

V. CONCLUSIONS AND IMPLICATIONS

The present study focuses on the question of whether replacement migration is a solution to population decline and population ageing. Replacement migration refers to the international migration that would be needed to offset declines in the size of a population, declines in the population of working age as well as to offset the overall ageing of a population.

This replacement migration study focuses its investigation on the possible effects of international migration on the population size and age structure of a range of countries that have in common a fertility pattern below the replacement level. In the absence of migration, all countries with fertility below replacement level will see their population size start declining at some point of time in the near future, if it is not already the case today. In some countries, the projected declines in population size during the first half of the 21st century are as high as a quarter or a third of the entire population of the country.

In addition, the lower the levels of fertility decline, the more pronounced will be the aging of the population of the country. One of the major consequences of population aging is the reduction in the ratio between the population in working-age group 15-64 years and the population 65 years or older, i.e., the potential support ratio (PSR). Everything else being equal, a lower potential support ratio means that it is much more onerous for the working-age population to support the needs of the older retired population.

While to some extent an increase in the proportion of elderly persons aged 65 years or older is accompanied by a decrease in the proportion of children under 15 years of age, the two age groups are not directly comparable. Some studies have estimated that for an industrialized country, on average, the cost to support a person aged 65 years and over is substantially greater than the cost to support a young person less than 20 years old. A number of researchers, for example, Foot (1989), Cutler, Poterba, Sheiner, and Summers (1990), and Ahlburg and Vaupel (1993), report that when considering the public provision of programs or taking into account private non-medical expenses, public education expenses and medical care, the costs are roughly two and a half times greater to support an older person (aged 65 or older) than to support a young person (under 20 years of age).

While below-replacement fertility is the major cause of population decline and population aging, even a sudden sharp increase in fertility in the short to medium term would not substantially alter the situation regarding the potential support ratios. Of course, as was shown earlier in this report, the potential support ratios could be maintained at current levels by increasing the upper limit to the working-age population. In most cases, the upper limit would need to be raised to roughly 75 years. However, if retirement ages remain essentially where they are today, increasing the size of the working-age population through international migration is the only option in the short to medium term to reduce the declines in the potential support ratio.

The present study considers countries where current fertility ranges from 1.2 to 2.0 children per woman. For France, United Kingdom, the United States and the European Union, the number of migrants needed to offset population decline are less than or comparable to recent past experience. While this is also the case for Germany and the Russian Federation, their migration flows in the 1990s were relatively large due to reunification and dissolution, respectively. In contrast, for Italy, Japan, the Republic of Korea and Europe, a level of immigration much higher than experienced in the recent past would be needed to offset population decline. This higher level of immigration for Italy, Japan and Europe would result in 18 to 29 per cent of the 2050 population being post-1995 immigrants and their descendants; for the Republic of Korea the comparable figure is 3 per cent.

In the absence of migration, the size of the working-age population declines faster than the overall population. As a result of this faster rate of decline, the amount of migration needed to prevent a decline in the working-age population is larger than that for the overall population. In the four countries where fertility levels are close to the replacement level, the resultant population in 2050 would have 8 to 14 per cent being post-1995 migrants and their descendants. In the other six countries and regions, the post-1995 migrants and their descendants would be between 26 and 39 per cent of the 2050 population. While some of these numbers may appear to be high, they remain within the range of migration experienced in the recent past in some industrialized countries. For example, in 1990, 16 per cent of the population of Canada and Switzerland, and 23 per cent of the population of Australia, were foreign-born.

In contrast to the migration streams needed to offset total or working-age population decline, the levels of migration that would be needed to prevent the countries from ageing are of substantially larger magnitudes. By 2050, these larger migration flows would result in populations where the proportion of post-1995 migrants and their descendants would range between 59 per cent and 99 per cent. Such high levels of migration have not been observed in the past for any of these countries or regions. Moreover, it seems extremely unlikely that such flows could happen in these countries in the foreseeable future. Therefore, it appears inevitable that the populations of the low-fertility countries will age rapidly in the 21st century.

The consequences of a much older population age-structure than in the past are numerous and far-reaching. One important consideration that has been examined in this study is the potential support ratio (PSR). The current system of providing income and health services for older no-longer-working persons has been based, by and large, on an age structure with a potential support ratio of 4 to 5 persons in working-age for each older person aged 65 years or older. If the current age at retirement does not change, the PSR is projected to decline to about 2.

A decline of the PSR from 4 or 5 to 2 would certainly create the need to reconsider seriously the modalities of the present system of pensions and health care for the elderly. Theoretically, as noted above, a possible option would be to increase the upper limit of the working age sufficiently to attain a sustainable PSR. Such an option would simultaneously increase the numbers of working-age people and reduce the number of non-working older persons. Other possible options that may need to be examined thoroughly include adjusting economic measures, such as increased labour-force participation, higher contributions from workers and employers and lower benefits provided to retirees. Certainly, increased productivity in the future may increase the available resources from the working-age population. However, it is also possible that increased productivity may lead to increased aspirations and demands from both the working-age and the retired populations.

During the second half of the 20th century, the industrialized countries have benefited from population sizes and population age-structures that were the result of a history of moderate levels of fertility and low mortality. These favourable demographic circumstances made possible, to a large extent, the provision of relatively generous benefits to retirees at comparatively low costs to workers and employers. However, these age-structures were not permanent, but merely transitional.

During the first half of the 21st century, the populations of most industrialized countries are projected to become smaller and older in response to below-replacement fertility as well as increased longevity. The consequences of significant population decline and population ageing are not well understood as they are new demographic experiences for countries. Keeping retirement and health-care systems for older persons solvent in the face of declining and ageing populations, for example, constitutes a new situation that poses serious challenges for Governments and civil society.

The new challenges being brought about by declining and ageing populations will require objective, thorough and comprehensive reassessments of many established economic, social and political policies and programmes. Such reassessments will need to incorporate a long-term perspective. Critical issues to be addressed in those reassessments would include: (a) the appropriate ages for retirement; (b) the levels, types and nature of retirement and health-care benefits for the elderly; (c) the labour-force participation; (d) the assessed amounts of contributions from workers and employers to support retirement and health-care benefits for the increasing elderly population; and (e) policies and programmes relating to international migration, in particular replacement migration, and the integration of large numbers of recent migrants and their descendants.

