DEMIFER: Demographic and migratory flows affecting European regions and cities

VASAB Expert and Stakeholder meeting on Demographic Trends and Labour Market Development, NIDI (co-ordinator) (The Hague, Netherlands)

Kaunas, Lithuania
8 June 2010
Lisa van Well
Nordregio
Demographic Challenges

The main demographic changes in Europe:

• slowing of population growth,
• ageing
• the decline in the growth rate of working age population
• migration as main driver of population growth

No one unambiguous effect of migration and demography on the competitiveness of European regions
Demographic State

- 1/4 regions experience population decline
- Migration **not sufficient** to compensate the decline in the potential labour force
- The impact of migration may lead to an **increase in regional disparities**
- Size of **working age population** declined in 20% of all NUTS2 regions

Change in Working Age Population 2000-2007

Annual Average Change in Population Aged 20-64, in %

1.6 1.0 (4)
-1.0 - -0.5 (16)
-0.5 - 0.0 (58)
0.0 - 0.5 (98)
0.5 - 1.0 (65)
1.0 - 4.0 (46)
Components of Migration

- Migration will have a significant impact on demographic and labour force development of regions.
- Migration will be a strong factor increasing regional disparities.
- Population decrease in most regions due to natural change.
- Most regions gaining population do so mainly due to extra-Europe migration.
Under the Status Quo scenario the population declines in 2050 (500m to 460m).

Migration has a significant impact on demographic and labour force development and age structure of regions.

Over 75% of the regions are gainers of migration, losers of migration mainly in EU-12 and Northern/eastern peripheries.

Without changes in demographic and migratory flows, migration will worsen existing disparities.
The growth of the labour force does not just depend on the size of the working age population - also level of labour force participation rates.

The age pattern of female labour force participation differs considerably across types of regions.

In 90% of the European regions the labour force would be smaller without extra-European migration.
Demographic Typology

- **Retaining favourable trends:** *Euro Standard and Family Potentials*
  - Lisbon goals and "smart growth",
  - greater social inclusion (immigrants, youth women in labour markets)

- **Dealing with population decline:** *Challenge of Labour Force and Challenge of Decline*
  - Boost natural population growth, attract immigrants and increase opportunities for the labour force.
  - Accessibility, energy efficiency initiatives and business support

- **Challenging disparities:** *Challenge of Ageing and Young Potentials*
  - Not just more, but better jobs for growing/changing population
  - Smart growth, sustainable development and integration & family-friendly policies
Policy scenarios

- Explore the linkages between economic and social policies and demographic and migratory developments

- Scenario dimensions based on Sustainable vs Non-sustainable growth and Individual vs Collective goals

  - Policy scenario implications for:
    - Mortality: decline but not in all regions to the same degree
    - Fertility: increase or to be maintained at the current level -> vital to pursue family-friendly social welfare policies
    - Migration: constant internal migration; international migration is assumed to increase

  - Population ageing remains the most important demographic challenge in all scenarios
    - Old-age dependency ratios and the very old-age dependency ratios rise steadily, but slightly more in the social scenarios than in the market scenarios.
Pop. Change 2005-2050

- GROWING SOCIAL EUROPE:
  Large decreases in mortality, large increases in fertility. Migration levels increase. Increasing regional inequalities.

- EXPANDING MARKET EUROPE:
  Less favorable developments in mortality and fertility, large increases in migration.

- LIMITED SOCIAL EUROPE:
  Smaller decreases in mortality, constant fertility patterns, declining migration levels.

- CHALLENGED MARKET EUROPE:
  Decreasing mortality & fertility, constant migration levels. Least favorable scenario.
Labour force change

- **2005-2050**

- **GROWING SOCIAL EUROPE and EXPANDING MARKET EUROPE** scenarios: increasing trend in labour force participation rates.

- **LIMITED SOCIAL EUROPE** scenario: activity rates are falling. Disparities are growing everywhere.

- **CHALLENGED MARKET EUROPE** scenario: activity rates are falling. Disparities are growing.
Policy Bundles/Combinations - Migration

- **Immigration**
  - may be an answer in many regions and help narrow the gap between Eastern/Southern regions and Northern Central Europe. But these policies must be complemented by policies to help the integration of newcomers (language, capacity)

- **Inter-regional migration**
  - Policies aimed at increasing mobility between European regions may reduce cohesion, not increase it. Thus policies aimed to stimulate migration are only effective as part of policy bundles to improve living conditions in poor regions (jobs, housing, schools).

- **Extra-European migration**
  - Immigration policies to facilitate economic migration must be coupled with successful integration policies to attract higher skilled migrants
Policy Bundles/Combinations – Labour Markets and economy

• Increasing number of persons and years on labour market
  – Policies aimed at increasing the age of retirement should be combined with policies stimulating healthy behaviour
  – Raising labour force participation results in decreasing disparities only if the labour market performs well. Thus policies to reduce gender equalities and improve work/child care balance and integration of immigrants are needed for this.

• Economic growth/labour supply
  – Growth in labour productivity can be raised by technology, capacity building and investments in education and training, but to be effective these measures need to be complemented by measures to compensate the effects of ageing
In conclusion...

- Policies aimed at affecting **demographic and migratory flows** should not be considered in isolation from other policies, such as housing, labor market, integration of migrants, education, innovation and environmental quality.

- Implications for the BSR?
  - Existing disparities in BSR regions may worsen
  - Need for both extra-European economic migration AND social inclusion/integration policies
  - Need for closer look at inter-regional and intra-regional (urban-rural-suburban) migration patterns
  - Raise retirement age, but also change attitudes towards hiring of older workers
  - Family-friendly policies important but not enough in themselves to attract working age migrants to regions...good jobs needed...quality of life.