

# An Analysis of the Political and Economic Impacts of Migration to the European Union

by Eeli Jämsä

ITSS Verona Magazine, Vol. 3, n. 1

Spring/Summer 2024

# An Analysis of the Political and Economic Impacts of Migration to the European Union

Eeli Jämsä

**To cite this article**: Eeli Jämsä, *An Analysis of the Political and Economic Impacts of Migration to the European Union*, ITSS Verona Magazine, Vol. 3, no. 1, Spring/Summer 2024.

**Keywords**: Migration, European Union, Complexity theory, Right-wing parties, Politics, Economics

ITSS Verona website: <a href="https://www.itssverona.it/itss-magazine">https://www.itssverona.it/itss-magazine</a>

LinkedIn: <a href="https://www.linkedin.com/company/itss-verona/">https://www.linkedin.com/company/itss-verona/</a>

**Instagram:** <a href="https://instagram.com/itss-verona?igshid=YmMyMTA2M2Y="https://instagram.com/itss-verona?igshid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyMid=YmMyM

Published online: July 4th, 2024

Abstract: This paper investigates the impact of migrants from non-European countries on the European political and economic environment. The current discussion of the effects of migrants on European countries is widely debated among leaders and the public; thus, more evidence-based data is required. This paper asks two main questions: How does an increasing or decreasing number of immigrants impact the host state's economic situation and immigration policies? These questions are answered by conducting literature research on the topic, making a case study of the political and economic impacts of migration to Finland and using two causal loops that demonstrate the correlation between the increase of migration and the rise of right-wing parties in Europe. The paper will answer the questions such as, what policies should the state adopt to create a sustainable immigration plan. Thus, the paper aims to present practical policy recommendations for host states to adopt and apply to achieve the best possible results from migration.

Migration is one of the most debated topics in European politics. Currently, migration to Europe is increasing due to different conflicts, such as those in Syria and South Sudan, as well as socio-economic challenges in Africa, among others. Between 2015 and 2019, the number of migrants in Europe increased by nearly 10%, and over 82 million migrants are currently living in Europe. Among them, 40 million were born outside of Europe, while approximately 43 million of them were born within the EU.<sup>1</sup>

Migration is a complex and ever-evolving matter. Some people migrate by choice, pursuing a better quality of life and some are forced to move due to conflicts, violence or environmental disasters.<sup>2</sup> Migrants also differ in other aspects, including the duration of their stay in host countries and different socio-economic characteristics.<sup>3</sup> These factors make migration a complex topic; thus citizens of host countries tend to rely on anecdotes and ideology rather than evidence.<sup>4</sup> Therefore, it is necessary to produce clear evidence-based information to support the ongoing discussion.

Migration affects many aspects of the socio-economic and political situation of the host country. On one hand, migrants are credited with fostering economic growth in the region, balancing the dependency ratio, working in labour shortage sectors, increasing the demand for goods, and driving innovation.<sup>5</sup> On the other hand, they are viewed as a burden to welfare states while increasing economic competition.<sup>6</sup> The social fabric of the receiving country might change due to immigrants because they contribute to cultural diversity, social

<sup>&</sup>lt;sup>1</sup> Ünal Furtana and James Edwards, "Current Migration Trends in and within Europe," *Perceptions* (blog), accessed December 16, 2023,

https://www.perceptions.eu/current-migration-trends-in-and-within-europe-2/.

<sup>2</sup> Melissa De Witte, "Stanford Research Explores the Complexities of Global Immigration, from Past to

Present," Stanford News, April 18, 2018, <a href="https://news.stanford.edu/2018/04/18/examining-complexities-migration/">https://news.stanford.edu/2018/04/18/examining-complexities-migration/</a>.

<sup>&</sup>lt;sup>3</sup> Ekrame Boubtane, "The Economic Effects of Immigration for Host Countries," *L'Économie Politique* 84, no. 4 (2019),

 $<sup>\</sup>underline{https://www.cairn-int.info/abstract-E\_LECO\_084\_0072--the-economic-effects-of-immigration-for.htm?contenu} = \underline{article}.$ 

<sup>&</sup>lt;sup>4</sup> De Witte, "Stanford Research Explores the Complexities of Global Immigration."

<sup>&</sup>lt;sup>5</sup> OECD, The Contribution of Migration to Regional Development (Paris: OECD Publishing, 2022).

<sup>&</sup>lt;sup>6</sup> Joan Muysken, "Immigration Can Alleviate the Aging Problem," EIPAscope Discussion Paper No. 2008/3 (2008), http://aei.pitt.edu/11030/1/20090203155203\_SCOPE2008-3\_2\_JoanMuyken.pdf.

norms, and a sense of security. Migration can also impact the receiving countries' politics. Migrants influence the native people's perspectives by interacting with them and sharing their views and cultural backgrounds. However, after the number of migrants from non-European countries started to increase, there has been a rise in support for right-wing parties in many EU member states including Sweden, Italy, Finland and Spain. In Sweden, the far-right party Sweden Democrats become the country's second-largest party in the 2022 elections. At the same time in Italy, the right-wing party "Brothers of Italy" achieved election victory as the Italians voted Meloni, the party leader, to become their prime minister. In 2023, new Finnish Prime Minister Petteri Orpo formed a four-party coalition including the far-right party the "Finns". Meanwhile in Spain, the right-wing party "Vox" more than doubled its seats in the Spanish parliament. This implies that the one reason for the higher demand for stricter migration policies in Europe is increased migration.

Nevertheless, despite the complexity of migration and its effects, we have to be able to analyse the issue to support decision-makers in making the right decisions and to increase the awareness of the native population. To do this, this paper will analyse migration's impact on the economic and political situation of the receiving state. In order to keep the essay consistent, the analysis will be confined to migration to Europe alone. The following questions will be used as a guiding tool to help with this analysis.

<sup>7</sup> Laura Silver, "Populists in Europe – Especially Those on the Right – Have Increased Their Vote Shares in Recent Elections," *Pew Research Center* (blog), October 6, 2022, <a href="https://www.pewresearch.org/short-reads/2022/10/06/populists-in-europe-especially-those-on-the-right-have-increased-their-vote-shares-in-recent-elections/">https://www.pewresearch.org/short-reads/2022/10/06/populists-in-europe-especially-those-on-the-right-have-increased-their-vote-shares-in-recent-elections/</a>.

<sup>&</sup>lt;sup>8</sup> Steven Erlanger and Christina Anderson, "Rise of Far-Right Party in Sweden Was Both Expected and Shocking," *New York Times*, September 15, 2022, <a href="https://www.nvtimes.com/2022/09/15/world/europe/sweden-election-far-right.html">https://www.nvtimes.com/2022/09/15/world/europe/sweden-election-far-right.html</a>.

<sup>&</sup>lt;sup>9</sup> Paul Kirby, "Who Is Giorgia Meloni? The Rise to Power of Italy's New Far-Right PM," *BBC*, October 21, 2022, <a href="https://www.bbc.com/news/world-europe-63351655">https://www.bbc.com/news/world-europe-63351655</a>.

<sup>10 &</sup>quot;Finland to Get Right-Wing Government with Far-Right," *Le Monde*, June 16, 2023, <a href="https://www.lemonde.fr/en/international/article/2023/06/16/finland-to-get-right-wing-government-with-far-right-6032446\_4.html#:~:text=The%20Finnish%20Prime%20Minister%2Ddesignate,aid%2C%20immigration%20and%20the%20climate.

<sup>&</sup>lt;sup>11</sup> Sam Jones, "From 'Cranks' to Contenders: How Spain's Far-Right Vox Party Is Rising toward Power," *The Guardian*, June 11, 2023, <a href="https://www.theguardian.com/world/2023/jun/11/from-cranks-to-contenders-how-spains-far-right-vox-party-is-rising-toward-power">https://www.theguardian.com/world/2023/jun/11/from-cranks-to-contenders-how-spains-far-right-vox-party-is-rising-toward-power</a>.

- 1. What is the impact of an increasing/decreasing number of immigrants on the host state's economic situation and immigration policies?
- 2. What policies should the state adopt in order to create a sustainable immigration plan?

Firstly, the methodology will be presented. The second chapter will investigate the economic and political implications of migration to find relevant variables behind the topic. In the section about the economy, the analysis will then focus on the two main problems that the EU is facing: labour shortages and an ageing population. The third chapter will focus on applying the feedback loops and variables found in the second chapter. Then, a brief case study will be conducted on the Finnish migration situation. Finally, a brief conclusion will be provided.

### Methodology

Firstly, the economic and political situations in host countries will be assessed through literature research to identify relevant aspects and relationships between variables and to understand how they affect each other. Secondly, complexity theory will be employed as a tool to analyse the complex relationship between the economic and political situations of host countries and migration.

Complexity theory challenges the conventional understanding of chaos as a disorder, portraying it as a domain between randomness and deterministic order. It suggests that changes occur in a non-linear fashion. It emphasises the importance of feedback between different factors. Unlike linear mathematical models, complexity theory acknowledges that small changes in the system do not necessarily cause small changes. Thus, it recognises the so-called butterfly effect, where a small change in the system can have profound consequences on the system as a whole.

Complexity theory can be used in research by creating an experiment that establishes relationships between accurate mathematical models mirroring the real world, enabling the prediction of different future scenarios.<sup>12</sup>

Complexity theory provides the opportunity to break down migration as a phenomenon into relevant variables and assess the feedback loops between those variables. This approach allows for the creation of experiments wherein potential future scenarios can be predicted, provided the input data is accurate. These scenarios can be used to draft suggestions and proposals that states could implement into their political decisions, thereby facilitating the development of better migration policies.

# Impacts of Migration on Economic-Political Environment

This chapter will focus on the economic and political implications of migration. On the economic side, two problems many EU countries are facing are taken into consideration: an ageing population and labour shortage in certain fields.

#### **Economic**

An evaluation of the links between migration and the economy is challenging due to the lack of available data. Economic data usually encompasses the entire resident population, thus making it hard to produce anything else other than approximations. Nevertheless, migrants are usually young, working-age individuals, predominantly men. Thus, migration flows increase the working-age population of the host country, thereby expanding the potential labour supply.<sup>13</sup> Therefore, this section argues that in certain EU countries, migration can address the two following challenges.

The first issue affecting EU countries is an ageing population. Life expectancy has increased considerably leading to longer and healthier lives while birth rates have declined. The shrinking working-age population applies pressure on states as it increases the old-age

<sup>&</sup>lt;sup>12</sup> David Byrne and Gillian Callaghan, *Complexity theory and the Social Sciences: The state of the art* (Abingdon, Oxon: Routledge, 2023).

<sup>&</sup>lt;sup>13</sup> Boubtane, "The economic effects of immigration for host countries."

dependency ratio and thus raises the burden on the working-age population.<sup>14</sup> For example, Denmark, Finland, Italy and the Netherlands started to face the demographic challenge between 2000 and 2010.<sup>15</sup> If birth rates remain low and the average age increases, these countries will see their population peak in 2040.<sup>16</sup>

There has been a clear increase in the percentage of the population aged 65 years or older between 2012 and 2022. The EU population at the beginning of 2022 was estimated at 446,7 million, with 63,9% being of working age (15-64 years old), 21,1% elderly (65 years or over) and the remainder children. The increase in the elderly population has been 3,1% in ten years. The highest shares of young people are in Ireland, Sweden and France, while Italy, Portugal, and Finland have the highest share of elderly people.<sup>17</sup>

The following chart (Figure 1) illustrates the changes in the total population, in the share of the working-age population, and the rates necessary to compensate for the working-age population and demographic burden.

\_

<sup>&</sup>lt;sup>14</sup> European Commission, rep., *Commission Staff Working Document: The Impact of Demographic Change – in a Changing Environment*, January 17, 2023, <a href="https://commission.europa.eu/system/files/2023-01/the-impact of demographic change in a changing environment 2023.PDF">https://commission.europa.eu/system/files/2023-01/the-impact of demographic change in a changing environment 2023.PDF</a>.

<sup>&</sup>lt;sup>15</sup> Nicole Van Der Gaag and Joop de Beer, "From Demographic Dividend to Demographic Burden: The Impact of Population Ageing on Economic Growth in Europe," *Tijdschrift Voor Economische En Sociale Geografie* 106, no. 1 (November 10, 2014): 94, <a href="https://doi.org/10.1111/tesg.12104">https://doi.org/10.1111/tesg.12104</a>.

<sup>&</sup>lt;sup>16</sup> National Intelligence Council, "Demographics and Human Development," Office of the director of National Intelligence - Global Trends 2040: A More Contested World, March 2021, https://www.dni.gov/index.php/gt2040-home/gt2040-structural-forces/demographics-and-human-development.

<sup>17</sup> Eurostat, "Population Structure and Ageing," Statistics Explained, accessed December 18, 2023, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population\_structure\_and\_ageing#:~:text=The %20share%20of%20the%20population%20aged%2065%20years%20and%20over,and%200.8pp%20in%20Lux embourg .

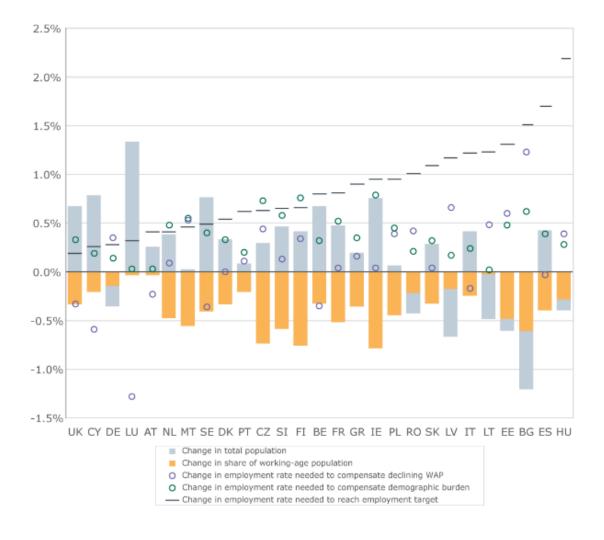


Figure 1, Annual average change in employment rates to compensate for demographic developments, 2010-2020 (Population Europe, 2023)

The second issue that the EU is facing within its economy is a labour shortage in sectors such as construction, seasonal agriculture, tourism, health and household services. Migrants are willing to accept low-paid, dangerous and physically demanding work that domestic workers are reluctant to do. It is also worth mentioning that migrants contribute as entrepreneurs, as they employ 2,4% of the working population.<sup>18</sup>

<sup>&</sup>lt;sup>18</sup> Parliamentary Assembly, "Migrants Bring Real Benefits to European Society," November 11, 2013, <a href="https://pace.coe.int/en/news/4749/migrants-bring-real-benefits-to-european-society">https://pace.coe.int/en/news/4749/migrants-bring-real-benefits-to-european-society</a>.

Numerous actors like the IMF<sup>19</sup> and World Migration Report<sup>20</sup> have pointed out that incoming migration flows have a positive overall effect on gross domestic product per capita, increasing the host country's average standard of living.<sup>21</sup> For example, Swedish researchers have concluded that migrants help companies to facilitate trade networks to their countries of origin.<sup>22</sup> However, the positive impact of migration on the economy depends on two conditions. Firstly, migrants must get employed to stimulate economic growth. Secondly, the proportion of low-skilled immigrants in the total immigrant population should not exceed that among natives to prevent unemployment rates from rising.<sup>23</sup> Thus, the host country needs a robust and functioning labour market to accommodate incoming migrants, while also considering the skill composition of migrants.

Consequently, it is debatable whether migration has a positive impact on the economy of the host country. Varying labour market conditions and demands for working-age individuals across different states mean that growing immigration might have positive effects in some countries and negative effects in others. For example, for countries - like Finland - that are facing an ageing population, migration can boost the economy by balancing the dependency ratio and filling the labour shortage gaps in the labour market.

#### Political

Despite the potential economic boost that immigration could bring to ageing and stagnant countries, there is growing opposition against it. This opposition stems from the perception among citizens that immigrants pose a realistic and symbolic threat. Realistic

<sup>&</sup>lt;sup>19</sup> Philipp Engler et al., "Migration to Advanced Economies Can Raise Growth," web log, *IMF Blog* (blog), June 19, 2019, <a href="https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-ra">https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-ra</a>

ise-growth.

20 Marie Mcauliffe, Adrian Kitimbo, and Binod Khadria, rep., World Migration Report (Geneva:

International Organization for Migration, 2021), <a href="https://publications.iom.int/system/files/pdf/WMR-2022.pdf">https://publications.iom.int/system/files/pdf/WMR-2022.pdf</a>.

<sup>21</sup> Boubtane, "The economic effects of immigration for host countries."

<sup>&</sup>lt;sup>22</sup> Caroline Smith-Jönsson, rep., *The Effects of Immigration on Economic Growth – a Literature Study* (Tillväxtanalys, July 2018), 11,

 $<sup>\</sup>frac{https://www.tillvaxtanalys.se/download/18.62dd45451715a00666f1fbf3/1586366199956/PM\_2018\_07\_The\%2}{0effects\%20of\%20immigration\%20and\%20economic\%20growth.pdf}.$ 

<sup>&</sup>lt;sup>23</sup> Muysken, "Immigration Can Alleviate the Ageing Problem."

threats have an economic and physical security dimension, while symbolic threats encompass identity, values and clash of cultures.

When investigating realistic threats, studies and polls show that citizens in host countries fear that migrants might compete for tangible goods such as state resources, housing, or opportunities in the labour market. Additionally, migrants are often viewed as a financial burden, as they are feared to take advantage of social benefits.<sup>24</sup>

Immigration has become one of the top three concerns of European citizens.<sup>25</sup> A clear indicator of this is the rise of right-wing parties in several European states, including Finland, Italy, Netherlands, Slovakia and Sweden, where such parties are either participating in or leading these countries' governments. In addition, the Viktor Orban-led conservative party has been in power in Hungary since 2010. In some of these countries, the surge in support for right-wing parties is strongly related to migration issues and a demand for stricter migration policies. In other countries, it can be interpreted as a form of protest against the mainstream parties to seek answers to issues relating to the economy.<sup>26</sup> The following chart (Figure 2) illustrates the increase in the vote share of anti-immigrant parties.

<sup>&</sup>lt;sup>24</sup> Anne-Lise Tabaud, "Explaining The Main Drivers of Anti-Immigration Attitudes in Europe," web log, *Eyes on Europe* (EU-Logos, November 30, 2020), https://www.eves-on-europe.eu/explaining-the-main-drivers-of-anti-immigration-attitudes-in-europe/.

<sup>&</sup>lt;sup>25</sup> Paula Soler, "Immigration Rises to Top Three Issue for EU Citizens, Survey Finds," *EUobserver*, July 10, 2023, https://euobserver.com/eu-political/157249.

<sup>&</sup>lt;sup>26</sup> Efi Koutsokosta, "Why the Far-Right Is Increasingly Getting into Power across Europe," *Euronews*, June 6, 2023,

 $<sup>\</sup>underline{https://www.euronews.com/my-europe/2023/06/19/why-the-far-right-is-increasingly-getting-into-power-across-europe.}$ 

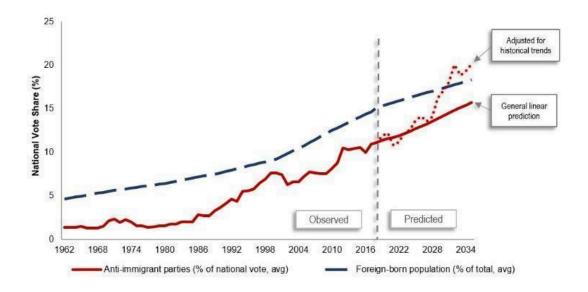


Figure 2, Immigrants and observed/predicted future support for anti-immigrant parties in Western Europe (Breznau, 2017)

Growing support for anti-immigrant parties suggests that an increase in immigration is driving a higher demand for stricter immigration policies. Consequently, as the migrant population grows, member states face increasing pressure to control immigration. At this point, it is worth mentioning that growing immigration does not necessarily lead to a higher demand for stricter immigration policies.<sup>27</sup> Host states can maintain a stable political environment if they are able to integrate migrants effectively into society. The key to this is to maintain and build society and infrastructure such as housing, employment and educational opportunities at suitable levels.<sup>28</sup> However, states have a certain amount of resources to provide services for their population. If immigration rates escalate rapidly leading to significant population growth, it can cause competition between natives and migrants.<sup>29</sup> If the

<sup>&</sup>lt;sup>27</sup> Oliviero Angeli, "European Migration Policy and the Rise of Populism," *Vues d'Europe*, accessed May 3, 2024,

https://www.vuesdeurope.eu/en/news/migration-and-the-rise-of-populism-how-closely-related-are-they/.

<sup>&</sup>lt;sup>28</sup> Domagoj Hajdukovic, rep., *Integration of Migrants and Refugees: Benefits for All Parties Involved* (Strasbourg: Council of Europe, 2023), 1,

https://rm.coe.int/integration-of-migrants-and-refugees-benefits-for-all-parties-involved/1680aa9038.

<sup>&</sup>lt;sup>29</sup> Vincenzo Genovese, "Netherlands Struggles with 'perfect Storm' of Housing & Migration Crisis," *Euronews*, July 26, 2023,

 $<sup>\</sup>underline{https://www.euronews.com/my-europe/2023/07/26/netherlands-struggles-with-perfect-storm-of-housing-migration-crisis}.$ 

domestic population regards immigration as a viable solution for the aforementioned two economic challenges, relevant infrastructure, like housing, is developed to meet needs of all residents, and if the integration process remains smooth, political pressure will likely not grow.

# **Applying Variables**

In this chapter, two causal loops will be constructed to show the relationships between economic and political variables. The stock variable represents the number of migrants, while political variables include the demand for stricter immigration policies, the presence of right-wing parties and the implementation of anti-immigration policies. The economic variables concerned comprise of the working-age population, the population dependency ratio, labour shortage and the GDP.

The following causal loop (Figure 3) illustrates the relationship between growing immigration and its impact on the political and economic spheres. With the rise of support for anti-immigrant parties in the EU, it is posited that increasing immigration will lead to a demand for stricter immigration policies.<sup>30</sup> On the economic side, it is assumed that states possess a functional labour market and require a working-age population, as is the case in many EU countries. Consequently, it is concluded that growing immigration will positively affect the economy of the host country.<sup>31</sup>

However, this causal loop highlights a conflicting perspective. Despite the potential positive economic impacts of migrants on the economy, political pressure seems to be growing as we can see when more anti-migrant parties are gaining popularity. What could the reason be for this discrepancy? One possible factor could be a decline in national security levels. For instance, some countries like Sweden have witnessed an increase in violence caused by immigrants, leading to the formation of segregated communities within the larger

<sup>&</sup>lt;sup>30</sup> Biagio Speciale, "Immigration Policies in the EU: Challenges and Priorities," *Reflets et Perspectives de La Vie Économique* Tome XLIX, no. 2 (July 6, 2010): 122, <a href="https://doi.org/10.3917/rpve.492.0121">https://doi.org/10.3917/rpve.492.0121</a>.

<sup>&</sup>lt;sup>31</sup> Engler et al., "Migration to Advanced Economies Can Raise Growth."

society, thereby destabilising political and social cohesion.<sup>32</sup> This would imply a failure in the integration efforts of the receiving state. In addition, ideological differences, mainly nationalist sentiments, and a lack of information about the effects of migration can also contribute to this phenomenon.

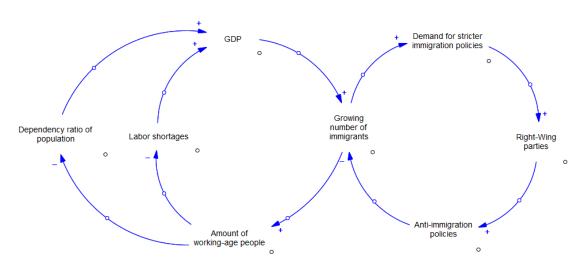


Figure 3, *Impacts of a growing number of migrants on European immigration policies and economy.* 

The next causal loop (Figure 4) explores whether the number of migrants would decrease.

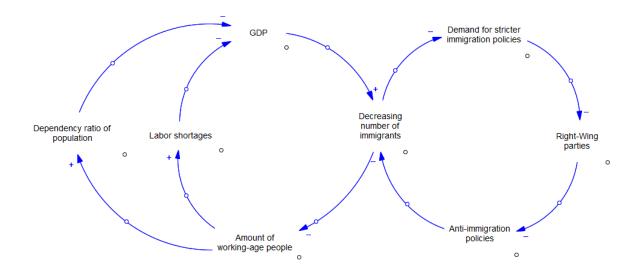


Figure 4, Impacts of decreasing number of migrants on European immigration policies and economy

<sup>&</sup>lt;sup>32</sup> Göran Adamson, "Migrants and Crime in Sweden in the Twenty-First Century," *Society* 57, no. 1 (January 13, 2020), <a href="https://doi.org/10.1007/s12115-019-00436-8">https://doi.org/10.1007/s12115-019-00436-8</a>.

As Figure 4 shows, a decrease in the number of migrants would result in a reduction in demand for stricter immigration policies and a decrease in the prevalence of right-wing parties in Europe. However, at the same time, the economic situation of the host state would suffer due to labour shortages and an increase in the dependency ratio.

From these causal loops, it can be inferred that an increase in the number of migrants may create more support for right-wing parties and benefit the economy if the state is able to effectively integrate the immigrants. Conversely, a decrease in the number of migrants would lead to a decline in the support for right-wing parties, but it would also adversely affect the economy.

# Case Study - Migration's Effect on Finland's Economy

In this chapter, the economic situation and the impact of migration on the economy of Finland will be investigated. Finland was chosen because it is a good example of an economy which requires more working-age people to contrast labour shortages and increase the dependency ratio. At the same time, the right-wing party "The Finns" is increasing its popularity among the population.

Currently, the situation of Finland goes almost according to Figure 3. However, even though the number of migrants is increasing, the GDP of Finland is declining.<sup>33</sup> Thus, it is worth pointing out that migration is only one contributing factor behind the state of the Finnish economy. Because of the lack of data, it is hard to assess if migration contributes positively or negatively.

However, to maintain a sustainable economic situation, Finland needs immigration. As Figure 1 shows, Finland requires a 0,7% yearly growth in the employment rate to compensate for the demographic burden. At the same time, the share of the working-age

 $\frac{\text{https://www.bofbulletin.fi/en/2023/6/finland-s-economy-is-in-recession-and-the-recovery-will-be-slow/\#:\sim:text=}{\text{The}\%20Finnish}\%20economy\%20is\%20in,in}\%20the\%20economy\%20is\%20widespread}.$ 

<sup>&</sup>lt;sup>33</sup> "Finland's Economy Is in Recession and the Recovery Will Be Slow," *Suomen Pankki*, December 19, 2023,

population is declining by 0,7% yearly. Due to the current demographics, the working-age population will continue to decline. Finland's birth rate is currently 1,37 per woman and is not on a sustainable level when considering demographics.

It is estimated that Finland requires 44,000-50,000 migrants yearly to stabilise the amount of working-age people. In 2022, Finland received 34,363 migrants. In earlier years this number has been between 29,000-36,000.<sup>34</sup> Therefore, Finland would need to increase the amount of received immigrants by 10,000 yearly.

Nevertheless, the Finnish Government has decided to tighten the immigration policies. For example, the government has developed a policy stating that migrants would be asked to leave the country if they could not find new work within three months after a resignation.<sup>35</sup> The right-wing party "Finns" has driven stricter migration policies. Thus, there is a risk that the migration policies might get too strict and adversely impact the economy.

Having an anti-immigrant party like "the Finns" in power might decrease the attractiveness of Finland as a migration destination.

Finland experiences a shortage of labour in fields such as health and social services, restaurant work and catering, and cleaning industry.<sup>36</sup> For example, due to the ageing population in Finland, more trained caretakers are required. An increase in migration could solve this important issue.

To conclude, Finland needs to have 10,000 more migrants yearly. The effect of migrants on the economy depends on their integration level and employment rate. Therefore, Finland should:

<sup>&</sup>lt;sup>34</sup> Markus Rapo, "Syntyvyys Ei Ole Suomessa Ikrakenteen Kannalta Riittävällä Tasolla," *Tilastokeskus*, 2021, https://stat.fi/til/vaenn/2021/vaenn 2021 2021-09-30 tie 001 fi.html.

Rekrytointihaasteita Ja Eettistä Ristivetoa," *Palta*, November 16, 2023, <a href="https://www.palta.fi/artikkelit/hallitusohjelman-toteutuminen-aiheuttaisi-rekrytointihaasteita-ja-eettista-ristivetoa">https://www.palta.fi/artikkelit/hallitusohjelman-toteutuminen-aiheuttaisi-rekrytointihaasteita-ja-eettista-ristivetoa</a>

<sup>&</sup>lt;sup>36</sup> Drenusha Morina, "Finland Is Facing a Shortage of Workers - These Are 15 Most in-Demand Jobs Foreigners Can Apply For," *Schengen News*, November 20, 2023, <a href="https://www.schengenvisainfo.com/news/finland-is-facing-a-shortage-of-workers-these-are-15-most-in-demand-jobs-foreigners-can-apply-for/">https://www.schengenvisainfo.com/news/finland-is-facing-a-shortage-of-workers-these-are-15-most-in-demand-jobs-foreigners-can-apply-for/</a>.

- 1. Make the country more attractive to a skilled migration workforce by developing incentives to entice migrants to Finland knowing they will have a secure job and acceptance by the community. For example, Finland could address near-team labour shortages by building targeted connections with global talent pools, offering refuge for people with high-school education, running targeted advertising campaigns and establishing partnerships between schools, research organisations and companies.<sup>37</sup>
- 2. In order for migrants to settle, Finland should invest more money in migration services, including education and health. Finland can for example assess the previous schooling of the migrants to ensure that the expertise of migrants can be used, recognize the qualifications of the migrants, offer needed education and training opportunities and language courses and assessments.<sup>38</sup>
- 3. Abstain from immigration policies that are too strict. Too strict immigration policies can lead to growth in undocumented migrants and create a shadow economy, which again can undermine the coherence of the society.<sup>39</sup>

#### Conclusion

In the beginning, the following guiding questions were provided:

- 1. What is the impact of an increasing/decreasing number of immigrants on the host state's economic situation and immigration policies?
- 2. What policies should the state adopt in order to create a sustainable immigration plan?

Considering the points made in the essay, it is argued that increasing influx of migrants can have a positive effect on the economy if the host state's labour market can

<sup>&</sup>lt;sup>37</sup> Johann Harnoss, Janina Kugel, and Marley Finley, "The next Billion Workers: How Can Countries Attract the Global Workforce of the Future?," *Economic World Forum* (blog), April 26, 2023, https://www.weforum.org/agenda/2023/04/how-can-countries-attract-the-global-workforce-of-the-future/.

<sup>&</sup>lt;sup>38</sup> "Refugee and Migrant Integration into Education and Training," *European Education Area*, accessed May 23, 2024.

https://education.ec.europa.eu/focus-topics/improving-quality/inclusive-education/migrants-and-refugees.

39 Speciale, "Immigration Policies in the EU: Challenges and Priorities," 135.

integrate them effectively. Nevertheless, the positive effect of migrants on the economy does not necessarily translate into a desire for increased immigration among the native population. On the contrary, a rise in their number can lead to demand for stricter migration policies. While this essay focused mostly on the economic side of migration, it is important to recognise that public opinion on migration is influenced by other factors such as migrants' religion, culture and behaviour in society, which might explain the growing support for right-wing parties. Taking these aspects into account would require longer research projects and could serve as intriguing topics for future studies.

Decreasing the number of migrants likely leads to lesser demands for strict migration policies and thus to reduced support for right-wing parties. For those countries that need more population and workforce, decreasing the number of migrants has a negative effect. This can again lead to declining living standards, ultimately causing other political issues.

What policies should the state adopt in order to create a sustainable immigration plan? The paper presents three different policy advice for leaders to reach a sustainable immigration plan. This advice should be considered as a package and leaders should not focus only on one of them. Firstly, countries should be aware of how many migrants they need to maintain a balanced economy and try to attract as many migrants as is required to support the country's economy. Secondly, following the previous recommendation, the host country needs to be ready to invest more money in the integration of migrants. These measures can be for example language courses, internships and promoting a non-discriminatory labour market. Thirdly, to ensure the integration of the migrants, the country has to invest in the capacity of the society including housing and health services.

# **Bibliography**

- Adamson, Göran. "Migrants and Crime in Sweden in the Twenty-First Century." *Society* 57, no. 1 (January 13, 2020): 9–21. https://doi.org/10.1007/s12115-019-00436-8.
- Angeli, Oliviero. "European Migration Policy and the Rise of Populism." *Vues d'Europe*. Accessed May 3, 2024. <a href="https://www.vuesdeurope.eu/en/news/migration-and-the-rise-of-populism-how-closely-related-are-they/">https://www.vuesdeurope.eu/en/news/migration-and-the-rise-of-populism-how-closely-related-are-they/</a>.
- Boubtane, Ekrame. "The Economic Effects of Immigration for Host Countries." *L'Économie Politique* 84, no. 4 (2019): 72–83. https://www.cairn-int.info/abstract-E\_LECO\_084\_0072--the-economic-effects-of-immigration-for.htm?contenu=article.
- Breznau, Nate. "Europe's Ageing Societies Require Immigration to Survive and That Means Anti-Immigration Politics Is Here to Stay." Web log. *Europe's Ageing Societies Require Immigration to Survive and That Means Anti-Immigration Politics Is Here to Stay* (blog), December 14, 2024.

  <a href="https://blogs.lse.ac.uk/europpblog/2017/12/14/europes-ageing-societies-require-immigration-to-survive-and-that-means-anti-immigration-politics-is-here-to-stay/">https://blogs.lse.ac.uk/europpblog/2017/12/14/europes-ageing-societies-require-immigration-to-survive-and-that-means-anti-immigration-politics-is-here-to-stay/</a>.
- Byrne, David, and Gillian Callaghan. *Complexity theory and the Social Sciences: The state of the art*. Abingdon, Oxon: Routledge, 2023.
- De Witte, Melissa. "Stanford Research Explores the Complexities of Global Immigration, from Past to Present." *Stanford News*, April 18, 2018. https://news.stanford.edu/2018/04/18/examining-complexities-migration/.
- Engler, Philipp, Margaux MacDonald, Roberto Piazza, and Galen Sher. "Migration to Advanced Economies Can Raise Growth." Web log. *IMF Blog* (blog), June 19, 2019. <a href="https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-raise-growth">https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-raise-growth</a>.
- Erlanger, Steven, and Christina Anderson. "Rise of Far-Right Party in Sweden Was Both Expected and Shocking." *New York Times*, September 15, 2022, <a href="https://www.nytimes.com/2022/09/15/world/europe/sweden-election-far-right.html">https://www.nytimes.com/2022/09/15/world/europe/sweden-election-far-right.html</a>.
- European Commission. Rep. Commission Staff Working Document: The Impact of Demographic Change in a Changing Environment, January 17, 2023. <a href="https://commission.europa.eu/system/files/2023-01/the\_impact\_of\_demographic\_change\_in\_a\_changing\_environment\_2023.PDF">https://commission.europa.eu/system/files/2023-01/the\_impact\_of\_demographic\_change\_in\_a\_changing\_environment\_2023.PDF</a>.
- Eurostat. "Population Structure and Ageing." Statistics Explained. Accessed December 18, 2023.

  <a href="https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population\_structure\_and\_ageing#:~:text=The%20share%20of%20the%20population%20aged%2065%20\_years%20and%20over,and%200.8pp%20in%20Luxembourg.">https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population\_structure\_and\_ageing#:~:text=The%20share%20of%20the%20population%20aged%2065%20\_years%20and%20over,and%200.8pp%20in%20Luxembourg.</a>

- "Finland to Get Right-Wing Government with Far-Right." *Le Monde*, June 16, 2023, <a href="https://www.lemonde.fr/en/international/article/2023/06/16/finland-to-get-right-wing-government-with-far-right\_6032446\_4.html#:~:text=Finland%27s%20conservative%20leader%20and%20Prime,over%20two%20months%20after%20elections.">https://www.lemonde.fr/en/international/article/2023/06/16/finland-to-get-right-wing-government-with-far-right\_6032446\_4.html#:~:text=Finland%27s%20conservative%20leader%20and%20Prime,over%20two%20months%20after%20elections."
- "Finland's Economy Is in Recession and the Recovery Will Be Slow." *Suomen Pankki* (blog), January 9, 2024.

  <a href="https://www.bofbulletin.fi/en/2023/6/finland-s-economy-is-in-recession-and-the-recovery-will-be-slow/#:~:text=The%20Finnish%20economy%20is%20in,in%20the%20economy%20is%20widespread.">https://www.bofbulletin.fi/en/2023/6/finland-s-economy-is-in-recession-and-the-recovery-will-be-slow/#:~:text=The%20Finnish%20economy%20is%20in,in%20the%20economy%20is%20widespread.</a>
- Furtana, Ünal, and James Edwards. "Current Migration Trends in and within Europe." *Perceptions* (blog). Accessed December 14, 2023. <a href="https://www.perceptions.eu/current-migration-trends-in-and-within-europe-2/">https://www.perceptions.eu/current-migration-trends-in-and-within-europe-2/</a>.
- Genovese, Vincenzo. "Netherlands Struggles with 'perfect Storm' of Housing & Migration Crisis." *Euronews*, July 26, 2023.

  <a href="https://www.euronews.com/my-europe/2023/07/26/netherlands-struggles-with-perfect-storm-of-housing-migration-crisis">https://www.euronews.com/my-europe/2023/07/26/netherlands-struggles-with-perfect-storm-of-housing-migration-crisis</a>.
- Hajdukovic, Domagoj. Rep. *Integration of Migrants and Refugees: Benefits for All Parties Involved.* Strasbourg: Council of Europe, 2023. <a href="https://rm.coe.int/integration-of-migrants-and-refugees-benefits-for-all-parties-involved/1680aa9038">https://rm.coe.int/integration-of-migrants-and-refugees-benefits-for-all-parties-involved/1680aa9038</a>
- Joensuu, Liisa. "Hallitusohjelman Maahanmuuttokirjausten Toteutuminen Aiheuttaisi Rekrytointihaasteita Ja Eettistä Ristivetoa." *Palta*, November 16, 2023. https://www.palta.fi/artikkelit/hallitusohjelman-toteutuminen-aiheuttaisi-rekrytointiha asteita-ja-eettista-ristivetoa/.
- Jones, Sam. "From 'Cranks' to Contenders: How Spain's Far-Right Vox Party Is Rising toward Power." *The Guardian*, June 11, 2023, <a href="https://www.theguardian.com/world/2023/jun/11/from-cranks-to-contenders-how-spains-far-right-vox-party-is-rising-toward-power">https://www.theguardian.com/world/2023/jun/11/from-cranks-to-contenders-how-spains-far-right-vox-party-is-rising-toward-power</a>.
- Kirby, Paul. "Who Is Giorgia Meloni? The Rise to Power of Italy's New Far-Right PM." *BBC*, October 21, 2022, <a href="https://www.bbc.com/news/world-europe-63351655">https://www.bbc.com/news/world-europe-63351655</a>.
- Koutsokosta, Efi. "Why the Far-Right Is Increasingly Getting into Power across Europe." *Euronews*, June 6, 2023. <a href="https://www.euronews.com/my-europe/2023/06/19/why-the-far-right-is-increasingly-getting-into-power-across-europe">https://www.euronews.com/my-europe/2023/06/19/why-the-far-right-is-increasingly-getting-into-power-across-europe</a>.
- Mcauliffe, Marie, Adrian Kitimbo, and Binod Khadria. Rep. *World Migration Report*. Geneva: International Organization for Migration, 2021, <a href="https://publications.iom.int/system/files/pdf/WMR-2022.pdf">https://publications.iom.int/system/files/pdf/WMR-2022.pdf</a>.
- Parliamentary Assembly. "Migrants Bring Real Benefits to European Society," November 11,2013. <a href="https://pace.coe.int/en/news/4749/migrants-bring-real-benefits-to-european-society">https://pace.coe.int/en/news/4749/migrants-bring-real-benefits-to-european-society</a>.

- Morina, Drenusha. "Finland Is Facing a Shortage of Workers These Are 15 Most in-Demand Jobs Foreigners Can Apply For." *Schengen News*, November 20, 2023. <a href="https://www.schengenvisainfo.com/news/finland-is-facing-a-shortage-of-workers-these-are-15-most-in-demand-jobs-foreigners-can-apply-for/">https://www.schengenvisainfo.com/news/finland-is-facing-a-shortage-of-workers-these-are-15-most-in-demand-jobs-foreigners-can-apply-for/</a>.
- Muysken, Joan. "Immigration Can Alleviate the Aging Problem." EIPAscope Discussion Paper No. 2008/3 (2008). http://aei.pitt.edu/11030/1/20090203155203\_SCOPE2008-3\_2\_JoanMuyken.pdf.
- National Intelligence Council. "Demographics and Human Development." Office of the director of National Intelligence 2040 Global Trends: A More Contested World, March 2021.

  <a href="https://www.dni.gov/index.php/gt2040-home/gt2040-structural-forces/demographics-and-human-development">https://www.dni.gov/index.php/gt2040-home/gt2040-structural-forces/demographics-and-human-development</a>.
- OECD. *The contribution of migration to regional development.* Paris: OECD Publishing, 2022.
- Rapo, Markus. "Syntyvyys Ei Ole Suomessa Ikrakenteen Kannalta Riittvll Tasolla." Siirry etusivulle Tilastokeskus, 2021. https://stat.fi/til/vaenn/2021/vaenn\_2021\_2021-09-30\_tie\_001\_fi.html.
- Silver, Laura. "Populists in Europe Especially Those on the Right Have Increased Their Vote Shares in Recent Elections." *Pew Research Center* (blog), October 6, 2022. <a href="https://www.pewresearch.org/short-reads/2022/10/06/populists-in-europe-especially-those-on-the-right-have-increased-their-vote-shares-in-recent-elections/">https://www.pewresearch.org/short-reads/2022/10/06/populists-in-europe-especially-those-on-the-right-have-increased-their-vote-shares-in-recent-elections/</a>.
- Smith-Jönsson, Caroline. Rep. *The Effects of Immigration on Economic Growth a Literature Study*. Tillväxtanalys, July 2018.

  <a href="https://www.tillvaxtanalys.se/download/18.62dd45451715a00666f1fbf3/1586366199956/PM\_2018\_07\_The%20effects%20of%20immigration%20and%20economic%20growth.pdf">https://www.tillvaxtanalys.se/download/18.62dd45451715a00666f1fbf3/1586366199956/PM\_2018\_07\_The%20effects%20of%20immigration%20and%20economic%20growth.pdf</a>.
- Soler, Paula. "Immigration Rises to Top Three Issue for EU Citizens, Survey Finds." *EUobserver*, July 10, 2023. <a href="https://euobserver.com/eu-political/157249">https://euobserver.com/eu-political/157249</a>.
- Speciale, Biagio. "Immigration Policies in the EU: Challenges and Priorities." *Reflets et perspectives de la vie économique* Tome XLIX, no. 2 (July 6, 2010): 121–35. <a href="https://doi.org/10.3917/rpve.492.0121">https://doi.org/10.3917/rpve.492.0121</a>.
- Tabaud, Anne-Lise. "Explaining The Main Drivers of Anti-Immigration Attitudes in Europe." Web log. *Eyes on Europe* (blog). EU-Logos, November 30, 2020. <a href="https://www.eyes-on-europe.eu/explaining-the-main-drivers-of-anti-immigration-attitudes-in-europe/">https://www.eyes-on-europe.eu/explaining-the-main-drivers-of-anti-immigration-attitudes-in-europe/</a>.
- Van Der Gaag, Nicole, and Joop de Beer. "From Demographic Dividend to Demographic Burden: The Impact of Population Ageing on Economic Growth in Europe." *Tijdschrift voor Economische en Sociale Geografie* 106, no. 1 (November 10, 2014): 94–109. https://doi.org/10.1111/tesg.12104.