

The Power and Challenges of Numbers: The Political Economy of Immigration Policies in Ageing Societies

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Abstract

This paper deals with the issues of immigration policy in the context of ageing societies. It addresses the theory and practice of public policy towards immigration, examines the mechanism by which policy choices are managed by governments facing the problems of ageing population, and contextualizes the increasing pressure of demographic reality in the peripheries. It develops a political economy argument to set the policy choice behavior of governments developed and aging societies in dealing with migration issues that have both economic, political, and social implications. The study uses a unique set of data on attitudes of the public towards immigration in host countries and the trends in immigration flows to test the different aspects of the theory and practice in immigration policy choices. The main findings of the study is that whereas population ageing exerts labor market pressure to adopt more open immigration policies, governments in practice pursue policies that pragmatically balance the increased demand for skilled migrants but limits on overall inflow by adopting restrictive policies that reflects the preferences and attitudes of the public. This tentatively suggests the prudence of promoting awareness of the public about the issues and dynamics of migration and mobilizing political support base for pursuing a more open and sustainable immigration policy.

Key Words: Immigration policy, Public opinion, Political economy, Population ageing, Policy choice

I . Introduction

Population ageing is a global phenomenon and it is an increasing public policy concern especially in developed countries. The scope of population ageing, however, varies across countries and along the stage of economic development. While the global population ageing situation is still about 8.3 percent, the more developed regions of the world already reached the bench mark of 14 percent or more by the year 2000. Population ageing rate has been steadily increasing over the years and by the year 2040, the global society is expected to be aged pushing beyond the 14 percent threshold. However, the challenges of population ageing are already serious in a number of economically developed countries where average share of the

elderly population has reached currently about 18 percent (United Nations 2017).

Globalization has allowed countries to engage more actively in international trade and investment. This trend has improved economic efficiency and prosperity involving an increasing share of the world economies and populations. Despite recent isolated tendencies in some countries to resort to protectionist policies, the overall trend has been increasing openness and intensive flow of goods and services across countries, the emergence of network production system, and the flow of investment resources within and across countries. Nonetheless, the flow of people across countries has still been highly restricted. While national governments seem to encourage the international flow of economic resources, the migration of people across countries is restricted creating potential imbalances in the distribution of demand for and supply of labor force across countries.

The pattern of flow of people to live and work in countries away from where they were born constitute currently about 258 million people or about 3.4 percent of the total world population. This amounts about one in 30 people in the world is a migrant. The flow and stock of migrants and pattern of international migration also varies across countries and regions. The pattern of international migration across the world exhibits that about 36 percent flow from developing regions to other developing regions, about 35 percent from developing to developed countries, about 23 percent from developed to other developed regions, and lastly 6 percent from developed to developing countries. In the long term, the distribution and redistribution of the global population is vital to promote optimum combination of resources and population as much as feasible. It is against this background that we set immigration policy choice problems of national governments in developed countries, where the pull factor for population migration is relatively high in the context of population aging.

The theme of this study is to analyze the immigration policy choices of governments where population ageing is a major challenge. Governments in ageing societies have considered various policy responses to manage population ageing by raising the retirement age of their working force, by raising the social security contribution of their working force, by encouraging the public to increase their retirement savings commensurate with the longer life expectancy in these societies, providing social safety net for those needy individuals and households, and increasing the productivity of the labor force and the economy to compensate for the diminishing supply of labor force. Nonetheless, the potential inflow of immigrants is such that it is difficult to absorb them in a few developed countries and hence effective coordination of immigration policies becomes imperative.

The long-term population ageing trend and the variation across countries also provides an alternative option of inviting foreign workers to host communities to fill in the labor shortage in these economies. Whereas this possibility is still feasible, the extent to which governments in developed countries make use of the possibility is quite limited. There is strong preference of the public in host countries against immigration inflows. As table 1 below summarizes and table 3A in the appendix elaborates, the choice and preference of the public and its influence on immigration is bound to put more pressure against pro-

immigration policies. The immigration policy of governments in practice suggests a more pragmatic approach where restrictive but selective admission of immigrants is prevalent. The inspiration of this study is the policy choice problems of governments in the face of overwhelming attitude of the public against immigration. How do we understand or explain the preference of host governments in choosing immigration policy that is not in line with the preferences and choice of the overwhelming portion of their population? This raises wider issues of how much government policy is in line with the preferences and choices of the electorate and reflect the very spirit of representative democratic governance.

The issue of international migration from developing to developed countries is compounded in host countries with the demographic phenomena of rapidly aging population and emerging gap in the labor market. Whereas some of the governments responded by augmenting the labor supply situation by encouraging higher labor market participation and improvement in the productivity of the existing labor force through capital investment, there are sectors and areas of economic activities that are still labor intensive and hence require more labor force. In the face of increasing pressure from the labor market, governments responded in different ways in line with their demographic realities. This also suggests the prudence of approaching the issue from the perspective of policy issues instead of the conventional approach of migration flows across geographic areas. The determinants of migration flows, this article contends, are going to be increasingly issue areas such as labor market, economic interest, policy preferences, and changes in the demographic composition of the population both in destination countries as well as the society of origin for migration. The focus of this study is countries that face both demographic pressure as well as imminent pressure to open for immigration in the face of overwhelming opposition of the public towards open immigration policy. This paper also addresses the political economy of immigration policy choice and implementation in a sample of developed countries.

The rest of the paper is organized as follows. The next section summarizes the theoretical issues and perspectives on immigration policy choice. Section three highlights the global situation of migration flows across different regions of the world and put the issue in the context of both developed and developing countries. Section four addresses the situation from the perspective on immigration policy choices in the context of developed countries and examine the attitude of the public towards immigration policy choices. Section five draws broad policy conclusions in dealing with the growing problems and lost opportunities caused by migration flows and calls for coordinated policy actions both by countries of origin and host governments.

II. Immigration Policy Choice: A Theoretical Framework

Understanding the policy choice of governments towards immigration requires a closer examination of the underlying forces that shape the decision making processes, institutional constraints, and context of policy implementation. This also touches a broader issue of how policies are chosen and under what

situations policies would become unsustainable and reforms become inevitable. Economic and political science studies have used models as framework of analysis that attempt to identify the forces and their interactions in shaping the policy preferences and choices of governments under diverse situations (Rodrik 1996; Benhabib 1996; Facchini and Mayda 2008). However, it becomes important to examine both the demand for immigration policy and what could realistically be supplied and adopted by the political and social environment under which policy decisions are made. In this study, an augmented framework is developed to capture the essential features and processes in the adoption of immigration policies by governments in developed countries.

In the context of the choice of immigration policy, the standard approach identifies four basic forces that play critical role in the formulation of policy towards immigration. A schematic approach to the process of policy outcomes identifies the demand side and the supply side of the forces that interact to yield a given immigration policy outcome. First, on the demand side of the process, individual native citizens form their preferences and choices towards immigration and elect political parties and governments that reflect their preferences and respond to their choices. Second, individual preferences filter into the more organized and consolidated shape through political parties, pressure groups, interest group lobbying processes, and communication of their individual preferences into a wider group and national position. While the demand for immigration policy emerges from such pressure groups and routes of influence, it is also conceivable that the prevailing immigration policy and its perceived outcome could exert influence on individuals as it reaches them through the mass media and other network of information communication. An augmented version of policy choice, as depicted in figure 1 below, provides a schematic model of how the demand side of the policy choice process is shaped and reshaped through these forces and pressure mechanisms.

It is important to note that the demand for immigration policy changes could be influenced by typical stereotypes regarding the depiction of migrants as net burdens to the welfare state or the competition they create at the lower strata of the labor market. While these features vary across countries and over time, it is evident that provided that the first and second generation of migrants have access to human capital accumulation and adaptation to their new environment could provide significant value added to their host communities. It is apparent that skilled and educated migrants tend to value and invest in education and training that helps them move to the upper ladder of the economic and social ladder of their host communities. Despite these features, however, the attitude of the host communities could be influenced by the prevailing political and social values instead of the economic interest that seems clearly to favor selective and effective pro-immigration policies.

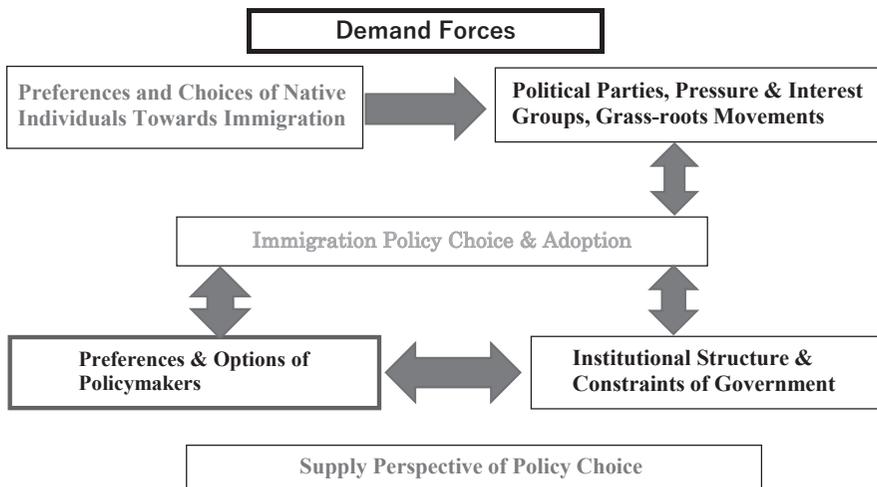
On the supply side of immigration policy formulation, policy makers are bound to take into serious consideration the attitude and preferences of the electorate. However, policy makers also have to grapple with the increasing pressure their economy and society requires as a result of demographic pressure at home as well as opportunities and challenges in the rest of the world. It is apparent that policy makers also

recognize how political imperatives shape what kind of immigration policy would be practically possible and acceptable.

The interaction between the demand for and the adoption of a particular set of immigration policy shape the choices that governments face in the policy market place. However, these demand and policy adoption elements are in turn governed by a network of interest groups and attitudes that get context and meaning with the socio-economic environment of the countries under consideration. It is also evident that countries with a certain pattern of political institutions and hence decision making processes tend to translate their perceptions and views into concrete policy set on the basis of their appeal to the wider audience and electorate. In democratic political systems, governments are subject to the approval and consent of their electorate and tend to choose their particular set of policies at least on broad agreement with the prevailing preferences of the public. While this does not avoid the occasional conflict of policy preferences of the different constituents of the system, the overall policy stance of governments remains in line with the dominant views of the public.

It is in this context that we frame the immigration policy choice of governments in host societies from the perspectives of the interaction of demand for and adoption of policies. While the centers of decision making are somewhat different in different countries, the interaction of these forces tend to shape policies as well as the manner in which they are implemented. This market place of policy proposals and ultimate adoption is complicated by the role of opinion leaders, political gamesmanship, and extreme views that could influence the perceptions of critical segments of the population and hence shaping political outcomes and policy choices. Policy coordination at supra-national levels is also constrained, as is evident in Europe, by the differences in policy preferences of national governments.

Figure 1: Schematic Augmented Model of Immigration Policy Choice



Systematic and representative information about the attitude of the public on different policy issues of their country is not widely available. And yet, the international social survey data that for 1995, 2003 and 2013 provides a rich glimpse into the perception and attitude of respondents with regard to immigration and immigrants. The survey data generally reveals the preferences of the respondents over the years on the subject matter. It is clear from result that the public has shown preference to maintain the status quo of maintaining current immigration policy stances of their government instead of experimenting reforms and dealing with new developments and challenges. However, a more comprehensive observation of the preferences of respondents indicate that over the years the public in host countries seems inclined to accept the necessity of considering immigration policy reform, however qualified the case may be, as one of the options to deal with the emerging problems of aging that such societies face. As the country level data in appendix table 3A indicates and table 1 below summarizes, countries show variations in their attitude towards immigration policy stances. The observation does not cover the recent years which seem to show diminishing tolerance and proliferation of extreme political views that dominante public discourse in the past five or so years. Seen from the perspective of data that we have at hand, pro-immigration and maintenance of the status-quo seem to be on the rise while anti-migration attitudes are still dominant but not increasing.

Table 1: International Social Survey Results for 1995, 2003, and 2013

Categories		Frequency			Percentage		
	Code	1995	2003	2013	1995	2003	2013
Increase a lot	1	526	1133	1938	1.948	2.931	4.782
Increase a little	2	1598	3050	3189	5.918	7.889	7.869
Remain the same as it is	3	8228	12619	13852	30.47	32.64	34.18
Reduced a little	4	7649	10885	10150	28.33	28.15	25.05
Reduced a lot	5	9000	10975	11395	33.33	28.39	28.12
No evidence	0		2483				
Cannot choose	8	3695	4429	4386			
No answer	9	198	419	387			
Sample		30894	45993	45297			
Valid Responders		27001	38662	40524	100	100	100
Pro-Immigration (1~2)		2124	4183	5127	7.87	10.82	12.65
Neutral (3)		8228	12619	13852	30.47	32.64	34.18
Anti-Immigration (4,5)		16649	21860	21545	61.66	56.54	53.17

Source: ISSP Database and United Nations Population Policy Database

The attitude of the public towards policies that encourage or restrict the flow of migrants would have its influence in the political process especially when public policies tend to respond to the demands of the public and the electorate. The preference to maintain the status quo or to be increasingly tolerant of policies that selectively allow the inflow of migrants from the rest of the world would ultimately shape the policy priorities and practices of governments. Table 1 summarizes the tendency of the respondents over the three wave of observation with regard to the issue of immigration policy stance. It is clear that while the pro-immigration group remains a minority its share is increasing at a very mild rate. Hence, the majority of the public in these countries tend to prefer keeping the status quo or adopting a more strict immigration policy stance.

On the other side of the challenge in the policy choice process is the emerging global population aging. This is a global phenomena and touches almost every society over the coming decades. However, there are regions that are facing more serious and urgent problems of population aging. As table 2A in the annex indicates, the share of the elderly population is the highest in the developed countries whereas the young and the working population is dominant in developing countries. This is bound to be the same for the foreseeable future, given the current estimates about the basic demographic trends, as developing countries in Africa and Latin America seem to be growing and relatively young whereas the developed areas of the world are getting older and their population growing the least.

Given these demographic realities and the pressure that increasing population numbers pose both in developing and developed areas of the world, how governments and economies respond to such pressures remain relevant. Governments are under severe pressure to respond to the demographic trends and rapid rate of population aging and make use of the prospects of using the evolving global comparative advantage that such global demographic transitions give rise to (Cai and Stoyanov 2016). One of the most common response of governments in developed countries to the problem of population aging is raising the retirement age of the working population so that they will keep on working instead of retirement. More and more developed countries are putting in place policies and practices that raise the retirement age in the hope of reducing the shortage of labor force and reduce the burden of retirement benefit payments. It also helps to keep the elderly active and engaged in the production of goods and services and remain relatively healthy. This is not without controversy and the elderly themselves or the younger generation are not necessarily in support of such policy stances of their governments. While the policy response varies across countries and over time, the adoption of immigration policy has to navigate between the different economic, political and social pressure points and preferences.

III. Global Migration Flows and Stock

Despite the fact that the number of people migrating is relatively small, immigration is an increasingly urgent policy concern in host societies as well as in countries of origin. Migrants by their own nature and choice seem to represent a unique segment of the population both from the perspectives of the countries of origin and the prospective host countries. Migrants and prospective migrants share the common characteristics of readiness to explore the new and adapt more readily than otherwise. The propensity of such people to open themselves to new values, cultures, and realign themselves to the new environment makes them critical potential forces. This represents a potent force that could improve welfare both for the migrants, their host countries, as well as at least in the long run generate benefits for their countries of origin. Realizing this potent energy requires reforming political and social institutions and policies to effectively use the resource for the benefit of society and the world at large. However, if it is not well managed and the wave of immigration is beyond the absorptive capacity of the host governments and societies, this could pose considerable negative power and tension at various levels. The conventional response of governments which emphasizes restrictions and use of force is not effective and amounts to misuse of the critical resource the world that could have been used to improve welfare for all participants in the process. Given the current demographic realities in different areas of the world and the imbalance that has been exacerbated by the process of population ageing, it is apparent that well managed migration process could generate robust welfare gains both in areas of origin as well as areas of destination. It is in this context that immigration policy choices become critically important in realizing the potential gains that freedom of movement of the willing could generate. Observed from this perspective and taking into consideration how host governments approach the issue of migration, it is evident that uncoordinated and chaotic migration flows poses considerable cost, waste of vital resources as well as significant negative power on host societies (Hatton 2014; Saavedra-Rivano 2014). Given the high cost of uncoordinated and ineffective immigration policies and the failure of governments in countries of origin to contain their citizens from emigration, the economic and social cost is significant and bound to increase over time.

The trend in the stock of immigration across the world and main regions indicates that the relative size of the issue is quite small whereas its share and impact on the host countries requires a closer examination to assess its possible future implication both in the host as well as the countries of origin. The distribution of international migrants by origin and destination clearly indicates that the issue is global in nature and the policy response needs to involve all countries and international institutions.

Table 2 summarizes the top destination countries for migrants from 1990 to 2017 and ranked by their status in 2017. Several observations stand out from a closer examination of the recent trends in the stock and flow of migration across countries. First, the dominant destination countries of migrants remain more or less the same over recent decades which implies that there are certain economic and socio-political characteristics of destination countries that appeal to potential migrants. The United States remains the

top destination of migrants both from developed and developing countries. This reflects the combination of both relative open US immigration policy and the attractiveness of the country to potential migrants. Second, the flow of migrants and hence its stock is dynamic and responds to various changes in policy or appeal to potential migrants. Whereas overall migration flow has been increasing over the decades, the destination countries have exhibited significant changes.

Third, developing countries are significant players as destination of immigrants in the global flow of migration. In this context, intra-Africa and Intra-Asia flows of migrants remain considerable and increasing. This could potentially be a significant progress in the allocation and reallocation of human capital across developing countries if it is well managed and unnecessary tension is avoided in the process. Fourth, it is apparent that developing countries as well as developed countries are reconsidering their migration policies and practices in response to their local priorities and preferences. This is expressed in terms of drastic changes in the number of migrants given entry permits to countries of their intended destination. On the other side, countries which considered immigration as a way of filling their domestic labor force shortages seem to exploit effectively the abundant reserve of international migration potentials of poor and developing regions to their advantage. This is apparent in middle-Eastern countries including Saudi Arabia and United Arab Emirates which attracted significant increase in the number of migrant workers.

Table 2: Major Immigration Host Countries by Immigration stock (millions, listed by 2017 Ranking)

Countries	2017	2010	2000	1990	Change in Stock 2017~1990
USA	49.8(1)	44.2(1)	34.8 (1)	23.3(1)	26.5(1)
Saudi Arabia	12.2 (2)	8.4(4)	5.3 (6)	5.0 (8)	7.2(2)
Germany	12.2 (3)	9.8(3)	9.0 (3)	5.9 (6)	6.3(4)
Russia	11.7(4)	11.2(2)	11.9 (2)	11.5 (2)	0.2(13)
UK	8.8(5)	7.6(5)	4.7(8)	3.7 (12)	5.1(5)
UAEmerates	8.3(6)	7.3(6)	2.4(15)	1.8 (21)	6.5(3)
France	7.9(7)	7.2(7)	6.3(6)	5.9 (7)	2.0(12)
Canada	7.9(8)	6.8(8)	5.5(7)	4.3 (9)	3.6(9)
Australia	7.0(9)	5.9(10)	4.4(9)	4.0 (11)	3.0(11)
Spain	5.9 (10)	6.3(9)	1.7(18)	0.8 (28)	5.1(6)
Italy	5.9 (11)	5.8(11)	2.1(19)	1.4 (19)	4.5(7)
India	5.2 (12)	5.4(12)	6.4(4)	7.5 (3)	-2.3(15)
Ukraine	5.0 (13)	4.8(13)	5.5(5)	6.9 (4)	-1.9(14)
Turkey	4.9(14)	1.4(16)	1.3(22)	1.2 (29)	3.7(8)
Thailand	3.6(15)	3.2(15)	1.3(21)	0.5(30)	3.1(10)
Pakistan	3.4(18)	3.9(14)	4.2(10)	6.2 (5)	-2.8(16)

Source: UN EDSA Database, 2017.

Fifth, despite the appeal to attract skilled man power from developing countries most of the developed countries and their governments are under pressure to reform their immigration policies which increasingly takes restrictive policy stance. This situation is spreading across the developed countries which have traditionally been attractive to potential migrants. Sixth, the change in policy stance and practice is not limited to developed countries as such. Developing countries and their governments are also under pressure to pursue more of protective immigration policy. The sources of such policy shifts are not necessarily economic alone but involve both social and political forces that increasingly exert pressure on policy makers to follow such policies or risk the backlash of voters in elections. This has increasingly become critical in political elections where migration policy stance of political parties plays central role in shaping their political fortune.

Seventh, countries that are the main source of migration, especcally economic migration, need to be actively involved in developing coordinated policy response to address the challenges. For instance, China has around 10 million out migrants as of 2017, of which 4.4 million are to other developing countries and the rest to developed countries. This magnitude could be compared to 4.2 million in 1990, of which 2.8 million were in other developing countries. The situation is similar in the case of India which has about 16.6 million emmigrats as of 2017 in the rest of the world, of which 11.9 million were in developing countries. These major sources of global migration need to be part of the global migration policy reforms particularly with their increasing economic power and active participation in global trade in goods and services. Both India and China, by choice and policy, tend to pursue immigration policies that restrict the inflow of migrants from the rest of the world. As a result, there is an overall tendency of the flow of migrants across countries and changes in the dominant migration destination countries have exerted significant influence on the overall global situation in terms of migration flows and stocks. While the flow of migrants across countries could improve the allocation of human resources and their contribution to the global economic systems, it is imperative to recognize the role of both countries of origin as well as host countries in addressing the challenges of global surge in migration.

IV. Immigration Policies in Ageing Societies

How do governments in ageing societies adjust their immigration policy choices in line with their demographic realities and socio-economic necessities? What determines the preferences and opinions of natives towards immigration and immigrants both at individual, interest group, and national level? How do governments respond or manage to incorporate the choices of their citizens and pressure coming from political parties and lobby groups in their choice and implementation of immigration policy? These are issues of interest both from policy as well as theory of public policy choices perspectives. To a large extent, governments considered different policy reform possibilities to address these issues depending on their short-term and long-term strategic objectives in responding to the demographic trends.

In this study, we make use of indicators of attitudes and preferences of individual citizens towards immigration policy and immigrants. In order to provide a comparative perspective, the study focuses on a selected sample of countries where the society exhibits an increasing trend in ageing of its population and the issue is addressed as a policy concern. The sample has both developed and developing countries that are both the main destination as well as origins of migration flows. Accordingly, France, Italy, Germany and UK from Europe, USA and Canada from North America, Japan, Republic of Korea, China and India from Asia and Australia and New Zealand from the Pacific. All of these countries are faced with an increasing pressure from the ageing of their population and the potential opportunity cost of not making use of the resources, both human and physical capital, that immigrants provide. These countries also exhibit increasing inflow of migrants while their governments pursue ad hoc measures to be selective in admitting applications for immigration.

The attitudes and preferences of citizens of host countries towards immigrants is shaped by a number of factors and perceptions. The attempt to systematically understand the issue of immigration policy in host countries has given rise to research interest related to a set of interrelated policy issues. One of these issues addresses how the overall attitude of natives towards immigration influence the immigration policy stance of their respective governments. This in turn led to what kind of factors shape the attitude of natives towards immigration. Broadly speaking, attitudes of individual natives towards immigration depend on economic and non-economic factors (Facchini and Mayda 2008, 2009; Hotton 2014; Börsch-Supan 2000). The overwhelming attitude of natives against immigrants depends on their direct economic interest as well as their personal attitude towards immigrants. However, national governments choice of immigration policy and implementation is contextual and pragmatic in that immigration policies differ and reflect both the domestic pressure as well as specific demands of the domestic economy and especially the labor market in certain segments of the economy (Börsch-Supan 2000). It is therefore necessary to examine the broader set of variables to understand the immigration policies of governments over time and across countries.

The economic determinants of attitudes and preferences towards immigration focuses on how the inflow to immigrants is perceived to influence the labor market and social position of the responding individual. This approach considers that the skill composition of immigrants relative to the natives in the destination country determines the attitude of the individual native respondents towards immigration. If immigrants are on average less skilled than the native population, their admission into the labor market may benefit skilled natives at the expense of unskilled natives in the labor market, and vice versa. This situation could possibly split the host communities in line with their expected effect of migration inflow on their factor market implication.

The attitude of individuals towards immigration is also shaped by their perceived notion of how immigrants influence the fiscal and social welfare situation in the destination country. In most of the destination countries for immigrants, social welfare policies are practiced and that necessitated the allocation of significant portion of the national output to cover the social welfare spending of

the government. Such expenditures are financed through high and progressive taxes which involves redistribution of income from the rich to the relatively poor in the society. If migrants are on average relatively unskilled and earn relatively lower than the natives, they may become beneficiary of net welfare related payments and hence put more burden on the destination country through the fiscal system especially if their number is high relative to the native population.

This mechanism introduces additional variable in shaping the attitudes of natives towards migrants and immigration policy. A relatively high skilled native might not oppose immigration on the first channel of labor-market induced impacts of low-skilled migrants and yet from the fiscal perspective she/he might oppose immigration that leads to high welfare payment burden caused by admitting migrants who end up on average benefiting more from welfare than contributing to the government revenue. On the other end of the spectrum, a low skilled native might not oppose immigration policy that provides preferential treatment towards high skilled migrants who would not necessarily compete with her/him in the labor market (or even provide better opportunities for employment) and yet might erode the rationale and support base for welfare state. Whereas these issues are more relevant in countries where welfare state is a major issue, it indicates a possible mechanism by which low skilled natives might not necessarily oppose the admission of high skilled migrants. Which of the economic forces are more important in the short-and-long term in influencing the attitude of individual natives towards immigration is not settled yet but it is apparent that the station of life of the natives might shape their attitude towards immigration and the policy that their government pursues in favor or against immigration. This factor could play an important role in shaping attitudes towards low-skilled migrants from developing countries.

Immigration and attitude towards it is not purely an economic issue. As such, there are non-economic factors that influence attitudes as well as policy choices in the host countries. A closer observation of the attitude of individuals towards immigration and their stand with respect to immigration policy reveals that non-economic factors exert important influence in shaping the attitude of individuals towards immigration. The non-economic sphere encompasses a wide range of issues and tendencies that somewhat shape the attitude of natives and their stand with respect to immigration policies. Issues of national identity, race, and religion shape the context in which immigration policies are designed and the attitudes of natives are expressed. The composition, rate, and relative size of migrants would exert some degree of influence on the attitude of natives towards immigration and immigration policy of their government.

Moreover, there are arguments from the perspectives of social capital in host countries that would have influence on the choice of immigration policy. Despite the potential economic and labor market implications of at least selective immigration policy measures, immigration has societal cost in the short and medium term and perhaps in the long term as well unless society manages to develop effective multicultural policies and practices that allow the emergence of a powerful and global oriented societal values. Integrating and internalizing diverse social values and mores that migrants bring with them to their host communities is an important aspect that require careful consideration by host governments. Host

governments and societies need to understand how to preserve their social capital and enrich it with the inflow of new ideas, values, and mode of behavior so as to effectively excel in the globalizing world.

Social capital encompasses social networks and associated social norms of reciprocity and trustworthiness (Putnam 2007). Social capital has value and impacts the economic and non-economic decision making behavior of the members of the network as well as non-members of the network. The inflow of migrants, unless they are well and rapidly integrated into the emerging new society in which they are members, would entail the erosion of social capital not only between the natives and the new arrivals but also among the natives as well (Putnam 2007; Collier 2013). These studies suggest that immigration has cost to the host countries and societies at least in the short-term by eroding the social capital. This cost could be reduced if the society manages to integrate the new arrivals at a rate faster than the inflow of new forces of diversity and orient the whole population towards a more dynamic and global value orientation. However, the alternatives are also costly and ineffective in the long term (Easterly 2006). It takes careful and sound argument to balance the long-term cost and benefit of pursuing prudent immigration policies that could potentially generate considerable global welfare benefits.

It is therefore imperative to carefully assess the degree to which immigrants integrate into the society and how society in turn develops complex sets of cultural values and norms that enable it to compete in the globalizing world. By implication, the forces that shape the extent to which immigrants could relatively easily integrate into the society such as education, language, cultural awareness, and social networking opportunities are important elements that facilitate the integration of immigrants into the social networks of the natives. Without such active measures, the negative aspect of immigration inflow and the negative externalities could limit the extent to which the economic and non-economic benefits that immigrants bring to their host communities and societies. As a result, not only the support towards immigrants could be eroded but also the contribution that migrants could make in their host societies would not be fully realized. When a society makes the policy commitment to promote the freedom of movement of their human resource, they are willingly opening up for new opportunities and values that enrich their value instead of imposing conventional yardstick on those who decide to migrate into their system. While host societies have the inclination and rights to assert their values on prospective migrants, by insisting on one side approach to the issue erode the potential contribution that effective and dynamic immigration policy could have delivered both to the host society and to countries of origin of migrants. It is hence important to develop a wholistic approach to deal with the issue of migration that would make the best use of human resources and opportunities.

The issue of immigration policies adopted or being considered by governments in the host countries involves a number of interrelated forces that shape how we should think about the plausibility and feasibility of measures to reflect both the realities of these societies and the political economy forces that shape their policy choices. The current situation in the flow and stock of immigration across the world and especially the flow from developing to developed countries is such that both host societies and countries

of origin of migrants need to undertake coordinated policy measures that could lead to a sustainable and smooth management of the forces that shape global and regional migration flows.

The twin forces of economics and demography are playing important role in the determination of immigration policy by host country governments. However, it is evident that there are more forces at play that shape the political feasibility of adopting a certain immigration policy stance and the persistence of such policies over time. Sentiments and attitudes towards immigrants often are closely related to vested economic interests and yet such attitudes could also be shaped by the extent to which the electorate or political agents are informed about the emerging issues and pressures in the sphere of immigration to developed countries and emigration from poor and unstable regions of the world.

Given these demographic realities and the pressure that increasing population numbers pose both in developing and developed areas of the world, how governments respond to such pressures has both economic, political and social consequences. Governments are under severe pressure to respond to the demographic trends and rapid rate of population aging. One of the most common response of governments in developed countries to the problem of population aging is raising the retirement age of the working population so that they will keep on working instead of retirement. More and more developed countries are putting in place policies and practices that raise the retirement age in the hope of reducing the shortage of labor force and reduce the burden of retirement benefit payments. This has indirect effect that keeps the elderly active and engaged in the production of goods and services and remain healthy. This is not without controversy as the elderly themselves and the younger generation do not necessarily support of such policy stances of their governments.

Governments also considered, in addition to raising the retirement age, increasing the social security contribution of the working population so that sufficient resources are generated to secure the financial balance sheet of social security system. This coupled with the shrinking share of the working population and extended life expectancy of population has significantly increased the burden on the contributors. While the room for maneuver is limited in this context, governments are considering all options that would enable them to manage the population ageing challenges.

The advent of demographic transition and its differences across regions and countries coupled with the gradual change in societal values about family size and number of children has given rise to a new phase of demographic phenomena. In the long-term, the power of demographic numbers and their relative intensity across economic divides exert considerable influence in shaping immigration policy while implementation responds to the evolving attitudes and preferences of the electorate. Coupled with this general force and trend, governments tend to explore intermediate policy reform measures that would improve their capacity to better manage the demographic trends and migration flows. The reforms under consideration range from improving the efficiency and productivity of the labor force in developed countries with the intensification of capital accumulation and adoption of more advanced technology to cope with the shortage of labor power that population ageing exerts on the economy. However, technological progress alone could not

solve the problem on a sustainable manner while it can reduce the severity of the problem because there are still labor intensive activities in some sectors of their economies. Governments also reform their regulations and policies regarding the labor force participation of their population whose life expectancy and physical and mental health has been improving over decades. In line with these features, governments are gradually raising the retirement age. These considerations are mainly driven by the insolvency threat of the social security systems of these countries but it also has some impact on the labor market of these economies.

It is apparent that economic necessities eventually make reform in immigration policy inevitable. Moreover, policy makers in developed countries have adopted more practical and selective approaches in implementing immigration policies. These include setting priorities and criteria to the type of economic migrants the host countries invite such as entrepreneurs, investors, and to a certain extent college students and technical trainees. These choices have practical and long term implications in coping with the long-term pressures of population ageing as well as the increasing number of applicants for migration from developing countries. The recent trend in a number of countries, especially the United States and Europe, to restrict the inflow of migrants has compounded the problem and raised the opportunity cost of such ill advised and ineffective regulations without addressing the root causes in a more collaborative and comprehensive approach. However, pragmatic immigration policy reform remains to be the long-term policy direction to promote selective and managed immigration flows with more effective coordination between governments both in developed countries as well as countries of origin of immigrants.

V. Concluding Remarks

The main theme of this study is to examine the political economy forces that shape the flow and immigration policy choices of countries where the challenges of population ageing is significant and increasing. There is a clear net economic gain that could be attributable to effective and well managed immigration schemes and policies that redistributes the global stock of young and productive labor force across countries in line with the concentration of the challenges of population aging now and in the foreseeable future. The imbalance between the demographic dynamics of regions in the world and across income groups suggests that migration policies that respond to the priorities of different areas of the world is a prudent policy stance.

However, this is not a purely economic issue that policy makers across the world both in developed and developing countries confront to deal with the issues of population ageing on the one hand and the international migration of people across national boundaries. Despite the economic interest that economically developed countries as well as ageing societies clearly realize from effective immigration policies, policy makers respond to pressures and social forces taking into account the attitude of the public towards immigration. It is apparent clear that governments respond by balancing the pressure against immigration from the public on the one hand and the economic interest that society derives by allowing

more immigrants into their system. The increasing tendency of putting immigration policy as central political agenda in host countries has created pressure on policy makers to pursue policies and practices that significantly limit the flow of immigration and hence the potential advantage such human resource reallocation would have brought to the world economy. This requires a careful balancing measures and leadership with collaborative approaches for effective management and realization of the potential power of migration for improving global welfare and prosperity.

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Appendix Tables:

Table 2A: Global Population Distribution by Continent and Age Group (2015 and 2050, percent)

	2015			2050		
	0-24	25-64	65+	0-24	25-64	65+
AFRICA	60.3	36.2	3.5	50.4	43.7	6
ASIA	40.8	51.6	7.6	30.5	51.7	17.8
EUROPE	26.8	55.6	17.6	25.1	47.1	27.8
Latin America	43	49.4	7.6	29.2	51.4	19.4
North America	32.6	52.6	14.8	28.8	48.7	22.5
Oceania	38.5	49.6	11.9	33.3	48.5	18.2
World	42.3	49.4	8.3	35.1	49.1	15.8

Note: Figures are computed from population data by major age groups for 2015 and medium estimation for 2050.

Source: UN EDSA Database, 2017.

Table 3A: International Social Survey Program: National Identity III - ISSP 2013

	Increase a lot	Increase a little	Remain the same as it is	Reduce a little	Reduce a lot	Total	N=
Belgium	3.1	5	20.5	26.1	45.2	100	1905
Switzerland	0.7	6.8	43.2	31.8	17.5	100	1178
Germany	3.2	9.5	37.2	24.9	25.2	100	1497
Denmark	2	9.9	45.2	22.4	20.6	100	1167
Spain	0.7	2.6	34.7	32.4	29.7	100	1134
Finland	1.8	15.7	43.2	22.2	17.2	100	1117
France	2.2	3.4	22.9	24.1	47.3	100	1698
UK	2.2	1.8	16.1	20.5	59.4	100	897
Ireland	2.5	6	35	22.9	33.6	100	1030
Israel	1.7	4.2	25.2	19.1	49.7	100	1102
Japan	5.1	15.4	56.1	15.7	7.7	100	908
Korea (South)	4.6	12.4	52.7	23	7.2	100	1294
Norway	2.3	9.2	30.7	32.3	25.5	100	1410
Portugal	1.6	5.7	44.3	35.4	13	100	934
Russia	3.3	5	23.4	31.3	37	100	1421
Sweden	4.1	8.2	27.7	31	29.1	100	953
United States	3.7	10.4	42.3	24.5	19.1	100	1100
Total	4.8	7.9	34.2	25	28.1	100	40524

Source: International Social Survey Program, 2015.

Table 4A: International Migrant Stock: Level and Share (million and percentage share in parenthesis)

Region	1990	1995	2000	2005	2010	2017
World	152.6 (2.90)	160.8 (2.80)	172.7 (2.80)	191.3 (2.90)	221.7 (3.20)	257.7 (3.40)
Developed	82.4 (7.20)	92.3 (7.90)	103.4 (8.70)	117.2 (9.70)	132.6 (10.70)	146 (11.60)
Developing	70.2 (1.70)	68.5 (1.50)	69.3 (1.40)	74.1 (1.40)	89.2 (1.60)	111.7 (1.80)
Developed Countries						
Europe	49.2(6.8)	52.8	56.3	63.2	70.7	77.9(10.3)
France	5.9(10.4)	6.1	6.3	6.7	7.2	7.9(12.2)
Germany	5.9(7.5)	7.5	9	9.4	9.8	12.2(14.8)
UK	3.7(6.4)	4.2	4.7	5.9	7.6	8.8(13.4)
North America	27.6(9.8)	33.3	40.4	45.4	51.2	54.5(16.0)
Canada	4.3(15.6)	4.9	5.5	6.1	7	7.8(21.5)
USA	23.3(9.2)	28.5	34.8	39.3	44.2	46.6(15.3)
Asia:	48.1(1.5)	46.5	49.3	53.4	65.9	75.1(1.7)
Japan	1.1(0.9)	1.4	1.7	2	2.1	2.3(1.8)
Korea	0.04(0.1)	0.12	0.24	0.49	0.92	1.33(2.6)
Oceania	4.7(17.5)	5	5.4	6	7.1	8.1(20.7)
Australia	4.0(23.2)	4.2	4.4	4.9	5.9	6.8(28.8)
New Zealand	0.5(15.2)	0.6	0.7	0.8	0.9	1.0(22.7)
Developing Countries						
China	0.38(0.0)	0.44	0.51	0.68	0.85	0.98(0.07)
India	7.5(0.9)	7	6.4	5.9	5.4	5.2(0.39)

Source: United Nations, DESA, 2017.