



## **TRANSATLANTIC COUNCIL STATEMENT: TALENT, COMPETITIVENESS, AND MIGRATION**

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The Transatlantic Council on Migration is a unique deliberative body that examines vital policy issues and informs migration policymaking processes across the Atlantic community. The Council takes a nonpartisan, evidence-based, pragmatic approach that is ardently independent. It has a dual mission:

1. To help inform, and thus influence, the transatlantic immigration and integration agendas by proactively identifying, analyzing, and drawing out the policy essence of critical issues and bringing them to public attention.
2. To serve as an idea factory and resource for governments as they grapple with the challenges and opportunities associated with international migration.

Council Members and Council guests combine exceptional political, policy, and public influence with profound interest, experience, and expertise in issues related to migration. Each year, the Council holds two meetings to examine a key aspect of international migration. The meetings are supported by commissioned research and policy analysis, supplemented by presentations by leading experts from around the world.

The Council releases a statement twice a year. Each statement is the result of a series of judgments made by the Council, informed both by the commissioned research and the Council's discussions. The purpose of each Transatlantic Council Statement is to present a series of insights and evidence-based options to a senior political and policy audience.

The Council Statement is the sole responsibility of the Migration Policy Institute and its policy partners, the Bertelsmann Foundation and the European Policy Centre. It reflects the discussions of the Council *but final responsibility for content rests with the authors.*

This is the Council's second Statement, developed from the deliberations held in November 2008 when the Council met outside New York to discuss the theme "Economic Competitiveness and International Migration: Strategic Considerations for Policymakers."

## I. Migration in an Economic Downturn

The global recession's deepening effects on governments, public and private institutions, and individuals will increasingly take center stage for those who examine and shape migration policy, the protagonists in the process, and those who are affected by it — whether at source or destination countries. But while the depth of the economic downturn is not knowable at this time, there is little doubt that it continues to spread and 2009 is shaping up as a year when the global economy retreats. The social consequences of this retreat will be felt by all. They will be felt most severely, however, by poor people everywhere, a reality that has implications for the hundreds of millions who rely on immigrants and immigration for their survival.

The economic contraction will, of course, not affect all countries to the same degree nor will every economic sector within each country suffer equally. For instance, health services across the board and elderly services of all sorts will continue to show strong demand for workers, while the least desirable and many seasonal jobs will continue to be “essential” jobs yet still shunned by many native workers. Similarly, not every worker within even the sectors most affected by the recession will experience the poor economy the same way. Solid social protection systems, early and smart policy interventions, the skills and education individual workers possess, and, often enough, a worker's immigration status (how recent, under what visa category, legal status, etc.), will modulate the downturn's effect on individuals and families. And while there is very little *useful* historical experience to guide the analysis, the accumulating evidence and informed speculation point to the following preliminary judgments:

- Immigrants are among the most vulnerable actors in a recession and are likely to be hit first and hardest (largely because they are more heavily concentrated in job sectors that are affected significantly and early in an economic downturn, have lower skills and education on average, and have less experience in the host country's labor market).
- *Flows* of unauthorized migrants, contract and otherwise temporary (but not seasonal) workers, and students will be most directly affected; family and humanitarian flows the least affected.
- Informal economies are likely to grow, and consequently so too is the exploitation of immigrants.
- As economic conditions deteriorate, perceptions of immigrants will likely become more negative as foreigners are perceived to take jobs, lower wages, and consume scarce resources, primarily in the form of social housing and other welfare benefits. In extreme cases, social unrest may follow.

Given these potential outcomes, the Council believes it is especially important to take the following into account:

1. Investments in immigrant integration policies and programs must continue apace as should proactive policies that emphasize common aims and invest public resources without regard to ethnicity or immigration status (other than legal status). Such initiatives are also essential if societies are to prevent social divisions from getting out of hand and they are to emerge stronger once the recession is over.
2. Governments will come under pressure to reduce immigration flows. However, while temporary restrictions might offer certain benefits, governments must be particularly wise (working *with* the market and human nature and relying more on incentives and less on state power) if they are not to have adverse effects — especially in the mid- and longer term, as

economies seek to recover. The well-documented flexibility of many migrants in the labor market — their willingness to move geographically and across job categories and economic sectors — can be a significant factor in plugging some of the inevitable supply gaps for certain jobs during the downturn while helping with the economic recovery and future growth upon the recession's end, and thus should not be ignored. The global economic contraction has not put a pause on the competitive pressures unleashed in an ever-more globalized world, making it still important for countries to attract the migrants that build their supply of human capital and match their labor market needs.

## **II. Competing for Talent**

Globalization makes economic competitiveness job number one as much for firms as for national policymakers. While competitiveness is primarily, even overwhelmingly, dependent on a complex set of policies that grow and nurture first-rate national workforces (ranging from effective educational and workforce development systems and social and cultural environments that support lifelong learning, to great universities and smart public and private sector investments in R&D), international migration policies can also play a crucial support role. This realization motivates a growing global hunt for talent and is changing how countries formulate economic/labor market-focused immigration policies.

The emerging competition, however, need not be a zero-sum game. There is a vast array of talent on offer, and receiving countries have distinct competitive advantages that they can, and do, exploit more or less systematically. (The United States has long enjoyed a seemingly insurmountable lead in attracting the most talented and energetic foreigners but several other countries seem intent on closing this “preference gap.”) At the same time, and with concepts of skill being constantly refined (soft, hard, specific, and also unique), countries that rely on their bureaucracies to “choose” the skilled immigrants to be admitted (increasing numbers of countries allow their employers to make these decisions or share the responsibility with them) can begin to fine-tune their selection criteria and make them comport more closely to their economies' needs.

Nor does the developed world have a lock on attracting the most creative, entrepreneurial, and innovative individuals. Skilled immigrants already head to countries such as China and India and more are likely to do so in the future. This will be so particularly as the economies of these countries, as well as the labor needs of many emerging and middle-income economies (such as those of Brazil, Russia, Mexico, South Africa, etc.) for skilled immigrants grow and the world's demographic picture continues to evolve.

## **III. Demographic and Human Capital Futures**

Demographic change is reshaping societies and economies across the developed and developing worlds and provides a key element in the policy narrative of any discussion of migration and economic competitiveness.

We live in a demographically divided world: the populations of high- and some middle-income regions are aging and some countries within these regions are in fact beginning to shrink, while those of most middle- and lower-income countries continue to grow fast. The two demographic “billionaires,” India and China, although on sharply different demographic trajectories, will likely continue their expansion for another generation or so before stabilizing. The expected peak of

the “youth bulge” in much of Asia means that in 2030 the region will hold half of the world’s 15-34 year-old population.

Eastern Europe and Africa epitomize this disparity. Eastern Europe will first grow older and shrink, and then stabilize (in the region of 60 million people by 2100). Africa, by contrast, will continue to grow rapidly; mindful of the dangers of projecting far into the future, the median forecast is that the continent’s population will quadruple to 2 billion by 2100. While demographic change unfolds over decades, immigration is the visible surf on the waves of such change.

However, predicting the flow of people across borders is even more inexact. Some facts, nonetheless, make for compelling food for thought. For example, in less than a generation, Africa could be home to more PhDs than the European Union if the continent’s school enrollment keeps pace with population growth. And the need for “survival emigration,” that is, emigration by those who have no economic opportunity or feel that they *must* emigrate to support their families, will continue to be very large for extended periods of time almost regardless of how well economic growth and social renewal take hold.

Similarly, social changes already in evidence point to increased mobility in some parts of that continent. In the Middle East and North Africa (MENA) region, young adults are now better educated, women have more opportunities, and both genders already have fewer family obligations that would keep them at home. Together, such trends amount to a “push factor” that will ensure that the dynamic of more emigration from the MENA region will continue well into the future and, like with some of the projections from the rest of Africa, can provide opportunities for labor-short Europe.

In sum, demography suggests an obvious, if socially and culturally still difficult, synergy between the developing and developed worlds, with continued high immigration into the latter.

Governments will thus be expected to exercise caution in reaching out to immigration as a central answer to demographic change — but, nonetheless, *immigration will be a larger part of that answer than some policymakers may now expect.* The most policy savvy among those policymakers will consider openings to more immigration *in combination with* other policy responses. Among them must be adjustments to pension schemes, longer working lives, school reforms and smarter investments in education and workforce development programs, and sustained efforts to expand the labor market participation rates for those who lag behind. Still, there are other reasons for seeking immigrants, not least to tap the talents of the most well-prepared and dynamic people wherever they happen to be.

#### **IV. Policy Principles: Positioning Policies for Economic Migration**

Economic migration is just one part of an immigration system, alongside others, such as humanitarian protection migration and family (re)unification. Every immigration system must balance differing policy priorities and legal responsibilities. Economic migration policies are thus part of a wider picture, just like the fact that people migrate for different reasons, and represent one element of rapidly changing labor markets.

The most successful immigration policies will be those that are designed in tandem with — rather than in isolation from — other policies that shape economies and labor markets, including education policy, training, and social welfare.

In a globalized world, technology, capital, and, increasingly, talent recognize neither borders nor nationality. Already today, but even more so in the future, talent and initiative are recognized as most valuable resources. Immigration systems are responding by recognizing the special place that these attributes play in economic competitiveness and accommodating the entry of those who hold them and, in many instances, giving migrants and employers a stronger role in determining the shape of the emerging migration flows. In the years ahead, economic migration policies will need to take even better account of the goals and intentions of businesses, communities, and migrants in order to effectively attract, utilize, and maintain the skills that will most benefit individual countries.

## **V. Recommendations**

Countries seeking to attract talent need to do a better job of identifying workers with the right potential and skills. This requires a new framework for policymaking and the ongoing re-tuning of existing economic and labor migration policies.

Migration systems need to become more flexible and responsive to labor market and economic conditions. “Hybrid” systems will prove most effective in this respect: government-centered approaches, such as points systems, can help nations accumulate human capital, while employer-led programs, such as work permits or employment visas, can fill labor shortages most effectively and make firms more competitive. The clearest lesson the Council draws from the studies prepared for it and its own discussions is that both types of systems serve important purposes and should be relied upon.

Such systems should:

- Avoid a “just-in-time” approach to policymaking. Instead, they should incorporate forward planning for the labor market (as far as is possible), while also priming the education and training pipeline that will always be central to a country’s international competitiveness.
- Employ different mechanisms and channels of entry to maximize value.
- Experiment, monitor, evaluate, and regularly modify policies to ensure that changing needs can be more easily met, and failing policies can be identified at the earliest possible time and abandoned.

Demetrios G. Papademetriou  
Migration Policy Institute

Annette Heuser  
Bertelsmann Stiftung