

BRATISLAVA INTERNATIONAL SCHOOL OF LIBERAL ARTS

**CHALLENGES WESTERN STATES ARE FACING AND THE
CONTRIBUTION OF IMMIGRATION TOWARDS RESOLVING
THESE CHALLENGES**

BACHELOR THESIS

BRATISLAVA 2010

Silvia Gajdošíková

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DECLARATION OF ORIGIN

I, the undersigned, Silvia Gajdošíková, hereby declare that I have produced this thesis on my own using sources listed in “References“, under the guidance of my thesis advisor Mgr. Dagmar Kusá, Ph.D.

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This thesis is a product of much reading, research and reflection over the last few months, but it is also a product of my passion.

Writing a thesis while juggling various other commitments takes focus and commitment - but also help, patience, and indulgence from others. Above all, I want to thank the smart and generous thesis advisor Mgr. Dagmar Kusá, PhD. She made the work a pleasant experience, for which I am very grateful.

I am dedicating this work to my family, but especially to my mother who has always been there for me.

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ABSTRACT

This thesis focuses on the current challenges that Western states (Germany, France, UK) are facing and the contribution of immigration towards resolving these challenges. It outlines the most acute contemporary issues: demographic crisis, low-skill labor gap and diversity.

In the 21st century, immigrants play a major role in the process of revitalizing Western economies and societies. Prosperity of a state depends on its' labor force and since the Western population is aging and the birth-rates are decreasing, immigrants represent a part of the solution to the problem of the demographic crisis and filling in of the low-skill labor gap. At the same time, immigration brings diversity and innovation into society. For any given market today, it is the immigrants that stimulate new perspectives and ideas. Europe needs immigrants and vice versa.

The thesis will deal with the economic perspective. The ethical issues connected with the filling in of the low-skill labor gap by immigrants present a topic that is important but not the focus of this work. It deserves its own thesis.

VÝZVY, KTORÝM ČELIA ZÁPADNÉ ŠTÁTY A PRÍNOS IMIGRÁCIE K ICH VYRIEŠENIU

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ABSTRAKT

Táto práca pojednáva o súčasných výzvach, ktorým čelia západné štáty (Nemecko, Francúzsko, Veľká Británia) a ako k ich vyriešeniu prispievajú imigranti. Načrtá tri hlavné problémy: demografickú krízu, nedostatok lacnej pracovnej sily a diverzitu na trhu a v spoločnosti.

V dvadsiatom prvom storočí sa imigranti stali kľúčovým prvkom v procese revitalizácie trhov a spoločností. Prosperita štátu závisí na pracovnej sile, a keďže Európa starne a demografická krivka klesá, imigranti predstavujú časť riešenia problému starnutia obyvateľstva a relatívne lacnej pracovnej sily. Navyiac, imigrácia so sebou prináša diverzitu, inováciu a nové perspektívy do spoločnosť. Európa potrebuje imigrantov a imigranti potrebujú Európu.

Práca sa zaoberá ekonomickými perspektívami. Problematika etiky obsadzovania lacnej pracovnej sily imigrantmi predstavuje tému, ktorá je dôležitá, ale celkovo nezapadá do zamerania výskumu a zaslúži si vlastnú prácu.

FOREWORD

This thesis is about people. Around the Western world, demographic crises, immigration, diversity or a low-skill labor gap are always in the news these days. Many books were written so far on this topic. The European Union Agenda is full of new immigration strategies or diversity policies. Yet, it is hard to make sense of it all. Do immigrants represent a part of the solution to the question of aging population in Europe? What is the best way to cope with the rising diversity on the market and society? Can Western states fill in the low-skill labor gap with the immigrants from “third countries”? Questions abound.

The three main themes of the thesis were chosen because I regard them as the key current factors that have already started to influence the life of the Western states. This research sets out to explore them in more depth, in a comparative framework and with the focus on the economic aspect. It is intended primarily to understand a bigger picture of immigration and its contribution towards the current world issues. The Western states need immigrants and immigrants need Europe.

LIST OF ABBREVIATIONS

EU	European Union
IOM	International Organization for Migration
OECD	Organization for Economic Cooperation and Development
UNO	United Nations Organization
US	United States of America
UK	United Kingdom
WWI	First World War
WWII	Second World War

TABLE OF CONTENTS

DECLARATION OF ORIGIN	ii
ACKNOWLEDGMENTS	iii
ABSTRACT	iv
FOREWORD	vi
LIST OF ABBREVIATIONS	vii
TABLE OF CONTENTS	viii
1. INTRODUCTION	9
1.1. Historical background	11
1.2. A theoretical model	12
2. WESTERN STATES AND THE DEMOGRAPHIC CRISIS	15
2.1. Financial incentive via a welfare state.....	16
2.2. Integration of immigrants	19
3. WESTERN STATES AND THE LOW-SKILL LABOR GAP.....	23
3.1. Boundary extension for the age of retirement	23
3.2. Acceptance of more immigrants.....	24
4. WESTERN STATES AND DIVERSITY	28
5. CONCLUSION	31
6. RÉSUMÉ/ RESUMÉ.....	33
7. REFERENCES	35

CHALLENGES WESTERN STATES ARE FACING AND THE CONTRIBUTION OF IMMIGRATION TOWARDS RESOLVING THESE CHALLENGES

1. INTRODUCTION

Immigrants are an inevitable part of any Western state and its economy nowadays. The situation that Western states are facing is mostly stemming from their decisions made in the past. Therefore, this research is grounded on the path dependence theory which states that the past resolutions vitally influence our present life.

This paper is tackling three major problems that the Western states, such as Germany, France, the UK, and the US have to cope with:

- **Demographic crisis:** If fewer children are born in present time, it means there will be fewer workers in the labor force later. Is it then possible for a modern Western state to grow economically? Can the so called “pro-natal policy” help in order to increase the number of children born? Does it really work? Can integration of immigrants into society reduce the effects of an aging population? If yes, how to integrate them? What are the patterns and possible outcomes?
- **Low-skill labor gap:** Demographic developments in Europe raised another question: How can a state fill the growing gap in the labor market? Is it the extension of the boundary for the age of retirement that answers the issue? Does education play a role? Will the Western states be forced to accept more immigrants in order to resolve the inquiry of who will be the backbone of the market? Is the use of immigrants for low skill work just an act of exploitation in order to sustain the Western state’s needs?
- **Diversity:** Are there any benefits of diversity to social or business area? Does diversity bring a potential for conflicts? Do immigrants represent the best carrier of diversity and innovation?

These are the questions which will help analyze the main thesis of this paper: What are the challenges that Western states are facing and what is the contribution of immigrants towards resolving these challenges? The three topics were chosen because they were analyzed slovenly and this thesis sets out to explore them in more depth, in a comparative framework and with focus on the economic aspect.

The seventh Secretary-General of the UN, Kofi Annan spoke to the Slovak daily newspaper *Pravda* (“Why Europe needs immigration strategy”, 2004) about the European immigration strategy and its potential to solve the above mentioned issues. There are two „ifs“. If the Western European states cope with the immigration well, it may strengthen their economies. If they fail, the outcome may lead to a general decrease in the living standards and an increase in social differences may occur. If jobs - low or high paid - are not occupied, the production rates will slow down and economy and society as a whole will stagnate. Immigration as such will not solve these problems entirely, but immigration plays a vital part in the process of managing the current global challenges. It is vital to realize that immigrants are not only a part of the problem, they are also an integral part of the solution.

“By general consent the master-narrative of our time is about social change and how some measure of inclusivity can be injected into such transformations in order to achieve and maintain social cohesion. Today’s European societies are changing fast. Change is underway in all fields- values, attitude of the nation states and communities, work and employment, family structure, demography, poverty, and inequality. Europe is no longer a monocultural continent with a single faith, today it is truly multicultural. This presents many opportunities as well as challenges.” (Threlfall & Bari, 2009, p. 52).

1.1. Historical background

Situation was very difficult in the Western Europe after the Second World War. The Western governments (UK, Germany, France) had to deal with a demographic crisis between the years 1913 and 1945, since a great number of men and husbands fell in the WWI and WWII. Furthermore, lack of jobs, stability, peace, and security led to a general decrease in the birth-rate.

Circumstances had changed in the 1950s when demobilized soldiers, prisoners of war and those deported for political reasons were returning back and were motivated to enter the labor market through various allocation schemes. Governments offered new jobs and stability. Tony Judt writes in his book *Postwar: A history of Europe since 1945* (2005) that the average unemployment rate in the Western states in 1930s was 7, 5 per cent.

In the mid 1960s, the average unemployment rate was about 1.5 per cent in Europe. It was for the first time when the Western states called for new labor force from abroad, opening borders for immigrants. (Judt, 2005, p. 43). Because of the fact that the base of economy, manual workers, was decreasing.

Great demand for labor caused massive immigration movements in the 1950s and 1960s between countries. For instance, many Italians and Poles moved to France. Germany serves as an even better example. The Bonn government had to find new labor forces abroad because of the rapid growth of the German economy. In 1956, the German Chancellor Adenauer proposed free transport to every Italian worker who would like to come and work in Germany (Ibid., p. 44). In addition, in the next ten years “Germany signed number of agreements with other states about the workflow, such as Greece and Spain (1960), Turkey (1961), Yugoslavia (1968), Morocco (1963), Portugal (1964), etc.” (Judt, 2005, p. 232).

According to the International Organization for Migration and its *World Migration Report* (2005), by the year 1970, France had 5.2 million immigrants,

Britain 2.9 million, West Germany 2.6 million and Switzerland counted 1.1 million immigrants. „While the US admitted only 2.5 million permanent immigrants in the 1950s and 3.3 million in the 1960s, it allowed in 4.5 million in the 1970s, 7.3 million in the 1980s and 9.1 million in the 1990s“ (Legrain, 2007, p. 49).

This immigration was based on the assumption that it would only be a temporary immigration and that the workers would later return back to their home countries. However, these demographic movements had a great impact, for in reality the majority of the so called “guest workers” stayed in the new states and never returned back.

Nowadays, top three migrant-receiving countries are: the US with 35 million immigrants, the Russian Federation with 13.3 million immigrants and Germany with 7.3 million immigrants. On the other hand, top three migrant sending countries are as follows: China with a diaspora estimated at 35 million worldwide, India with some 20 million and the Philippines with some 7 million overseas Filipinos (IOM, 2005). While rich countries receive immigrants, poor countries send their people out in order to get jobs which they cannot find at home.

1.2. A theoretical model

Prosperity of a state directly depends on the labor force which supports the economy and if the state does not have a sufficient base, it must simply be brought in from elsewhere.

For any given market, it is the labor, capital and land that represent the key production factors. The role of a state is to create legal conditions for economic growth and to support pure competition on the market.

The European Parliament resolution on a Common Immigration Policy for Europe (2008) stated the main principles, actions and tools of immigration. A part of

the document was about the prosperity. "Whilst legal migration continues to be necessary in order to address Europe's demographic, labor market and skills needs (according to Eurostat, population aging in the EU will become a reality in the medium term, with the working age population projected to fall possibly by almost 50 million by 2060), the Parliament notes that regular migration must be the alternative to irregular immigration."

In a free market economy, buyers are among the key forces. For, if a market does not have people who would work, earn money and then spend that money on commodities, services, etc., it is hard to imagine that the state could grow economically and that its citizens' standard of living will improve. Nowadays, the main problem that states have to solve is the demographic crisis and aging population, as there would be a minority of active people who would support the economy and the non-working segment of population. A market without people, without the labor force, is all but useless. „The one who helps the others so that they can, as a result, help themselves on their own, helps himself“ (DeVos,1993, p. 3).

„The set of decisions one faces for any given circumstances is limited by the decisions one has made in the past“ (Heller, 2009). In other words, history matters. Post war conditions led representatives of the states to invite foreigners to come and support the Western economies. Nowadays, German, French, the United Kingdom or even the U.S. economy are based on the immigrants' labor.

Since the Western Europeans are aging and demographic crisis is deepening, the Western states will consequently be forced to better integrate immigrants into their societies as a financial incentive via welfare state does not solve the problem. Paying benefits does not solve the problem of demographic crisis.

Moreover, the low-skill labor gap does not exclude immigrants from this issue. Boundary extension for the age of retirement is one possible solution to the question, but here again; the acceptance of more immigrants seems to be the real reply to the crux of the problem in order to sustain the economic growth.

In addition, each competitive and successful economy is based on diversity and innovation. Immigrants are often the carriers of innovation, for many things strike them as odd and coming into a new society, they bring their views, ideas as well. These are in turn implemented into the system, if it is open enough to accept the newcomers and all that comes hand in hand with them.

As a result, the economy of Western states such as Germany, France or the United Kingdom, inevitably depends on the immigrants' labor force today.

2. WESTERN STATES AND THE DEMOGRAPHIC CRISIS

The Western decline in the birth rate shows that governments have to be concerned more than ever about the low number of children born. Some states have experimented with the so called “pro-natal policy” in order to solve the problem of aging population which has a big long- term economic and social impact on a whole society.

“The dependency ratio between the active and the retired is stretching, raising major challenges to pensions and health care systems, while older people can look forward to a long and comfortable retirement, excepting a minority of women. But the need for care in later life puts pressure on families, especially middle-aged women, and this requires a debate about the relative responsibilities for caring” (Threlfall, 2009, p.4).

Moreover, Europe’s Social Reality (2007) highlights various demographic challenges that will affect the Western states. In terms of the aging population, the percentage of people aged 80 will triple to 11.4 per cent by 2050. Trends for increasing life expectancy project that the average life expectancy for men will reach 82.3 years and 87.4 years for women by 2050. This means that people will live more years during which they will need care (cited in Threlfall & Conochie, 2009, p. 38).

The Western states have to deal with the aging population and low birth rate in the 21st century. The United Nations Conference on Trade and Development data for the year 2006 show that in Germany, population aged 65 or above is 18.3 per cent of the overall population, in France it is 16. 6 per cent, the UK population aged 65 or above represents about 15.9 per cent. Spain counts 16. 5 per cent and Italy has the highest percentage of almost 20 per cent population aged 65 or above.

Additionally, 46 per cent of Muslims are less than 25 years old. Within the next 10 years, Muslims will account for one quarter of the growth in the working age population in the UK. (Young Foundation, 2008, p. 4). “The growing Muslim presence has clear implications for British society. It would undoubtedly benefit Britain’s future labor market and provide tax revenues that would subsequently contribute to sustaining the country’s aging population“ (Threlfall, 2009, p. 53).

Integration of immigrants into the bottom of the European labor market is a first step. In the future, it will be necessary to further integrate them upwards into the labor market, through education, training, social cohesion programs, etc. Especially if the „domestic“ population has aged, there will be a greater need for skilled workforce in addition to the already existing demand for unskilled labor force. Not to mention that it is an integral part of a democratic process to offer equal opportunities and to look for systematic processes to make them real.

Additionally, Fareed Zakaria wrote in his famous book *The post-American World* (2008) what is the real defect killer: “a smaller working-age population...means fewer technological, scientific, and managerial advances. As workers age, they go from being net savers to being net spenders, with dire ramifications for national saving and investment rates” (p. 198). Bad demographics are, according to Fareed Zakaria, the real killer for any advanced industrial countries.

There are two possible approaches to resolve the demographic crisis: One is to motivate couples to have children. The question is, how. One suggestion is to offer financial incentives via welfare state. The second option is a systemic integration of immigrants who have the potential to increase the birth rate. Is the second solution acceptable to “native” populations? There is also a question of increasingly diverse society, its’ benefits and shortcomings. I shall focus on the diversity issue later in the paper.

2.1. *Financial incentive via a welfare state*

A welfare state is based on the prosperity and achievement of well-being, collectively provided welfare, delivered by government through the state. In other words, according to G. E. Andersen (1990) “it involves state responsibility for securing some basic modicum of welfare for its citizens (p. 115).”

On the other hand, welfare state is very expensive, for „it breeds dependence by reducing the fear of poverty and thus the incentive to work, it undermines economic growth by adding to the tax burden and it ameliorates hardship and poverty without dealing with structural disadvantages and inequality“ (Heywood, 2002).

Moreover, Mary Daly, professor of sociology at Queen’s University of Belfast criticizes welfare state “for creating dependency, and a lack of balance between the generations. There is no objection to the unfairness of the welfare burdens on different generations, but to the idea that the burdens are not distributed equally between them. Why should the younger generation not bear the brunt of support for the older – or vice versa? This is the meaning of intergenerational solidarity“ (cited in Europe’s Social Situation, 2009, p. 15).

On the other hand, France with its “pro-natal policy”, which is based on the tax and transportation breaks, child and health care benefits, managed to increase the birth rate of its population. The average number of children per family in France is 2. Elizabeth Bryant wrote for the Chronicle Foreign Service („*Governments paying for leave...*“, 2008) that “France’s birth rate leads Europe. The way you encourage women to have more children is to help them work more. Successive French governments have been doing just that. Roughly 80 per cent of French women between the ages of 25 and 49 work, according to government statistics, one of the highest rates in Europe. Their lives are eased by cheap health care, low-cost preschools - for infants as young as 6 months - subsidized at-home care and generous maternity leaves. Mothers with three children can take a year off of work - and receive a monthly paycheck of up to \$1,180 from the government to stay home. Families get subsidized public transportation and rail travel and holiday vouchers“. Giving money to couples as a bonus for having a child or children does not work in every single country. Therefore, it cannot be taken for granted that it is the key solution in order to increase the birth rate.

If a state decides to motivate couples by a financial incentive, then the question is how will a government measure the amount of money which should

motivate them to have a child? How much to spend in order to make it worth for young people to have children?

One factor linked to this problem is the factor of education. Even if a government motivates couples to increase the number of children born, it is not taken for granted that they will do so. Moreover, a majority of the Europeans or Americans end up with the university diploma. As a result, the more educated you are, the higher expectations you tend to have and the more you want to be paid. Higher educated people tend to have less children; demographic crises and the growing labor gap follow as consequences.

The UK national statistics from the year 2005 show that “whereas a fifth of working-age men and 28 per cent of working-age women over fifty have no qualifications, only 7 per cent of men and 8 per cent of women in their twenties do. Similar pattern is evident also in France where over half of French people aged between 55 and 64 have not completed secondary education, but only a fifth of the French aged between 25 and 34 have failed to do so“ (OECD, 2005).

Education, culture and how people were brought up influences their decisions. In this day and age, it is less and less common that a woman with high education would go for a maternity leave after she finishes her university studies. In the West, women generally build up their careers first and then they have one child. On the other hand, Eastern European women tend to put family first and the families have more than one child, career is not that important. That is part of the reason why the Western states now have to deal with the aging population and the demographic crisis as a result.

There is another approach towards this challenge, and that is the integration of immigrants into society. Integration of immigrants means that they will become an active part of a new society in a theory and in practice as well. It does not mean this is an “either-or” approach. The two approaches can and should be combined, for financial incentive alone does not work essentially.

2.2. *Integration of immigrants*

It is vital to realize that nowadays, it is essentially not possible for a modern Western state to grow economically without a significant presence of immigrants. It is not possible to simply push them out of the country and expect the economy to go without the labor force which immigrants represent. States should rather find ways how to integrate them into society, as there are not enough native workers who would substitute the foreigners.

The integration of immigrants should work upwards, not only into the lowest pool of the labor force. “If those of us who live in prosperous Western Europe (and in other areas of the privileged global north) want people from elsewhere to better integrate in our economies and our societies we need to recognize the validity of at least some of their habits and rules from home. Recognition means internalizing the interests and beliefs of others. This recognition must be reciprocal, conditional, progressive, partial, negotiated, dynamic and predicated on critical safeguards, including the basic compatibility between the customs and laws of the countries or communities involved” (Hayes, 2007, p. 160). In other words, recognition has to be given by each toward the other, should not be prejudiced and shall be an effective action.

However, „whatever approach countries take, integration is a two-way street. If immigrants are willing to adapt to local ways, natives must also be willing to treat them like locals. If society is racist, or even simply indifferent, then with the best will in the world, immigrants will not be able to fit in. Conversely, even if immigrants are accepted into society without being forced to conform, they must also be willing to participate in it. If immigrants want to remain apart, then even the most liberal society will not succeed in integrating them. It takes two to tango“ (Legrain, 2007, p.257).

In order to increase the birth-rate, the Western states should better integrate the current second and third generations of immigrants into society. This may lead to the mixed marriages which, all in all, may cause that the birth-rate will increase.

P. Legrain in his book *Immigrants: Your country needs them* (2007) describes the three models of integration and illustrates them with examples. The first model is based on the German approach to immigrants and their integration into society. The author states that „Germany treated its mostly Turkish immigrants as temporary guest-workers, as foreigners, separate from the rest of society, with fewer social rights. And so has taken particularly long to realize that it needs to find a place for them in German society. Unsurprisingly, German’s Turks have tended - and were left - to live in separate communities, socializing, shopping and praying with each other, reading their own Turkish- language newspapers and watching their own TV programs“ (Legrain, 2007, p. 259). Sooner or later, German representatives realized that this is not the best way in order to integrate Turks into society. Germany took steps and passed a new citizenship law in 2000 which granted children born to foreigners in Germany the automatic right to German citizenship. „And under a new law adopted in 2005, the government is making greater efforts to integrate immigrants culturally, with publicly financed courses in German language, history and so on“ (Ibid., p. 259).

The second type of integration of immigrants Legrain describes by using France as a model. „By asserting that anyone who speaks French, adopts French culture as their own and shares republican values can become French. Immigrants can easily become French citizens, with full political and social rights. The French state does not recognize that its citizens differ according to the ethnic or cultural backgrounds: they are all just French. In theory, then, foreigners can become fully fledged members of French society, but only if they do all the adapting. But what France has failed to recognize is that even when immigrants have tried to conform, society has not accepted them as truly French, due to the color of their skin, for instance., (Ibid., p. 260). Thus, the second type of integration is perfect, but in theory only. For, in reality the integration of immigrants does not work that properly because of the lack of the *de facto*, not theoretical, integration.

The last model of integration of immigrants into society is based on the US model. Legrain states that „the US has traditionally taken the so-called ‘melting-pot’

approach- which involves a give and take on both sides. Immigrants have to pledge their allegiance to the United States and sign up to the values in the Declaration of Independence and the US Constitution, but they do not have to adopt any particular cultural habits, Anglo-Protestant or otherwise. Over time, each influx of immigrants changes and enriches American culture, while they adapt freely to American ways, although they may retain some of their cultural heritage. Thus, the US has veered towards a multicultural approach“ (Ibid., p. 261).

The welfare state has its positives. „It fosters social cohesion by guaranteeing everyone a stake in society or that it encourages personal development by safeguarding individuals from social deprivation” (Heywood, 2002, p. 413).

However, for any Western state in the 21st century, it would be essential and cheaper as well to integrate its immigrants into society. For, it is a very simple equation. Without an adequate labor force, there can be neither sufficient production, nor economic growth. Any state without the workers who would act as a growth accelerator of the economy within the market tends towards the economic regress rather than growth. Thus, nowadays, a function of the economy depends on the integration within the labor force. In other words, on the integration of immigrants as immigrants increase the rates of the innovation and stimulate new perspectives.

The US model seems to be the most successful model of integration; however, this multicultural approach may turn out to be a fractious one because of different natures, cultures or habits among the natives and newcomers. „Where tensions arise between communities, governments have to be ‘pro-active’ and interventionist in defusing them“ (Kerkyasharian, 2001).

The Western states have invited immigrants and they lent a hand in order to aid the Western economies. And because we cannot turn back the resolutions passed in the time before, and because again the time shows that the European population is aging, it is the immigrants that can once again help and increase the statistics. The first step towards resolving this challenge is the integration of immigrants into societies.

What is meant by integration in concrete terms? There are a few steps in the process of integration which are worth mentioning: First, language education- this is the basic condition of integration. Then comes the education of immigrant children (culture, habits, norms of a new country, etc.). The third condition is to secure jobs and a decent accommodation for the newcomers. The last role of a state, in order to integrate immigrants into society, is to provide basic health care and social security. If these conditions are fulfilled, then comes the immigrant's turn. Immigrants have to be active participants in the process of integration, not just passive recipients. All in all, tolerance, patience and an open mind are necessary on both sides.

“This is the vision, if there is one: living with our differences and seeking to harmonize if and only if such differences are illegitimate in order to live in Europe and in the world as a community of others” (Hayes, 2007, p. 162). Western states will need these immigrants just because of the fact that the “pro-natal policies” do not work sufficiently and so the populations continue to age. For any given state, the economic growth is not possible if the birth rate is declining. If the birth rate is low, states will be forced to bring in the labor force from elsewhere. Immigrants represent part of the solution and so the states should rather integrate them into society.

3. WESTERN STATES AND THE LOW-SKILL LABOR GAP

Economy without people who would work in the unskilled or low-skilled segment of the labor market and support the whole system will not and cannot survive, as there would be an insufficient minority of young and active people left to work. Walter Laquer in his book *The Last Days of Europe* (2007) states that if Europe is somehow to pay for the health and welfare benefits of its aging populace, it faces the necessity of either increasing its population's growth rate – not a simple thing to do - or falling back on the further importation of foreign labor.

As mentioned above, increasing population growth-rate is one option the Western states have at their disposal. There are another two possibilities for resolving the current situation. Either to let older people work and extend the boundary for the age of retirement, or to take in more immigrants to expand its labor force.

3.1. Boundary extension for the age of retirement

„Because of the decline in fertility rates and the increase in life expectancy in a growing number of countries, the world population will age much faster in the next decades than previously. These demographic developments have important consequences for labor markets“ (Auer, 2002).

One solution could be the extension of the boundary for the age of retirement. But this may lead to great protests, as we have witnessed already in France in 2001 when hundreds of thousands blue and white collar workers protested to raise the pension age from 60 to 65.

More recently (in November 2009), the Dutch workers protested against the government decision to increase the state retirement age from 65 to 67 by the year 2025. Raising the pension age is not a very popular policy option and may lead to great protests. (in Latest Global News, 2009)

Germany faces a different problem. In the OECD Series on Aging and Employment Policies (2005), the author warns that „today, many older Germans stop working well before reaching the statutory retirement age of 65. As a result, only two out of five people in Germany between the ages of 55 and 64 are employed, well below the ratio in most other OECD countries. By comparison, about three out of five people in this age group are still active in Britain and the US and more than 70% in Sweden. Unless this situation changes, Germany could face labor shortages, slowing economic growth and worsening public finances. The problem is especially acute in the former East German states, where birth rates are lower and many younger, skilled workers have emigrated to take advantage of job opportunities in western Germany.“ This is likely also a result of an extensive welfare state. Thus, the solution here is not only taking in more immigrants, but also limiting the scope of benefits for all Germans.

According to the United Nations World Population Prospects (2001), „globally the number of older persons (60 years or over) will more than triple, increasing from 606 million today to nearly 2 billion by 2050. The increase in the number of the oldest old (80 years or over) is expected to be even more marked, passing from 69 million in 2000 to 379 million in 2050, more than a five-fold increase. Moreover, because of low fertility, migration has a significant impact on population growth in the more developed regions. Without migration, the population of more developed regions as a whole would start declining in 2003 rather than in 2025, and by 2050 it would be 126 million less than the 1.18 billion projected under the assumption of continued migration.“ It seems that the Western states will need immigrants in order to simply survive.

3.2. Acceptance of more immigrants

According to Alan Winters from the University of Sussex (2002), „the real gains from trade come from exploiting differences. It is the flow of less skilled

workers from developing countries that promises the larger returns. The less skilled are relatively scarcer in the industrial world (and growing more so), more abundant in the developing world, and much more likely to be from, or connected to, poor families“.

Thus, the main reason why relatively rich countries should let immigrants in is that “there is a growing shortage of workers to do the jobs that almost anyone can do but Americans or Europeans no longer want to do“ (Legrain, 2007, p. 59). Due to the fact that the Americans and Europeans are on average more educated and ambitious. The more educated you are, the more expectations you have and as a result, you want to do higher-skilled jobs which are higher paid and it therefore increases your social status as well.

Technological revolution has caused that a great number of people is not required and the demand for low-skilled workers has decreased in the last decades. Besides, „international trade has allowed us to import many labor- intensive goods and services more cheaply from abroad. But many low-skilled services cannot readily be mechanized or imported - old people cannot be cared for by a robot or from abroad and demand for them is rising fast as our society gets richer and older“ (Legrain, 2009, p. 68).

In states where there are many immigrants, few natives are employed in jobs such as health support, preparing and servicing food, cleaning and maintaining buildings and grounds, personal care and service or picking fruit by hand.

According to the US Census Bureau (2000), only a third of the US workforce works in management, professional and other high-end occupations to which highly skilled natives aspire. A further 38.1 per cent work in the jobs which less skilled natives aspire: sales and administration (26.7 per cent), manufacturing production (8.5 per cent), the emergency services (2 per cent) and as supervisors in construction, mining and transport (0.9 per cent). This lead to 28.3 per cent which represents jobs that most less- skilled natives would rather not do at all: the 12.9 per cent of jobs in relatively low- end services (healthcare support, cleaning, preparing food, etc.), 8.7

per cent in non-supervisory roles in construction and mining as well as installation, maintenance and repair jobs, the 5.9 per cent in non-supervisory transport jobs and the 0.7 per cent in farming, fishing and forestry.

„Immigration allows rich countries to import low-cost, low-skill, labor-intensive services from poor countries. By doing so, western states reduce the cost of such services, while freeing up Americans and Europeans to pursue better-paid and more productive careers” (Legrain, 2009, p. 74).

One more thing which is worth mentioning is Stephen M. Walt’s piece *Scary Monsters: A Halloween Tribute List* (2009) in which the author says that a great source of strength for the United States, and it will probably remain so for many years to come, is that the American society and especially certain American businesses are not upset at all about having a low-wage workforce to exploit. He argues that „keeping a lot more people out of the US would not be that difficult if they really wanted to do so – but they do not. It means that the US will not face the same demographic problems Japan, Europe or Russia (a shrinking and progressively older population)” (Walt, 2009). The US is an example how to make the use of those ‘huddled masses’.

It is not only about the exploitation of immigrants in order to sustain the Western state’s needs. There is a concept of compassionate capitalism, based on an idea that the one who helps the others so that they can, as a result, help themselves on their own, helps himself (Devos, 1993). In the second and third generation, immigrants should be integrated upwards as well. It is perhaps a longer term process and may not be possible with the first generation immigrants, but it may indeed be a start.

Philippe Legrain in his book *Immigrants your country needs them* (2007) describes the case of Philippines based on the *International Migration, Human Capital, and Entrepreneurship: Evidence from Philippine Migrant’s Exchange Rate Shocks* (2004) that „the Philippine’s government reckons that more than 7 million Filipinos, or 9 per cent of the country’s population, work abroad. They sent home

\$14.7 billion in 2006 through official channels – and perhaps twice that unofficially. This money represents an eight – and perhaps as much as three eights – of the economy, a more than fivefold increase since 1990. Remittances (the money that immigrants send home) typically account for two-fifths of the household income of those with family members abroad” (Legrain, 2007, p. 157).

As a result, this leads to a higher standard of living, home improvements, access to the social life; Philipinos may find greater investment in education and ability to integrate into the society more easily. It gives them more chance to become successful in their private and business life. „Studies show that as migrants earn more, they send more home – and this extra income allows their children to stay longer in school, reduces child labor and enables local people to start new businesses“ (Ibid., 2007, p.157).

Poor countries do benefit from the emigration of their natives. According to the Kofi Annan´s article in *Pravda* (2004), immigrants sent in the year 2002 at least \$88 billion home, which is about 54 per cent more than these countries received in development aid.

Every single country has a right to decide whether to accept or reject a migrant´s application. From the long-term perspective, if the Europeans close the door to the immigrants, it will mean that the future economic and social prospects are to be endangered. It would at the same lead to the increase in illegal immigration. Simply, it is beneficial at this moment in time to all the concerned parties. Whether it is „morally right“ to use immigrants for low skill labor is another subject. This thesis is not going to be about “morally“ right or wrong decisions but about the best possible solutions to the current challenges which, at the time, are beneficial not only for the Western states but also for the immigrants. The thesis is intended to be more pragmatic than philosophical.

4. WESTERN STATES AND DIVERSITY

Plurality in society is one of the basic principle of the European Union's Charter of Human Rights. There are many types of diversity – language, skills, interests or even intellectual diversity and so forth. Alexis de Tocqueville wrote in his book *Democracy in America* (1835) about the essential existence of the so-called 'factions'. These are various groups that exist within a certain society. Everyone is an individual, but has a cooperative feature as well. In fact, plurality is an essential ingredient, for it enriches the groups and individuals as people may learn to be accustomed to tolerance and difference, get to know new ideas and may, therefore, improve their visions of life, views. Immigrants are the best carriers of diversity.

According to the Salto - Youth Inclusion Resource Centre (2002), "member states from the European Union have a long tradition of welcoming immigrants whether from other parts of the EU or from further afield. Post-war immigration from the Indian sub-continent and Caribbean made a significant contribution to the UK's economic regeneration in the postwar period. In Belgium, immigrant workers from Italy, Portugal and Spain also helped make up the shortfall in labor after the war in the country's industrial heartland. Some of these migrant workers returned home, but a large number have stayed. By doing so, they have added enormously to our cultural diversity. We need only look at our cuisine, music, arts, literature and festivals, to see how the benefits this diversity has brought".

Moreover, „strangers instinctively question things that natives take for granted. They stimulate new perspectives because, simply, many things strike them as odd or stupid. That is why it is great for any tribe to have a smart stranger injected into it“ (Zachary, 2003, p.68).

Economy of a state depends on innovation and immigrants increase the rates of the innovation and stimulate new perspectives. Consequently, it leads to job generation, business formation which, further fosters economic growth. Diversity is a bonus for any country, if it is not mismanaged and used to divide people for political gains.

The best example would be the US. „America’s edge in innovation is overwhelmingly a product of immigration. Foreign students and immigrants account for 50 per cent of the science researchers in the country and, in 2006, received 40 per cent of the doctorates in science and engineering and 65 per cent of the doctorates in computer science. By 2010, foreign students will get more than 50 per cent of all Ph.D.’s awarded in every subject in the United States. In the sciences, that figure will be closer to 75 per cent. Half of all Silicon Valley start-ups have one founder who is an immigrant or a first generation American. America’s potential new burst of productivity, its edge in nanotechnology, biotechnology, its ability to invent the future-all rest on its immigration policies. If America can keep the people it educates in the country, the innovation will happen here. If they go back home, the innovation will travel with them” (Zakaria, 2008, p. 198). Western states have to learn how to obtain the energy immigrants or foreigners have in themselves in order to enjoy the benefits of innovation they bring into the society.

Some people may argue that diversity brings at the same time the potential for conflicts, racism or misunderstanding. But „divergent thinking is an essential ingredient of creativity. Diverse groups produce diverse thinking. Ergo, diversity produces creativity” (Zachary, 2003, p.68).

According to Robert Putnam in his paper *E Pluribus Unim: Diversity and Community in the 21st century* (2007), immigration is generally associated with more rapid economic growth. The economic profession has debated the short-run economic consequences of immigration for native workers. While there are important distributional effects to be considered, especially the impact of immigration on low-wage native workers in the US, the weight of the evidence suggests that the net effect of immigration is to increase national income.

What are the main benefits of diversity in the business area for instance? Diversity is “improving links with the minority community and enhancing its image, helping in the development of new products, services and marketing strategies, attracting, recruiting and retaining people from a wide talent base, improving

knowledge of how to operate in different cultures, building social cohesion“ (*A guide to the European Diversity*, p. 8).

London or New York are cities which are among the best examples of diverse societies that tend to be more productive than more uniform ones because they contain a wider variety of goods, services, skills and ideas available for consumption and production. It is a source of strength from which states may benefit.

Joshua Reynolds (1774) states that the mind is but a barren soil, a soil which is soon exhausted, and will produce no crop, or only one, unless it be continually fertilized and enriched with foreign matter. Diversity is of the essence for any state because it boosts creativity, innovation and ultimately growth.

Definition of the innovation is „the successful exploitation of new ideas. It involves ways in which they are developed. Innovation is an outcome, a new product, process or service to be implemented in order to improve current conditions” (Dodgson, Gann & Salter, 2005, p. 47).

“Immigrants are no less creative, talented, open, or ready to establish contacts than the westerners. Yet their skills are most often overlooked. They do not have any opportunity to realize their goals and even when they arrive in a democratic country they cannot put their knowledge and talents to use, because they live in isolation” (Pajnik et.al., 2001, p. 101). If a state wants to benefit from innovation which comes hand in hand with immigrants, it cannot indulge isolation of the newcomers. Immigrants, on the other hand, gain by having an opportunity to self-assert in a new society and a prospect of growth and development for their future generations to come.

5. CONCLUSION

Western states are facing three major issues of the 21st century: a demographic crisis, low-skill labor gap and a growing diversity within their societies. As a result, immigrants became an inevitable part of any western society. It is important to realize that immigrants are not a part of the problem, they are part of the solution and Europe desperately needs a coherent immigration strategy in order to handle the current issues and to sustain its position on the global stage.

The prosperity of a state depends on its labor force. Contemporary situation shows that westerners are aging and if the trend continues in this pattern, governments have to either motivate couples to have children via financial incentives through the “pro-natal policies”, with dubious outcomes, or better integrate immigrants into the society to increase the birth-rate, or to combine them. As the integration is a two-way street, it means that immigrants ought to be willing to adapt to local ways and natives to treat them like locals. The integration has to be translated from a theory also into a practice. The effects of an aging population are serious, therefore, states have to take hard-hitting steps as soon as possible.

Another question is the low-skill labor gap which can be filled either by older people whose term to retire would be extended as the population is aging and birth-rates are declining. This kind of a policy is not popular, and it encounters the risk of demonstrations, such as in the case of Germany in 2005, Holland in 2009, or France. It seems that the Western states will need immigrants in order to simply survive. Due to the growing shortage of workers, the Western states will be forced to take in more immigrants to expand its labor force as there would not be enough native people left to work and support the economy.

Some allege that it is a misuse of immigrants in order to sustain the Western state’s needs. However, Philippines are an example of how poor countries do benefit from the emigration of their natives as well. In other words, immigration is beneficial, at this moment in time, to all parties.

The third problem is connected with the diversity which represents a fruitful exchange of ideas, skills and knowledge. Immigrants are bearers of diversity. Since

diversity is connected with innovation, it helps the Western economies to grow or at least to keep pace within the global market competition. Diversity is of the essence for any state because it increases creativity, innovation and ultimately growth.

At the same time, diversity requires communication, an open mind and tolerance to difference as it brings the potential for conflicts, racism or quarrels.

All in all, if the Western states do not want to “grow fat and lazy and slip behind as they face the rise of leaner, hungrier nations” (Zakaria, 2008, p. 199), they should ultimately start to learn how to manage diversity and integrate newcomers in order to grow socially and economically.

In the 21st century, immigrants do need Europe and Europe needs immigrants. Europe without immigrants would be weaker, poorer, and older. ‘Open Europe’, on the other hand, would be richer, stronger, more just, and younger - if the immigration issue is handled properly.

6. RÉSUMÉ/ RESUMÉ

Imigranti v súčasnosti predstavujú nevyhnutnú časť západných štátov (Nemecko, Francúzsko, Veľká Británia) a ich ekonomík. Situácia, v ktorej sa dnes tieto štáty ocitli, je výsledkom rozhodnutí, ktoré vykonali v minulosti. Preto je táto práca založená na takzvanej teórii “závislosti na prístupovej ceste” [path dependence].

Výskum sa zaoberá tromi hlavnými problémami a otázkami:

1. **Demografická kríza:** ak sa dnes narodí menej detí, bude to automaticky znamenať zníženie podielu pracovnej sily neskôr. Je možné ekonomicky rásť bez chýbajúcej pracovnej sily? Dokáže štát dostatočne motivovať mladých ľudí, aby si zakladali rodiny a mali deti? Ako? Predstavuje integrácia imigrantov do západných spoločností riešenie, ako zvýšiť demografickú krivku? Ak áno, akým spôsobom ich integrovať? Čo prináša takáto integrácia pre imigrantov a čo pre domácich obyvateľov?

2. **Lacná pracovná sila:** demografický vývoj spôsobil, že predstavitelia západných štátov musia riešiť problém ako vyplniť medzeru v zmenšujúcej sa pracovnej sile. Mal by sa predĺžiť vek odchodu do dôchodku pre penzistov? Alebo budú štáty nútené prijať viac imigrantov, ktorí sa stanú základným ťahúňom ekonomiky? Nie je to potom číre zneužívanie imigrantov?

3. **Diverzita:** aké výhody a nevýhody vyplývajú z diverzity pre ekonomiku a spoločnosť? Predstavuje rôznorodosť zdroj konfliktov? Čo so sebou prinášajú imigranti do novej spoločnosti?

Toto sú základné otázky, ktoré pomôžu pri analýze hlavnej výskumnej otázky: akým výzvam čelia západné štáty v súčasnosti a ako imigranti prispievajú k ich vyriešeniu?

Imigranti sa stali dôležitou súčasťou západných spoločností. Je rozhodujúce uvedomiť si, že imigranti predstavujú časť riešenia problému pre Európu, ktorá nevyhnutne potrebuje koherentnú imigračnú stratégiu na to, aby si dokázala udržať pozíciu v globálnej súťaži.

Prosperita štátu závisí od silnej pracovnej sily. Keďže západné obyvateľstvo starne, štáty musia byť nájsť spôsob, ako motivovať mladých ľudí k tomu, aby mali deti prostredníctvom kvalitnej rodinnej politiky, alebo sa budú snažiť o to, aby integrovali imigrantov do spoločnosti nielen v teórii, ale aj v praxi. Pričom prípadná kombinácia oboch prístupov sa nevylučuje.

Zdá sa, že západné štáty potrebujú imigrantov, ak chcú jednoducho prežiť. Vďaka rastúcemu nedostatku pracovnej sily a úbytku počtu obyvateľstva, sú západné štáty nútené prijať viac imigrantov. Niektorí môžu namietat, že je to číre zneužívanie lacnej pracovnej sily. Na druhej strane, príklad Filipín a jej obyvateľov, ktorí pracujú za hranicami svojej krajiny dokazuje, že imigrácia je dobrá nielen pre hostujúce štáty, ale aj pre štáty, ktoré posielajú svojich občanov za prácou von.

Diverzita v spoločnosti a na trhu predstavuje obrovský zdroj inovácie, kreativity, nových myšlienok, vylepšení a celkový nárast životnej úrovne. Avšak, vyžaduje si otvorenú myseľ, toleranciu a komunikáciu, aby sa nedostavil deformujúci efekt v podobe rasizmu a konfliktov.

Ak chcú západné štáty prežiť v globálnej súťaži 21. storočia, musia sa naučiť ako žiť s diverzitou a ako integrovať imigrantov do spoločností tak, aby to využili vo svoj prospech a nie naopak pre obe strany.

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