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IMMIGRANTS AND IMMIGRATION POLICY IN AGEING FINLAND

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ABSTRACT. The paper addresses the issue of current immigration to Finland in the context of population ageing. It is estimated that about 40% of the present labour force will have withdrawn from the Finnish labour market by the year 2020. The government of this rapidly ageing country is seeking possible remedies to the problem of a shrinking labour force. The necessity of attracting a new workforce as well as the growing number of immigrants in the ethnically homogeneous Finnish society create a need for more detailed and creative immigration policy. The paper analyzes the age and economic structure of the immigrant population, its participation in the labour market as well as the importance of immigration in contemporary demographic changes in Finland. Another aim of this paper is to outline major issues concerning Finnish immigration policy.

KEY WORDS: Finland, immigrants, immigration policy, ageing, labour shortages, integration.

INTRODUCTION

Finland is a European country where demographic changes towards the ageing of the population are at the most advanced stage. In 2009 the elderly (aged 65 and over) constituted 17% of the population. Furthermore, over 27% of the elderly were those aged 80 and over. According to population projections in the year 2020 almost one third of the Finnish population will be over 60 years old. This shift in the age structure will be reflected in a decline of the working-age population and an increase in the number of pensioners. It is estimated that about 40% of the present labour force will have withdrawn from the labour market by the year 2020. The threat of labour shortages is currently one of the most important issues that the Finnish government needs to address (Ilmarinen, 2006: 17). The economic consequences of a shrinking labour force create the need for specific actions and changes, especially in the area of immigration policy. Attracting foreign labour may be part of the solution to this looming problem.

With its peripheral location and unfavourable climate conditions, Finland has been traditionally a country of emigration. Until the end of the 1970s, the annual rate of emigration had exceeded the annual rate of immigration. The Swedish-speaking Finns constitute the largest group among the traditional ethnic minorities living in Finland (approximately 5.5%). Other major ethnic minorities are: the Sámi (indigenous people inhabiting mainly Lapland) and the Romani. In 2009 Finnish was the mother tongue of almost 91% of the population. Foreign citizens constituted only 2.9% of the population. Although Finnish society is still perceived as being ethnically homogeneous, the number of immigrants has been increasing constantly, as has been the demand for additional workers. The rethinking of certain elements of immigration policy such as work permits, citizenship, eligibility for social assistance, equal opportunity in the labour market, and the integration of newcomers has become a vital issue in recent years.

The purpose of the paper is to characterize and evaluate current trends in immigration to Finland in relation to the demographic situation in the country as well as to existing immigration policy. The data used herein were acquired from two online statistical databases: StatFin and Statistics Finland. Administrative regions in Finland were used as a basic spatial unit (20 regions in 2010). The majority of the data describe the situation in the year 2008 and 2009. Migration and population time series from 1945 to 2009 and projections up to the year 2060 were also used.

IMMIGRANTS IN FINLAND

In the period between World War II and the 1970s, Finnish society was 'closed' with an insignificant proportion of foreign-born inhabitants and negative net migration. Starting in the early 1980s, the number of immigrants in Finland has been surpassing the number of emigrants (Heikkilä, Peltonen, 2002: 2). Until the end of the 1980s, immigration to Finland consisted primarily of Finnish citizens returning from Sweden (85%) who had emigrated there 10 to 20 years earlier in order to pursue better job opportunities. A significant increase in the number of immigrants occurred in the early 1990s (Fig. 1). Several factors influenced this growth including the collapse of the Soviet Union, the return migration of ethnically Finnish Ingrians, the immigration of Estonians, and the influx of refugees from the former Yugoslavia (mainly Bosnia and Herzegovina), Africa (Somalia), and Asia (Iraq). Today, most new immigrants in Finland come from Sweden, Estonia, the Russian Federation, United Kingdom, and Germany. The net migration rate for Finland in 2009 was 2.72‰, with the immigration rate (5‰) being almost twice as high as the emigration rate.

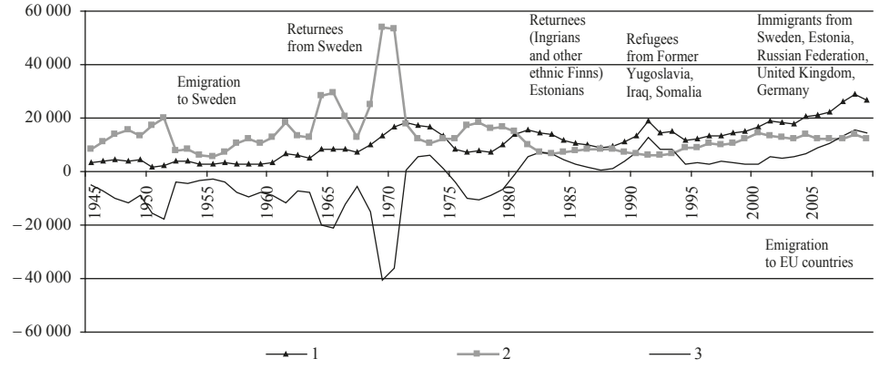

Fig. 1. Changes in immigration, emigration and net migration in Finland in 1945–2009
Explanation: 1 – net migration; 2 – net emigration; 3 – net immigration

Source: Own calculations based on StatFin

The integration policy formulated by the Finnish government in the 1980s assumed a dispersion of refugees and returnees to smaller towns and sparsely populated areas. However, immigrants have tended to settle in certain places, especially the capital region of Helsinki (Heikkilä, Peltonen, 2002: 4). In 2009 about 27% of the entire foreign population in Finland lived in Helsinki, whereas the Helsinki Metropolitan Area (includes Helsinki, Espoo, Vantaa, and Kauniainen) concentrated more than 44% of the foreign citizens living in Finland, and 88% of those living in Uusimaa Region. At the same time, half of the entire foreign population in Finland was centred in the Uusimaa Region, which constituted almost 5.5% of the population of this particular region. Furthermore, the rate of immigration to the Uusimaa Region (2.22‰ in 2009) is significantly different than that for other regions.

Other major clusters of foreigners are the municipalities of Turku and Tampere. The relatively high percentages of foreign citizens in Åland (the autonomous, Swedish-speaking region of Finland) and Ostrobothnia are the result of the concentration of the Swedish population. The lowest percentages of foreign citizens are noted in the already sparsely populated regions of Etelä-Savo, South Ostrobothnia, and Pohjois Savo. The regions of Uusimaa, Pirkanmaa, and Varsinais-Suomi received the largest number of immigrants in 2009 (Fig. 2). Most of the new immigrants chose to settle in major cities such as Helsinki, Tampere and Turku.

The age structure of the immigrant population is one of the most important issues connected with demographic changes towards the ageing of the population and the resulting consequences for the labour market. Currently about 66%

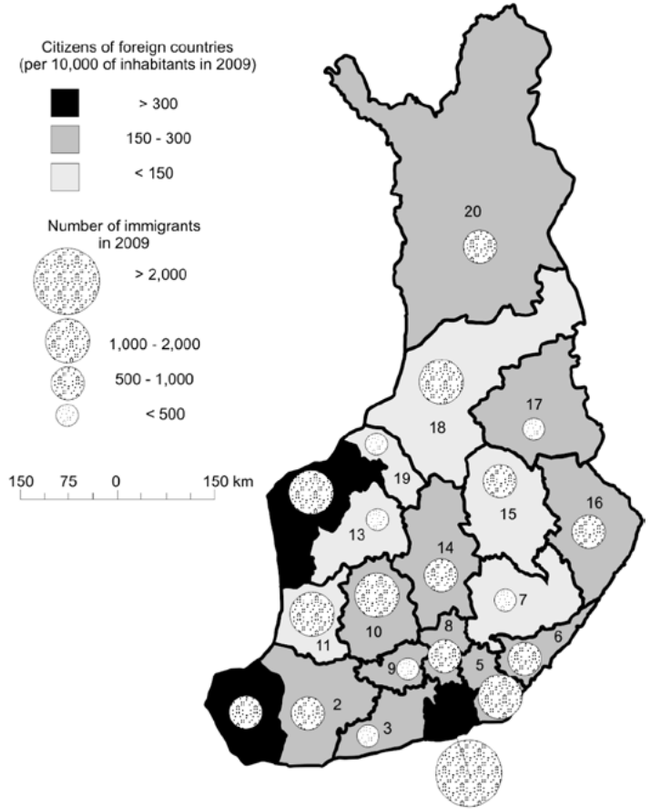

Fig. 2. Spatial distribution of foreign citizens and number of immigrants coming to Finland by regions in 2009
Explanation: 1 – Åland; 2 – Varsinais-Suomi; 3 – Itä-Uusimaa; 4 – Uusimaa; 5 – Kymenlaakso; 6 – South Karelia; 7 – Etelä-Savo; 8 – Päijät-Häme; 10 – Pirkanmaa; 11 – Satakunta; 12 – Ostrobothnia; 13 – South Ostrobothnia; 14 – Central Finland; 15 – Pohjois-Savo; 16 – North Karelia; 17 – Kainuu; 18 – North Ostrobothnia; 19 – Central Ostrobothnia; 20 – Lapland

Source: Own calculations based on StatFin

of the Finnish population is of working age (15–64). The proportion of the young (aged 0–14) is slightly smaller than that of the elderly (aged 65 and over). The population pyramid for Finland for 2009 possesses a shape typical of a population that is starting to decline – narrow at the bottom with large proportions of the oldest age groups (Fig. 3A). The greying of the population is even more readily visible on the diagram constructed for the year 2040 (Fig. 3B).

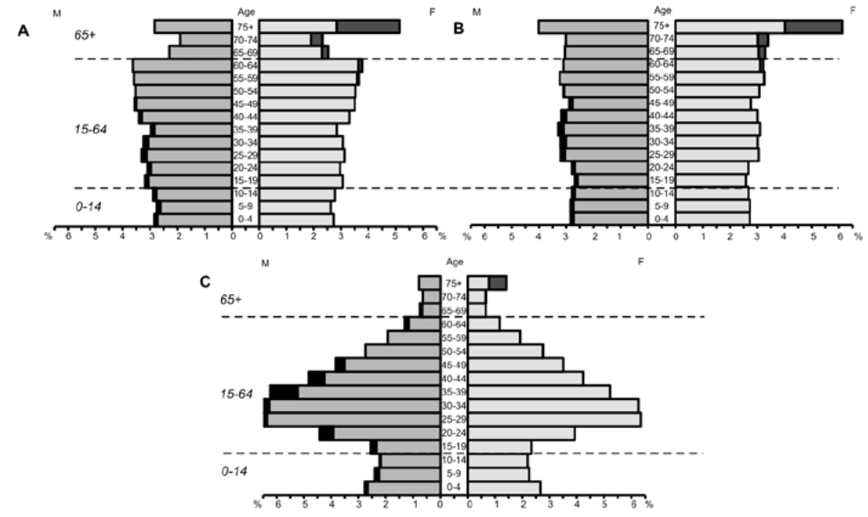

Fig. 3. Age and gender structure of population in Finland
Explanation: A – Finland 2009; B – Finland 2040; C – Foreign citizens 2009

Source: Own calculations based on StatFin

In this diagram, the oldest groups are more numerous than the youngest groups and the share of the working-age group is smaller by almost 9% compared to the year 2009. On the other hand, the majority (80.5%) of foreign citizens living in Finland and the majority of immigrants who arrived in the country in 2009 (79.5%) were of working age. Only 5% of the former and 2.5% of the latter consisted of the elderly (Fig. 3C).

The ratio of the elderly population to the working-age population – known as the old age dependency ratio – was 25.6 (per 100 population at working age) for Finland in 2009. It is estimated that during the next fifty years, the share of the elderly population will increase from a current level of 17% to almost 30%, while the share of the working-age population will decrease to 55.8% (Fig. 4). The increase in the old age dependency ratio to a level of 51.5 (per 100 population at working age) in the year 2060 means that there will be fewer than two persons of working age per one pensioner.

Considering the projected demographic changes, attracting immigrants appears to be a necessity. Although the current level of immigration does not have a significant effect on the age structure of the overall population in Finland, future increases in immigration might contribute to a rejuvenation of the population of Finland. It is assumed that future trends in the level of births and deaths will

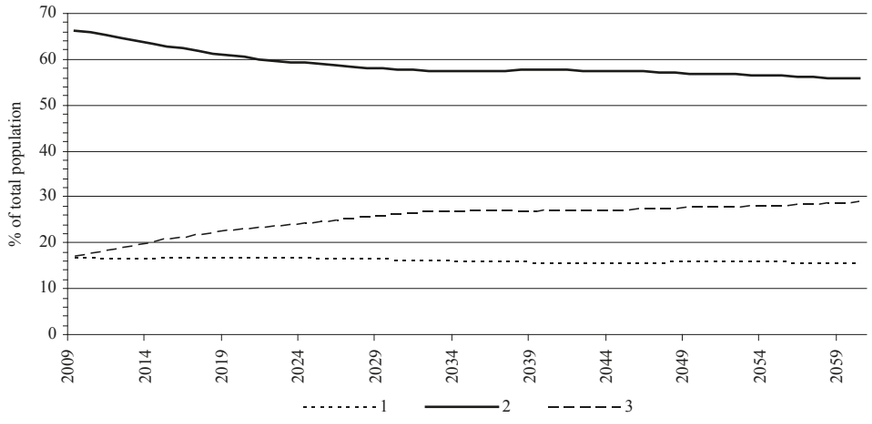

Fig. 4. Projected changes in proportions of different age groups in Finland in 2009–2060
Explanation: 1 – aged 0–14; 2 – aged 15–64; 3 – aged 65+

Source: Own calculations based on StatFin

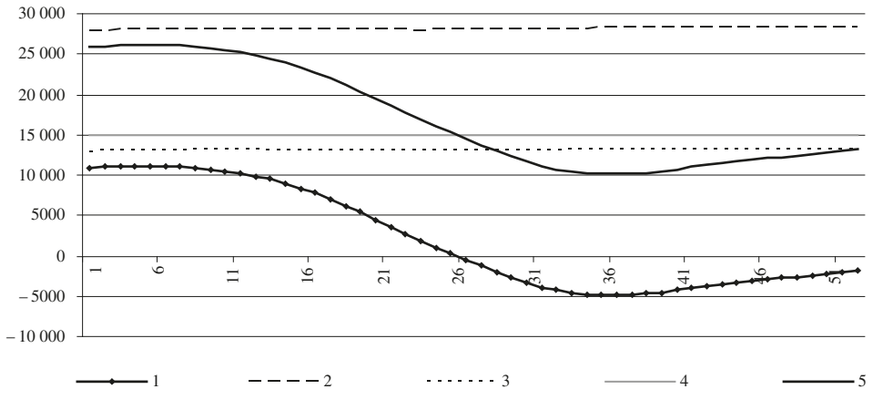

Fig. 5. Projected demographic changes in Finland in 2009–2060
Explanation: 1 – natural increase; 2 – net immigration; 3 – net emigration; 4 – net migration; 5 – population increase

Source: Own calculations based on StatFin

result in a negative natural increase starting in 2034 (Fig. 5). An increase in the influx of immigrants could positively affect the birth rate, as it is usually higher among immigrants, especially those from the less developed countries. Although the total fertility rate for foreign population in Finland is only slightly higher than that for the native population, significant differences are observed within the foreign population (e.g., in the year 2006 the birth rate for Somali population was 26‰, whereas for Russian and Estonian populations – around 9‰; the birth rate for the whole population of Finland was 11‰) (Saarto, 2007: 36). However, the fact that immigrant women tend to stay at home and take care of their families more often than they work outside the home (Heikkilä, Peltonen, 2002: 5) must be taken into account. Moreover, a relatively large working-age population will enter the pension system at some point in time. Therefore, it is important to increase the rate of influx of working-age immigrants. Assuming that the number of immigrants and emigrants will stay at the current stable level, with immigration exceeding emigration, Finland is going to experience a decline in population growth, especially between 2020 and 2040.

In the context of the population structure, it is also important to analyze the age and educational profile of emigrants from Finland. The main destinations for Finnish emigrants in 2009 were Sweden, the United Kingdom, Estonia, the United States, and Germany. The largest proportion of emigrants was of working age – almost 83%. In addition, more than one third of emigrants were people in the 25–34 age group. Finns emigrating to other European countries are usually young and well-educated. It is estimated that the majority of Finnish emigrants are going abroad to work for either international companies or Finnish companies doing business abroad (Koivukangas, 2003: 3). This type of emigration can be perceived as a form of brain drain. In this context, the educational profile of immigrants also deserves special attention. There are no sufficient statistics on the immigrants' level of education. Approximations concerning the education level of foreign population are based on the average education level in the country of origin. The average education level of immigrants, measured as the average number of years of education, is 8 years, which is less than the duration of compulsory education in Finland (Johansson, 2008: 12). Moreover, the survey investigating the education level of immigrants shows that it varies within the foreign population (Paananen, Pohjanpää, 2003). In the year 2002 one fourth of the Somali population aged 25–64 had no training. On the other hand around 60% of Russians and 80% of Estonians had at least secondary level qualifications. What is more, almost 40% of Russians attained higher education degree. The structure of foreign population education informs about the potential and chances of immigrants on the labour market, and the possible demand for different forms of education and training for foreigners.

IMMIGRANTS IN THE FINNISH LABOUR MARKET

An increasing withdrawal from the labour market and a gradually shrinking size of the cohorts entering the labour market are two principal economic issues associated with the onset of demographic ageing. Labour shortages that may occur in the future in Finland may lead to a reduction in economic growth. According to OECD projections, the Finnish labour force will contract between 2020 and 2050 at an annual rate of 0.40% (OECD, 2004: 37).

The decisions about immigrating to Finland vary based on the nationality of the immigrant. Prevailing reasons are: studies, work or marriage. This applies primarily to newcomers from Russia, Sweden, Estonia, Great Britain, and Germany. Somali and Iraqi immigrants, on the other hand, had arrived in Finland as refugees from their home countries. The same is true of immigrants from Bosnia-Herzegovina and Vietnam (Heikkilä, 2002: 19*)*.

Table 1. Employment and unemployment rates among foreign citizens in Finland in 2008

Nationality	1	2	3	4
Finland	67.09	8.94	9.98	7.87
Foreign countries	51.16	19.16	16.40	22.97
Estonia	66.55	10.72	10.54	10.88
Germany	62.13	7.26	6.88	8.00
Iraq	18.44	60.94	55.22	79.56
Russia	45.88	27.80	22.20	32.35
Somalia	19.01	55.15	47.03	69.32
Sweden	60.18	11.85	12.53	10.76
United Kingdom	64.37	10.06	10.51	7.57

Explanation: 1 – total employment rate (%); 2 – total unemployment rate (%); 3 – unemployment rate among men (%); 4 – unemployment rate among women (%)

Source: Own calculations based on Statistics Finland

In the data description Statistics of Finland specifies that the total number of individuals in the labour force consists of the working-age population (aged 15–64) except students, military conscripts, homemakers, etc. The total unemployment rate for foreigners in Finland, calculated as a share of unemployed foreigners in the 'foreign labour force' in Finland, is twice as high as for the general Finnish population (Table 1). Moreover, it is the highest for immigrants from less developed

countries in Asia and Africa. More than half of Somali immigrants and almost 61% of Iraqi immigrants in the Finnish labour force remained unemployed in 2008. The unemployment rate for immigrants from Russia was also significantly high. Only half of the foreign population of working age (aged 15–64) was employed in 2008. The total employment rate was calculated as a proportion of employed individuals in the working-age population. Employment rates among Estonians and Britons were similar to those of the general Finnish population, whereas the employment rates for Somalis and Iraqis were less than 20%. A substantially higher unemployment rate among Somali and Iraqi women confirms the suggestion that a significant proportion of foreign women tends to stay at home and take care of their families rather than work outside the home. Hence, they are counted as 'not in the labour force'.

Although the introduction of a new labour force to the labour market appears to be profitable from the perspective of economic growth, the new immigrants' actual path to employment is often difficult. The key obstacles mentioned by immigrants in Finland include insufficient language skills, potential employers' lack of recognition of college diplomas, and other qualifications obtained abroad, general employer prejudice, a low degree of respect for foreign workers as well as general discrimination (Heikkilä, Peltonen, 2002: 5). Language proficiency requirements normally prolong the job search. Moreover, most first jobs given to immigrants are jobs in the cleaning or catering industry. The fact is that if well-educated immigrants are not able to find satisfying employment, they will most likely move on to another foreign country (Heikkilä, 2002: 16*)*. In light of the growing elderly population and the shrinking labour force, Finland is likely to experience increasing demand for workers in fields such as health care and general elderly care. Current trends in immigration to Finland, especially the influx of foreigners from Western Europe, may have a positive effect on the educational level of the foreign population in the country. Finland needs to attract skilled and well-educated individuals by enabling them to easily enter the Finnish labour market.

SELECTED ISSUES IN FINNISH IMMIGRATION POLICY

A proactive immigration policy involves changes in administrative, social and educational areas. The integration of immigrants with general society is an essential part of a proactive immigration policy in the traditionally homogeneous and 'closed' Finnish society. The basic act of law regulating the status of immigrants in Finland is the *Aliens Act* (301/2004). The document is designed to define the rights and obligations of foreigners in Finland with respect to a variety

of basic issues such as arrival in the country, the granting of citizenship, access to medical care, etc. The *Act on the Integration of Immigrants and Reception of Asylum Seekers* (439/1999) contains an outline of Finnish immigrant integration policy. According to this document, 'integration, equality and freedom of choice for immigrants through measures which help them to acquire the essential knowledge and skills they need to function in society' and ensuring 'the essential livelihood and welfare of asylum seekers by arranging for their reception' are key elements of Finnish immigration policy. Integration is defined as self-development of the immigrant, especially through active participation in the labour market. His or her original culture and language are perceived as particularly valuable. The integration plan is based on providing immigrants with support including language skills, vocational training and counselling, and the education of immigrant children. All actions are based on the agreement between local authorities, the local employment office and the immigrant in question. Both registration as an unemployed jobseeker and application for social assistance entitles an immigrant to an integration plan (*Act on the Integration of Immigrants and Reception of Asylum Seekers*, 1999). Immigrants intending to stay permanently in Finland are eligible to obtain social security benefits based on the *Act on the Application of Residence-Based Social Security Legislation* (1573/1993). Disability and advanced age entitle immigrants to Special Assistance for Immigrants on the condition that they have been residing in Finland for a consecutive period of at least 5 years immediately prior to the granting of the financial assistance (KELA, 2010: 360).

As the number of immigrants has increased over the last 30 years, issues related to migration policy have become the subject of discussion for the Finnish government. In order to participate in the immigration debate in one way or another, a group of influential immigrants is currently working on the establishment of an independent and non-political Immigrant Parliament of Finland (IPM). The project aims to unite the interests of immigrants from different backgrounds. The election of fifty IPM members is scheduled to take place together with Finnish Parliamentary elections in April, 2011 (Official site of the Immigrant Parliament of Finland: http://www.ipf.fi/ipf/).

Finland has introduced fixed annual quotas for refugees and asylum seekers (750 in recent years). The Finnish Parliament sets the annual quota, taking into consideration the national budget for the current fiscal year (Official site of the Finnish Immigration Service: http://www.migri.fi). There also exist certain regulations that apply to Ingrian Finns moving to Finland. They are required to prove their knowledge of the Finnish or Swedish language (at least A2 level) and to have accommodations arranged in Finland. Moreover, Ingrian Finns need to

be on a waiting list and must complete a form concerning their educational and vocational background as well as job preferences. In order to match the labour force with the demand for workers, the job forms are sent to employers and municipalities who express an interest in new workers (Saarto, 2007: 17–18).

Population projections for Finland assume that immigration will remain at a stable level for the next 50 years. In light of potential labour shortages in the future, Finnish immigration policy should be based on incentives that would attract young and well-educated immigrants. Current Finnish immigration policy creates an image of an immigrant actively participating in the labour market, fluent in the Finnish language, highly skilled, eager to integrate with the local community, and constantly developing new skills.

CONCLUSIONS

The influx of immigrants creates both opportunities and challenges, especially for a homogeneous society such as that in Finland, which is not used to large numbers of immigrants. Therefore, it is essential to recognize the different characteristics of immigrant populations. The key strengths of immigrants and immigration policy in Finland are: (a) favourable age structure of the newcomers (79.5% of working age); (b) possibly positive influence on birth rate and rejuvenation of Finland's age structure (the birth rates for Somalis and Iraqis twice as high as for the whole population of Finland); (c) immigration policy based on integration; (d) the development of skills and the pursuit of equality and respect for cultural diversity as the basic rules in the immigrant integration process. On the other hand, the key weaknesses are: (a) attitudes and prejudices of employers; (b) obstacles in the job recruitment process such as a lack of recognition of foreign college diplomas and a lack of Finnish language skills among immigrants; (c) unemployment rate among foreigners twice as high as Finland's national rate; (d) low participation of female immigrants from the less developed countries in the labour market; (e) relatively low educational level of immigrants (especially among refugees).

A national policy of attracting immigrants in order to offset a shrinking domestic labour force should include the creation of support systems for the newcomers but one that does not overly burden the national budget and does lead immigrants down the path to full employment. Educational programmes, vocational training and the promotion of long-term employment (both among employers and the unemployed) should help immigrants to fully participate in the labour market and should be key elements of a proactive immigration policy.

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