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CHAPTER 1

Foreword

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Immigration and aging populations: socio-economic impacts and new business opportunities

Immigration and aging of populations are two interconnected trends with far-reaching demographic, and hence social and economic, consequences.

Classical pull-push combination propels immigration: affluent countries of the EU, US, Canada, rich oil states of the Persian Gulf and Australia are the greatest migration magnets, Latin America, sub-Saharan Africa and the Indian subcontinent are the principal regions of emigration. But the process has many variations and diverse participants, precluding any simple conclusions: some countries encourage immigration, others feel beleaguered by illegal migrants; many immigrants are poor and unskilled, others are highly educated; some migrant-host matches are culturally compatible, others present stark social and religious contrasts.

That is why some governments and majorities of populations in some countries believe immigration is a positive factor, while others fear it, resent it and fight it. That is also why immigrants can be seen either as an important group of valuable new consumers to be absorbed (with great economic benefits) into the mainstream of a host society—or as a mounting threat to its integrity and stability.

Aging of populations is an inevitable consequence of declining fertility. Once the fertility falls below the replacement level of 2.1 children per woman (now prevalent in all affluent Western countries) it is not easy to lift it again, and once it falls below 1.5 it appears futile even to try.

Inexorable aging of an entire population sets in but its near-term outcomes will differ. Where birth rates are still above death rates (as is the case in Spain, France or Norway) aging will be somewhat slower than in the countries whose birth and death rates are roughly balanced (Poland, Portugal, Austria); in the worst case death rates surpass the births (as in Russia and Ukraine) and aging is already accompanied by absolute population decline that can be prevented only by immigration.

That is why gradual aging of a population can be seen as a welcome trend resulting in a more stable society with more upscale spending—or as a threat to social stability because of higher dependency ratios and excessive costs of health care for the elderly (including many more people with serious mental problems).

These complex realities present businesses with many new opportunities in catering to new niche markets, with products ranging from specialty foods to many mechanical and electronic aids for unassisted living and with an even wider array of services—but they also bring new concerns ranging from worries

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about social cohesion to drastic changes in housing market and in the valuation of equities.

Consequently, the most important conclusion is to avoid any preconceived ideas about immigration and population aging: their net impacts will be highly country-specific and their eventual consequences cannot be predicted with any certainty on the basis of short-term trends. Immigration and population aging must be thus added to a long array of those complex trends (including such prominent concerns as long-term energy supply and global climate change) where political and business decisions will have to be made under a great deal of uncertainty.

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