

## Population, Migration and Growth

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In 2021, the latest period for which figures<sup>[1]</sup> are available, the UK registered 694,695 live births. In the same period, 666,629 deaths were registered generating a net domestic increase in the population of the UK of 28,026 new people.

In common with much of the developed world, and increasingly the developing world, the birth rate in the UK, that is the number of live births per woman, has dropped below the replacement rate: from 2.1 births per woman to 1.6. By mid-century, the population of these isles will have probably peaked and will commence a slow decline.

At the same time a slowing birth rate in conjunction with improving longevity implies an inexorable rise in what population analysts call the “dependency ratio”. As the years pass, a smaller and smaller number of young people will be supporting a rising number of old people.

More broadly, the United Nations Population Division estimates that the world population will peak by the second half of this century and commence a similarly slow decline. The combination of better healthcare and much reduced infant mortality has conspired to lower family size and therefore slow population growth.

China is in a particularly difficult place. The “One-child” policy, introduced in 1979 and discontinued in 2015, will lead to China’s population falling from 1.4 billion today to less than 800 million by the end of the century.

The population of Japan, which is famously (notoriously) antipathetic to immigration, is forecast to fall from 125 million today to a little under 75 million, again, by the turn of the century.

This has interesting implications for growth: demographic expansion goes hand-in-hand with economic expansion.

As the industrial revolution got into its stride, between 1848 and 1940, 150 million people moved continents. Europe supplied 55 million emigrants to the Americas whilst Britain followed up with 17 million emigrants looking for a better life in the West. Despite the difficult politics around migration today, the age of mass migration was the 19<sup>th</sup> century not the 21<sup>st</sup>. Very clearly, the American Dream would have been unattainable without the benefit of international migrancy.

Currently international migrants account for about 3% of the world population with refugees accounting for just 7% of that subtotal or 0.3% of the world’s population in total. Conversely, as Prof. de Hein puts it, “97% of the world’s population live in their native country.”

The principal driver for international migration is “labour demand.” The flow of migrants ebbs and flows with the business cycle and business frequently lobbies behind the scenes for more migration than less, particularly with respect to “3D” jobs (“dirty, dangerous and demeaning”).

Over time these two issues of population ageing, and international migration will conflate. Rapidly declining populations in major Asian economies will shift the direction of migrant labour flows; China is already experiencing labour shortages.

The impact of ageing and the subject of migration are extremely difficult subjects shrouded, as they are, in toxic political discourse. But how they are managed will be resolved in the real economy with better or worse services, higher or lower demand, and weaker or stronger growth.

As de Haas puts it, in a period with structurally lower birth rates and rising Western longevity, “the future political question may no longer be how to stop migrants from coming but how to attract foreign workers.”

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[1] Data for this note are drawn from the UK Office for National Statistics (ONS), the United Nations World Population Prospects 2022 and from Professor Hein de Haas recent book (pub 2023) “How Migration Really Works.” Univ. of Amsterdam.

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