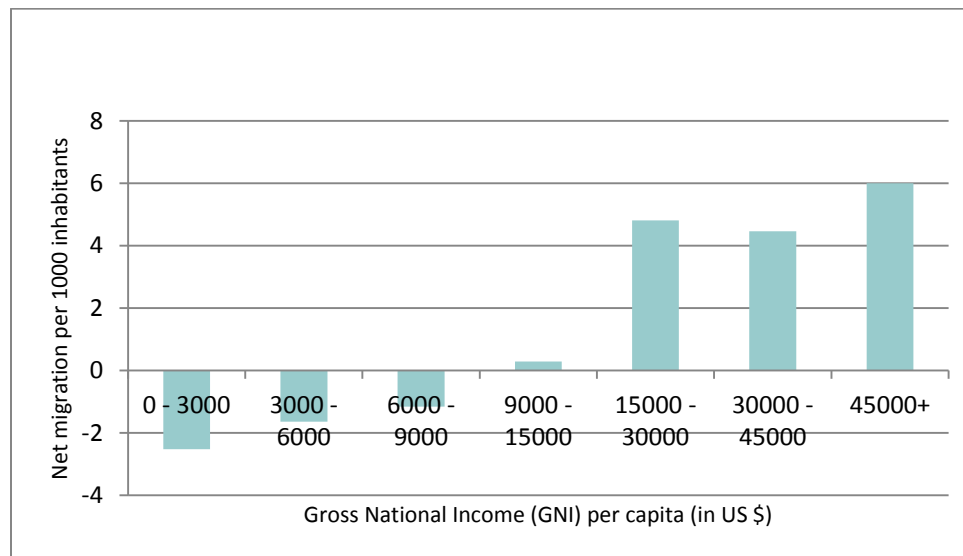
There are several reasons for this:

Increased competition for skilled labor. More countries will soon enter the global race for talent and skills. China, for example, is already actively searching for highly qualified experts from abroad. In a not-so-distant future, China's declining working age population might also create a demand for foreign labor effectively turning it from an immigrant-sending into an immigrant-receiving country, competing with Europe and North America for skilled immigrant workers.

Changing economic growth patterns. Economic growth has shifted from advanced economies to middle-income and low-income countries. This has practical implications for future migration patterns. Empirical analysis for the first decade of the twenty-first century shows that on average only countries with a Gross National Income (GNI) per capita below US\$ 9,000 had a negative migration balance (see Figure 3). As GNI in many countries increases, the number of immigrant-sending countries will fall.

When Gross National Income (GNI) per capita level exceeds US\$ 15,000, net migration balances turn positive (see Figure 3). Yet, today immigrant receiving countries are encountering slow or even stagnant growth and unemployment rates are well above historical averages. This makes them less attractive both for labor migrants and their dependent family members, who otherwise might consider joining a close relative abroad.

Figure 3 Average Net migration balances by Gross National Income (GNI) per capita



More alternatives to international migration. The improving economic situation of many of today's sending countries and regions has created domestic alternatives to international migration. For example, Mexico and Turkey—both prominent sources of immigration to the US and the EU, respectively, for decades—no longer play that role. By the same token, several emerging economies – including Brazil, Malaysia, and South Africa – are attracting migrants from neighboring countries, opening up regional alternatives for mobile people who might otherwise have looked overseas for career opportunities.

IV. Implications for Policymaking

The changing demographic patterns of the coming decades will have major implications for governments seeking to create sound, forward-thinking economic and migration policies. Many countries accustomed to easily finding the labor and skills they require will need to think more strategically about how to attract workers. At the same time, tighter competition for skills will put more pressure on the education systems of both sending and receiving countries to supply needed workers to the global labor market. Developing middle- and low-income countries will become increasingly at risk of losing native talent and skills to emigration—commonly referred to as “brain drain.”

Cooperation at the bilateral, regional, or even multilateral level offers policymakers at all points of the migration process—sending, transit, and receiving countries—the opportunity to craft smarter policies that aim to create win-win solutions and mitigate the risks of migration. However, most countries see migration control as a key element of their sovereignty. As a result immigration countries generally have “unilateral” admission policies which are neither aligned with other receiving countries nor with sending countries. Bilateral agreements or mobility partnerships only play a minor role in most migration policymaking. Consequently there are very few occasions for representatives of sending and receiving countries to share their views or to find common ground—unlike the international dimension of policymaking on trade, energy, or climate change.

International migration, however, is only one possible answer to future mismatches between supply and demand of labor and skills. Countries with youthful and growing populations must continue their efforts to create jobs. And countries with aging populations must also consider other policy options to protect the size of their shrinking workforces—such as increasing the retirement age.

Regardless of the route governments choose, many policies that address demographic change and the subsequent fundamental shifts in labor supply require a time horizon well beyond an electoral cycle. It is therefore crucial for decisionmakers to consider and invest in long-term solutions.

Resources for further reading

Stephen Castles, Mark J. Miller. 2009. The Age of Migration. International Population Movements in the Modern World. Houndmills, Basingstoke: Palgrave Macmillan Ltd, (4th ed.)

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About the Author

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