

A CHANGING LABOUR MARKET AND IMMIGRATION

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The Economist Events

FW

FUTURE WORKS

Jobs in the
fourth industrial
revolution

November 8th 2016
Chicago

Changing Demand in Labour Markets

Advanced economies

- 40-50% of 2016 jobs will not exist in 2026
- New jobs will emerge

Less certainty in the **end** of careers and life time employment

In the 21st century, most workers can expect to do 5-8 different jobs over a working life



Global and Local Skill Shortages

- New demography – decline in labour supply
- New skills needed
 - Upskilling the workforce
 - Modifying education/training
- Recruitment from a global talent pool



Demography

- Structural ageing of population (and workforce?)
- Sub-replacement fertility (2.1 births per woman)
- Delayed births (30 years plus)

Total Fertility Rates

Spain/Italy	1.2
Japan	1.0
Shanghai	0.9



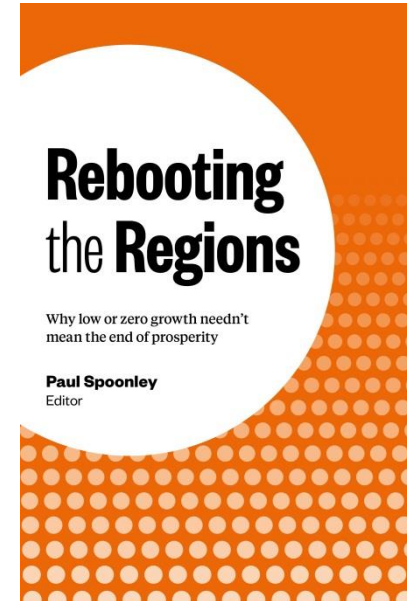
A “New” New Zealand Emerges – Sooner!

- Asian communities will outnumber Māori
- More people aged over 65 than 0-15 yrs of age
- Auckland/NZ dependent on immigration for **skills supply** and **population**
- 2 out of every 5 NZers will live in **Auckland**, nearly a third of them **Asian**



Two Countries – Or Three? Or Four?

- Early 2020s, NZ population will reach 5 million
- Two-thirds of New Zealand's regions will experience population stagnation – decline
- Auckland
 - 60% of future growth;
 - Home to 40% of NZers
- New metropolitan/**Auckland** values/behaviours vs **Small Medium Cities** (SMCs) vs **Declining Regions**



Immigration: Pretty Damn High!

- Temporary work visas (+209,495, 30,000 more than previous year)
- PLT – 125,000 (Net gain 65,000)
- Student visas – 100,000 plus

Next 2 years
Target set at 90,000 – 100,000

Pick-and-Choose: Why Do We Do It?

- Labour market needs to grow by 1.5% to support moderate economic growth 2.5%
- Actual growth – tends to be 0.5-1.0%
- Workforce exits are increasing, domestic entry levels modest and will decline



Pick-and-Choose: Why Do We Do It?

Diversity Dividend = an economic benefit of higher production and innovation

- Does immigration yield economic benefits?



Pick-and-Choose: Why Do We Do It?

- More open/welcoming = more attractive to immigrants = higher levels of innovation
- Regional growth tied to immigration levels
- Contributes to “innovative outsiders” as part of self-reliant, tolerant communities
- Contributes to local aggregate demand for goods and services
- Contributes to human/capital stock of local economies
- Positive impact on productivity (including for locally-born)



Social Cohesion: Challenges of Diversity

- Downward trends of employment rates and earnings
- Objective and perceived ethno-racial inequality
- Immigrants settlement outcomes
- Immigrants displace local job seekers?
- Labour market absorption

Boon or bust?

Susan Smith
June 1, 2016

An influx of immigrants who work and pay taxes might fix our budget woes and mitigate the effects of an aging population, but what are the costs of doing so?

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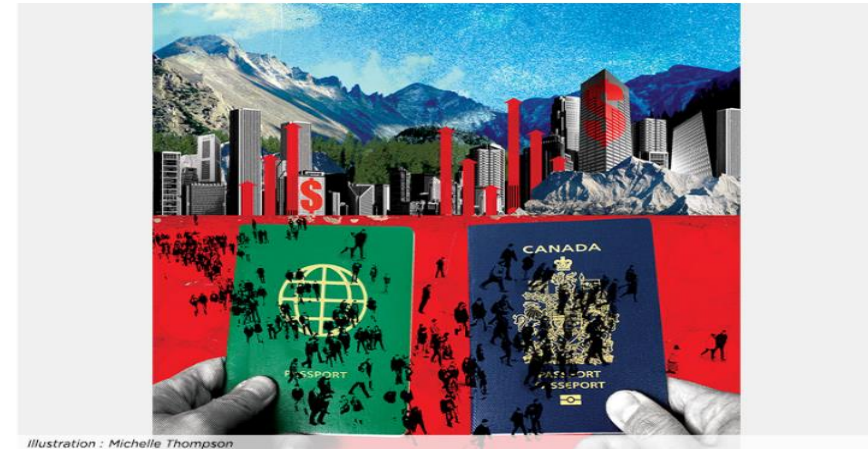


Illustration : Michelle Thompson

It's not surprising Norman Nahas believes strongly in the economic benefits of immigration. His family's story is all about the successful immigrant experience. One could say, in fact, that the Nahas clan embodies it

How Much Longer Can We Expect to Recruit Skilled Immigrants From China?

- Ultra-low fertility
 - (1.5 China, 0.7 Shanghai)
- Impacts of one child policies
 - (80-100 million “lost”)
- Growing median age
 - (34.5 vs USA 37)

Unlike the rest of the developed world,
China will grow old before it is rich
The Economist, 2012

Manpower anticipates that by 2030, China will be importing workers, not exporting them.

Immigration Issues

- Economic Returns – and Costs
- Social Cohesion
- Absorption
- National Identity
- Anti-immigrant Politics and Attitudes

