

# **Concepts for the Better Management of Migration to Norway<sup>\*</sup>**

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Theme #1: Expand Norway's Ability to Attract and Use Economic Immigrants Effectively

*Offer stability and transparency to attract economic immigrants  
Further explore the use of "transition visas"  
Make foreign students a strategic tool of long-term economic competitiveness and an anchor for additional migration  
Consider and manage well "neighborhood effects"  
Link labor migration to other enforcement, training and social protection measures*

Theme #2: Continue to Strengthen the Integration of Immigrants

*Experiment with aggressive measures to reduce the unemployment rate of today's immigrants  
Provide better access to integration assistance for all immigrants  
Reconsider the way the welfare system addresses immigrants  
Modernize citizenship and naturalization policy*

Theme #3: Maintain "Balanced Streams" for Other Forms of Migration

*Increase the numbers of Convention refugees resettled to Norway and make more effective use of the resettlement Program  
Prepare better for persons deserving humanitarian or temporary protection*

Theme #4: Position UDI to lead Norway in thinking about immigration

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## I. Introduction

For more than two decades now, markets for capital, goods, services and, increasingly, workers of many types, have been weaving an ever more intricate web of global economic and social interdependence. While virtually all aspects of this deepening interdependence have caused intermittent concern for some groupings of states at one time or another, none has been pricklier for developed nations than the movement of people.

Three concerns raised by international migration seem to be the most dominant: rates of cultural change that are unacceptable to large segments among host populations; immigration's effects on the receiver's social welfare protection system and socio-economic order (especially as it relates to inequality); and law-and-order and increasingly domestic security matters. Two positive forces are juxtaposed starkly against these concerns: that international migration, properly regulated, has strong economic and labor market benefits; and that accepting some immigrants promotes certain basic social and humanitarian goals.

On the European continent, migration has taken on new significance as one of the more important policy tools in addressing the many social and economic consequences that stem from the intersection between social democracy and demographic aging. Most notable among these consequences is the need for stable workforces to fill needed jobs and provide the taxes that support most retirement systems and a variety of other social protections, most importantly health services.

All of the major policy options available to governments for dealing with the consequences of aging populations are difficult practically and politically. Migration is no less so than any of the other options. It is the only one, however, that can bring needed workers and taxpayers into an economy as if on demand. Nonetheless, migration is a complicated business in which uncertainty is seemingly unavoidable and risks abound. Some governments understandably focus on the risks, deny the fact that much migration happens in any event, and shy away from engaging the process (if to no avail). Activist and confident governments, on the other hand, do and will increasingly engage migration with a strategic vision and a set of tactical policy tools applied systematically to bring about desired policy outcomes. The issues such governments will have to learn to address range from the selection and entry of various types of immigrants, to their successful incorporation into the economy and society, to how the "rules of the game" will be set and enforced. Migration, finally, is a process with considerable inertia; governments manage it well only by learning from experience.

This essay thus sets the goal for Norway not merely at responding to the problems of today, but at creating a dynamic policy framework for

migration that allows policy makers to use migration strategically in meeting the challenges of the future. In getting from here to there, Norwegian migration policy must balance a number of seemingly competing priorities:

- Ensuring labor force stability, even growth, while managing any displacement of existing workers and the resulting ethnic diversity;
- Supporting economic prosperity and security interests;
- Maintaining the highest standards of humanitarian obligations and intercepting fraudulent and removing unsuccessful asylum applicants; and
- Enforcing immigration laws fairly but firmly while integrating immigrants quickly and efficiently.

Achieving the proper balance among these priorities will clearly help Norway to use immigration as an ally during the demographic and socio-economic changes of the next fifty years while also adjusting its education, health, training, and other key policy areas in ways that will serve long-term Norwegian interests best. Norway will be doing so in the context of two important relationships: its many ties to its Nordic neighbors and its legal connections with the EU on Schengen and asylum matters. As this report will make clear, both relationships will challenge Norway's ability to set and pursue its own independent and affirmative course on these issues.

### Key Concepts and Plan of the Essay

Norwegian migration policy must focus on three distinct yet deeply inter-related levels:

- Local: The interaction between immigrants and the people and institutions with which they come in contact on a regular basis is where immigration policies succeed or fail. In this regard, the government must consider the effects of policy on those who are already part of the community,<sup>1</sup> as well as how policy will affect the opportunities extended to newcomers. Among the questions policy must address are the following: What are the reciprocal rights and obligations of everyone in the community in the face of increasing migration and diversity? What integration efforts are necessary to prevent or reduce ethnic tensions? What resources (physical and other forms of capital) will the community have to expend when accepting newcomers, and from where will these resources come? How will migration policy affect the local labor market, the civic and educational infrastructure, the social welfare system, etc.?
- National and Regional (EU): Migration policy is about much more than just controlling borders; good governance in the face of substantial

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<sup>1</sup>By "community," the essay refers to the physical and socio-cultural space in which a foreign-born person settles.

migration must define well and meet short- and long-term national goals while also anticipating the policy's effects on bordering and geographically proximate societies. Among the questions policy must address in this regard are the following: What national goals is immigration policy intended to accomplish, and how can these goals be achieved? How will the policy affect overall migration to or from other Nordic countries? What are the implications of Norwegian policies for other EU Members States? What are the implications of EU policy on asylum, migration, and freedom of movement for EU citizens for Norway?

- International: Finally, migration is an international process that connects Norway to other societies and has profound effects on its relationships with other states and the image it projects to the world community writ large. For instance, does the policy Norway chooses affect its ability to uphold UN and European Conventions, especially with regard to the protection of refugees and adherence to fundamental human rights? What are the policy's effects on Norway's ability to discharge its responsibilities toward those EU conventions of which Norway is a part? Is the policy consistent with and does it advance/impede Norway's broader foreign political or economic interests?

This report argues that, all too frequently, migration policy-making is overly sensitive to immediate political and economic pressures, leading to piecemeal and largely reactive means of making immigration policy. This report argues that, as an alternative, Norway should develop the analytical, policy development, and management skills that would allow it to combine both tactical and strategic responses. These skills can position it to form policy according to key long-term forces and interests, giving Norway the ability to manage migration more effectively and to consistent advantage. Specifically, it calls for a governance process and a regulatory framework that are forward looking and flexible, actively aim to gain more from migration, and are capable of identifying problems and opportunities early on—and adapt to meet them.

Activism in policy making and execution, policy experimentation, and the commitment of resources—human, technical, and capital—must be commensurate with the task at hand. Managing migration within the parameters outlined here requires unusual amounts of policy coordination across the entire public sector. Perhaps more importantly, it also requires unusual levels of coordination between governmental and non-governmental (that is, other societal institutions and civil society) actors and across all activities that relate to or are otherwise affected by migration.

It can be argued that setting the governance and management bars so high makes the goal unrealistic. In many instances, that may be so. Yet, for a rather small, wealthy, well-organized, and well-governed society like

Norway, the task is achievable. This will require the Norwegian leadership to resist the temptation to focus on the short-term or to over-react to the inevitable “failures” in dealing with an increasingly large and quickly changing phenomenon. The prescription calls for finding the political patience to be more deliberate about immigration by understanding better the positive role that a well-managed immigration regime can play in the social and economic future of Norway. In such a regime, one would actively select many of the immigrants the Norwegian economy and society values, rules would be transparent, those rules would be enforced fairly, consistently, and effectively, and outcomes would be predictable.

Organizationally, the essay dwells briefly on some of migration’s key causes and paints a broad picture of the place of migration in Norway today and its likely evolution over the next two decades. It then discusses a number of key demographic and labor market issues relevant both to Norway and its “neighborhood” and bores deeply into the issues of migration management—the essay’s principal focus. In this last regard, it outlines and explores some of the philosophical and practical issues that Norwegian policy makers must understand and address better as they search for more effective policy interventions. The report then draws the discussion together in order to produce practical recommendations for designing the outlines of a properly managed migration regime for Norway. The essay concludes by making the case for policies that work with both market and human nature, as well as for cooperation both with countries that are like-minded on these issues and with countries from and through which immigrants—and particularly irregular or unauthorized ones—get to advanced industrial democracies.

## II. Norwegian Immigration Policy: Background, Trends, and Challenges

Migration does not occur in a contextual vacuum.<sup>2</sup> Rather, it draws its energy from the economic and social conditions of the receiving country almost as much as from larger regional and international trends. As a reluctant immigrant-receiving country, Norway finds itself at a rather familiar crossroads between restrictive admissions' policies and the promotion of genuinely equal treatment for those who gain residency. This section focuses on Nordic and European migratory push and pull factors, and on their effect on migration to Norway.

### A Review of Recent Norwegian Migration Policies and Patterns

#### *Norwegian Migration Policy Highlights*

Norwegian migration policy is based on the idea that the welfare state, the thread that ties Norwegian society together, has limited resources. Hence, two basic principles have remained consistent as Norway has evolved into an immigrant receiving country: 1) that immigration must be limited; and 2) that all immigrants who are admitted to Norway must have equal legal and practical opportunities in society. The result is a policy that balances rather stringent entry controls with generous integration and social services for immigrant populations.

Two features have defined Norway's contemporary stance toward immigration: 1) Norway implemented a preemptive immigration stop before migration flows became numerically significant; and 2) Norwegian attitudes and behavior toward immigration have in many ways paralleled the country's resistance to European integration.

Although Norway acceded to the common Nordic labor market in 1954, and thus relinquished some of its sovereignty over immigration issues, the first immigrants did not arrive on its soil in significant numbers until nearly twenty years later (Hagelund 2002). By that time, stories of migration mismanagement from other European countries, coupled with the fear of "sudden" inflows from outside the OECD, led the country to enact an "immigration stop" on economic immigration from outside the Nordic area in 1975 (Brochman 2002). The stop was the first legislation to formally restrict immigration to Norway. One of this policy's consequences was to shift

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<sup>2</sup> This report dwells primarily on migration policy issues. While asylum and refugee resettlement policies are in some ways subsumed under the report's brief, they are not an explicit part of its mandate. Hence, humanitarian flows will be referenced only when they are explicitly a natural part of the larger policy picture.



applications to other migration channels, such as asylum and family reunification.

Opposition to Norwegian membership in the European Communities (ECs) also began to take shape during the same period (Brochman, 1999). That effort culminated in 1994, when Norwegians rejected EU membership. Because Norwegian migration rules are anchored on both humanitarian values and “equal treatment” for immigrants, opponents of EU membership emphasized that these principles would be undermined by joining the Community. It is in this way that it can be said that Norway’s principles on migration became linked with the country’s resistance to European integration.

The two major pillars of Norwegian migration policy—restrictive admissions and equal treatment—have been present throughout the evolution of Norway into a significant reception country for immigrants, asylum seekers, and more recently, resettled refugees. For instance, the electorate reaffirmed its earlier support for curbing immigration in the 1980s; and the public became weary from growing numbers of asylum seekers in the 1980s, which peaked at 8,600 in 1987 (OECD 1990). (By 1990, 3.3 percent of Norwegian residents were foreign citizens (OECD 1991). In fact, continuing concerns over immigration have given birth to and continue to provide electoral support for the anti-immigration Progress Party (Hagelund 2002). However, during the same decade, the Norwegian government has invested both politically and fiscally in achieving as much equality as possible between immigrants and native Norwegians, a policy anchored in the Immigration Act of 1988 (Brochman 1999).<sup>3</sup>

Since the Immigration Act of 1988, a number of policy decisions have changed the structure and enforcement of Norwegian migration policy substantially.<sup>4</sup> The most relevant policy changes for this report include:

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<sup>3</sup> The Act provides a system for entry, a border and interior control mechanism, and a “sanctions system” for the cancellation of permits, rejections, and expulsions. Foreigners must have visas to enter the country. However, there are many exceptions. Those who wish to become employed in Norway require a work permit. The Immigration Act only exempts certain categories of workers who meet the requirements from the “immigration stop” legislation established in 1975. The Act also regulates the adjudication of applications, permanent expulsion, and subsequent deportation. Finally, the legislation institutes a settlement permit, given to individuals with three continuous years of residency (Brochman 1999).

<sup>4</sup> There have also been a number of regulatory and legislative changes specific to refugee and asylum provisions, as well as policies that affect social services and other migrant-related programs. These changes have been left off this list for reasons of space, but some may be mentioned elsewhere in this report.

- A 1997 law creating the principal model for integration in Norway, focusing primarily on job and language training programs (OECD 2003). The 1996-1997 integration White Paper defined integration in terms of the Norwegian policy of equal opportunity, linking it both to cultural diversity and the needs of the welfare state (Hagelund 2002)
- The establishment of the Immigration Appeals Board in 2001 to replace the Ministry of Justice as the responsible authority for such appeals (OECD 2002).
- Changes to regulations in order to ease difficulties in obtaining work permits. These provisions have permitted applicants with 'skills' (as opposed to 'higher level skills') to receive a job-based work permit, and have facilitated entry for other skilled and specialist workers to search for jobs within Norway (OECD 2002).
- The restructuring of the UDI in 2002 to include the establishment of the Strategy and Documentation Department (now known as the Department of Strategy and Coordination) (UDI 2002).
- The 2003 Introduction Act, which requires the active participation in integration programs for targeted refugees between the ages of 18 and 55 in the municipalities in which they settle (UDI 2003a).

Yet, these policies, while materially changing Norwegian immigration practices, continue to maintain the nation's basic policy of restricted entry and equal opportunity upon arrival.

In addition to changes in national policies, Norway has also become more integrated with the European Union in the past decade, a fact that has had substantial impact on Norwegian migration policy. Norway first joined the European Economic Area (EEA) in 1994. After Sweden and Finland joined the EU, and in order to maintain the Nordic Passport Union, Norway subscribed to the Schengen Agreement, which facilitates the free movement of persons by abolishing checks at common borders of EU member states. The agreement entitles Norway to take part in discussions for further developments of Schengen-related policies (Brochman 2002). Since April 1 of 2002, Norway has also implemented the Dublin Convention, which helps to determine the European state responsible for determining an asylum claim, and adopted the rules of the so-called "Dublin II" regulation on September 1, 2003 (Landsverk 2003). As a result, Norway has introduced the new Europe-wide electronic systems for case processing, including a new computer system (DUF), the DubliNET inter-country information transfer system, and the Eurodac fingerprinting collection system (UDI 2003a). Thus, while Norway continues to maintain its political position as a non-EU member state, its immigration and asylum management policies are becoming increasingly aligned to several of the main rules and institutions governing EU activities on these issues.

## *Norwegian Migration Patterns*

Immigration to Norway has increased gradually since the late 1960s. The immigrant population as a percentage of the total population grew from 2 percent in 1970 to 7 percent in 2002 (MPI 2004).<sup>5</sup> The number of asylum seekers has also increased, peaking at 17,480 arrivals in 2002 (Landsverk 2003). As a result, net immigration, which was negative until the mid 1960s, has steadily increased and peaked at 44,000 annually in the 1995-2000 interval. Thus, while migration flows fluctuate over time due to policy changes and economic and other conditions both in Norway and abroad, Norway has become a significant immigration country.

The age and gender composition of immigrants to Norway have not varied substantially in recent years. Male and female percentages fluctuate by year: in four of the six years from 1996 and 2001, more women than men immigrated to Norway. More significantly, about two-thirds of new immigrants are younger than 30, a distribution that contrasts sharply with that of the Norwegian population (Landsverk 2003). Finally, unemployment for migrants remains higher than the population at large, though the differential has decreased significantly since the early 1990s.

Generally, migration trends in Norway can be summarized as follows:

- Work permits have increased overall, but specialist permits have declined. Work permits have increased by approximately 10,000 between 1999 and 2003, rising to 25,600 in 2003. This is due in large part to the strong upward trend in seasonal work permits, which reached a high of 17,900 in the same year. (Seasonal work permits comprise 70 per cent of overall Norwegian work permits.) Specialist permits, on the other hand, which allow for permanent residence after three years, fell by 35 per cent between 2002 and 2003 (UDI 2003b).
- Family reunification permits have also decreased, following the clearance of application backlogs for the program. 10,500 persons were granted family reunification in 2003, a decrease of nearly 4,000 persons from the previous year. In 2002, UDI streamlined its program in to process a backlog of applications, resulting in an unusually high number of applications being recorded in that year. With the exception of 2000, over 10,000 individuals were accepted for family reunification in every year from 1999 to 2003 (UDI 2003b).

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<sup>5</sup> It is important to note that Norwegian statistical data, including those produced by Statistics Norway, define the 'immigrant population' as having both parents born abroad. Thus, the population consists of people born in Norway of foreign-born parents (second generation immigrants), in addition to those born abroad. For more information, see Statistics Norway 2003.

- Visa applications have increased. Visas permit visitors to enter Norway for stays of up to 90 days. More than 90 per cent of visa applications were processed by Norwegian foreign service missions in 2003. The missions saw an increase of applications from 68,000 in 2002 to 86,000 in 2003 and approve as many as 90 per cent of cases. Of the 7,000 visa applications processed by UDI in 2003, many were appeals for cases already denied by a Norwegian foreign service mission. Of those, 46 per cent were granted (UDI 2003b).
- Asylum applications have decreased since 2002 while the number of asylum grants has grown and processing times for “manifestly unfounded” cases have decreased. While applications for asylum increased steadily from 1997 through 2002, the trend seems to have reversed itself after that point. While in 2002 about 17,500 people applied for asylum in Norway, only about 8,000 applicants are expected through the end of 2004. Despite the decrease in applications, Norway is granting more persons asylum. In 2003, Norway offered nearly 600 asylum grants, a record. Furthermore, nearly 40 per cent of applications were entered into the “differentiated processing procedure”, introduced in 2001, to decide groundless cases of asylum. Beginning January 1, 2004, a case processing time of 48 hours was introduced for groundless cases (UDI 2003a).
- Norway is one of the top five refugee resettlement countries in the world. In 2003, Norway resettled 1,630 refugees that had been accepted through a resettlement agreement with UNHCR. Among the 16 countries worldwide that have had such agreements with UNHCR, Norway received the fourth greatest number of refugees in 2002. Because so many asylum seekers had been arriving in Norway, the government reduced its resettlement slots to 750 (including 50 alternative slots) in 2004 (UNHCR 2003). However, that quota is set to rise in 2005.
- Clandestine migration to Norway may be growing. While the number of asylum seekers has slowed since 2002, the number of apprehensions of unauthorized immigrants has risen. In January and February of 2004, 233 unauthorized immigrants were stopped in Norway, as opposed to 109 interventions in the same period of 2003 (Solholm 2004). The head of the alien’s police section has stated that he believes that the increase indicates that there are more unauthorized immigrants in Norway. Smugglers or criminal networks may be involved in the transfer of as many as 80 per cent of asylum seekers (OECD 2003) while Norway has also become a transit country for migrants aiming to reach the United Kingdom or the United States.
- Immigrants have different demographic and social characteristics than the broader Norwegian population. Immigrants in Norway tend to be younger than the native-born and are more likely to reside in urban

areas. Though an increasing number of immigrants are taking part in higher education and many non-western immigrants are more educated than their non-immigrant counterparts, participation in higher education among first-generation immigrants still lags 11.4 percentage points behind that of the general population. Immigrant unemployment remains greater than the population at large and non-western immigrants have lower incomes than native-born residents.

These and similar observations suggest that despite efforts by the Norwegian government to maintain low immigration levels and protect equal opportunity for all residents, relatively large numbers of immigrants are arriving in Norway, and most lag behind natives in educational, employment, and wage levels.

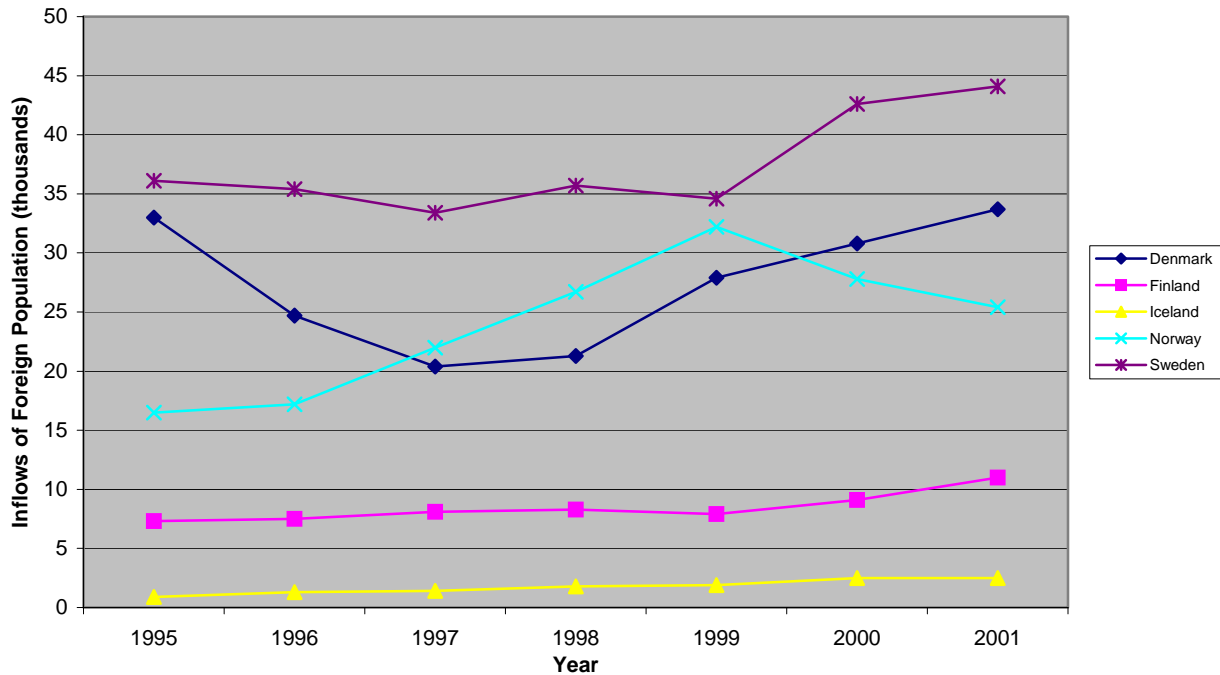
### Migration in the Nordic Neighborhood

Because Nordic countries have a rich history of intra-regional migration, Norwegian and greater Nordic migration interests are tightly linked. The 1954 Nordic Passport Union and Common Nordic Labor Market freed the movement of people and goods among Sweden, Denmark, Finland, and Norway, to be joined later by Iceland (Brochman 2002). In 2001, 6,800 individuals or 20 percent of all immigrants entering Norway were from other Nordic countries (OECD 2003). This figure highlights the fact that economic and other conditions within the Nordic region are directly relevant to Norwegian migration.

Unsurprisingly, national-level migration policy changes within the Nordic region have led to tensions among the Nordic countries. For instance, when Denmark took measures intended to deter asylum seekers in 2003, both Sweden and Norway saw apparent increases in the number of asylum seekers arriving at their borders—and criticized Danish policies as a result (Al Jazeera 2004; ECRE 2004).

From 1995 to 2001, migration flows to Norway stood at about the average for Nordic countries. Sweden has consistently had the highest migration totals, always in excess of 30,000 a year and approaching 45,000 by 2001. Denmark and Norway had comparable totals starting in 1997. However, by 2001 Norway was again ranked behind Denmark with approximately 25,000 migrants annually; Denmark approached 35,000 in that year. Finland remained the least-“popular” migration country of the Nordic countries examined here, breaking the 10,000-migrant per year mark only in 2001 (Salt 2002).

**Figure 1.** Inflows of Foreign Population to Nordic Countries, 1995-2001



Source: Salt (2002).

Clearly, Norway's location within the Nordic region has a number of other migration-related implications. For instance, substantial increases in the migration flow to a Nordic country, especially those resulting from economic improvements or policy liberalizations, can have "second order" migration effects on Norway.

Consider the following scenarios. Other things being equal, if the number of migrants moving to Nordic countries shows little fluctuation, migration flows to Norway are likely to be affected in significant ways primarily only when another Nordic country becomes substantially less or more desirable to migrants. In another scenario, this time with large increases of migrants to the region and one of the other Nordic countries choosing to curtail entries substantially, Norway may experience a "spill-over" migration effect almost regardless of unilateral policy changes it might institute to protect itself. Norway may in fact also experience some hybrid of those scenarios with the movement of persons from the new EU Member States. While it has instituted initial two-year transitional restrictions for nationals of those states, Sweden has imposed neither welfare nor employment restrictions on them.<sup>6</sup> As a result, the movement of these Eastern and Central

<sup>6</sup>The eight member-states subject to these restrictions are Estonia, The Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovenia, and the Slovak Republic. The nationals of the remaining two new member states, Cyprus and Malta, face no such restrictions.

Europeans to the Nordic neighborhood is likely to prove an interesting test case for Norwegian/Swedish cross-border migration.

### Future Trends in Migration and their Effect on Norway

Another set of factors is also likely to influence the migration picture for Norway. More precisely, two factors are likely to have the most influence. The first one focuses on the supply of immigrants and concerns situations that produce mass migrations, especially in regions from which significant numbers of immigrants to Norway have come. The second targets the demand for immigrants and focuses on the disjuncture between domestic migration policies and migration demand factors.

In terms of mass migration pressures, the total population of concern to UNHCR fell from 20.8 million to 17.1 million in 2003, a substantial reduction (UNHCR 2004). Yet, three types of situations are expected to continue to produce increasing numbers of migrants, and thus deserve ongoing attention by the international community and, by extension, by humanitarian societies such as Norway:

- Ethno-racial or religious conflict that reaches the point of "cleansing".
- The accelerating deterioration of ecosystems to the point that life becomes unsustainable.
- Flight from various natural and man-made disasters (Papademetriou 2004).

Those fleeing their home country for reasons relating to these conditions are likely to grow in numbers. It should be noted that only the first set of conditions qualifies one for refugee status under the Geneva Convention. While the overwhelming majority of them will stay near their places of origin, increasing numbers will try to find ways to the advanced world. Some will seek to move to Norway, particularly those whose ethnic or national group has already established a foothold there. Today's asylum and immigration systems are already inadequate to address this pressure and, as the pressure builds, they will prove even more unequal to the task.

These sort of situations, however, are not the sum total of the increasing disconnect between admission policies and external, but especially internal, demands for more migration. Three observations about the latter (internal) demand might be relevant here:

- National immigration policies and market forces will find themselves increasingly at odds with each other. The virtual closing of legal migration routes nearly thirty years ago led to increases in family reunification, many more asylum petitions, and greater illegal immigration pressures. Similarly, continuing and possibly increasing restrictions on immigration will force would-be immigrants to seek entry

through other means and particularly through an expanded reliance on human traffickers. Hence, the failure to recognize these forces clearly and channel them (rather than denying them) by coming to terms with another increasingly important force, the increasing economic interest in selected immigration, creates a dangerous situation. The danger is dual in nature: for the national government which loses control over its immigration policy, and for the immigrants, many of whom will be forced into inhumane situations.

- There will be competition for both highly skilled immigrants and those who are willing to perform seasonal and otherwise undesirable work. The interest among developed countries in skilled immigrants, from students to persons with advanced degrees in the sciences, is now widely recognized. Less well-appreciated is interest in the temporary (but also permanent) entry of immigrants who work in what the Japanese call "3-D" jobs: dirty, dangerous, and dead-end. Of these two dimensions of the work foreigners often perform, the latter is especially likely to grow as well as to be more controversial in national politics. Norway is already a player in this game, both through its specialist and seasonal work permits, and will do well to be mindful of the likely bumps in the road ahead.
- Illegal immigration and trafficking will grow in inverse proportions to the willingness of destination countries to adjust their immigration policies to better meet both external and internal demands by and for immigrants. Norway is now apparently already a destination for a small but growing number of women trafficked for the purposes of sexual exploitation, and also serves as a transit space for illegal migrants across borders (U.S. Department of State 2004). As opportunities for migration to Europe through legal mechanisms become scarcer, trafficking and illegal immigration are likely to increase over the next years.

These basic trends imply the need for policy and administrative adjustments on Norway's part if it is to face head on the changing migration, demographic, and labor market circumstances of the next two decades.



### III. Migration and the Emerging Challenge of Demographic Change

Migration policy and demographics are deeply intertwined for a simple reason: migration policies are one of the tools available to policy makers to address changes in the reproductive and labor market behavior of national populations, as well as increased longevity. Relative to other social and economic variables, demography has enormous inertia. Thus, it is possible to project the future age, sex, and size of a population—at least for a generation—with substantial accuracy. Such projections use three main factors: fertility, mortality, and migration (Lutz, forthcoming). Because migration is the factor most malleable to policy intervention, one can design migration policies that respond to the strengths and weaknesses of national demographic trends. This section will discuss current population and labor force trends in Norway and its fellow Nordics and certain other states and will examine how migration policy might affect them.

#### Norwegian Demographics

Migration will play an increasingly critical role in the growth of Norway's population and workforce in the next fifty years. Indeed, projections show that if current trends in birth and death rates continue, and there is no international migration, Norway's population will begin to decline in 2034 and shrink to 4.6 million people by 2050, barely above its 2002 size of 4.5 million. Factoring in continued migration at levels observed in recent years, would lead to a population of about 5.6 million people in 2050 (Statistics Norway 2004).

However, total population is not an important determinant of economic vitality and competitiveness in an era of practically unrestricted international commerce. Far more relevant is the ratio of people who are working to those who are not. Norway, like all other European countries, faces a steep increase in the number of people who are of retirement age—an old-age “bulge”—at the same time that the population of young people is decreasing. As a result, the “potential support ratio” of working-age people to non-working age people will decrease dramatically.

#### *A growing retired and elderly population*

A look at the details of Norway's demographic situation gives an idea of the extent of this demographic change and what drives it. The population of those over 67 years of age is projected to double between 2002 and 2050 from 13.5 percent to between 21.2 and 26.9 percent.<sup>7</sup> Breaking down these projections yields insights that are both reassuring and disturbing. Most of the increase in the retirement age population will occur in the latter half of the period 2002-2050, meaning that Norway will have time to prepare. However,

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<sup>7</sup> Norwegians qualify for pensions at age 67, but they can defer their pension-earning retirement until age 70.

at the same time that the population of retirement age people is increasing most rapidly, the population of extremely elderly people is also projected to be increasing rapidly. In 2050, Norway's largest population "bulge" ever will be just approaching retirement age, while the number of people in their eighties and beyond will be surging.<sup>8</sup>

### *Slow labor force growth*

Until recently, Norway had continually growing cohorts of young people entering the work force. This is no longer true—fewer and fewer children have been born each year in Norway for some time. As a result, although the Norwegian labor force has grown steadily since 1982, reaching 2.3 million people in 2002, this growth is slowing. Within the next three decades, the number of people exiting the labor market due to retirement is likely to become larger than the number of new entrants.

However, age structure is not the only determinant of the number of workers. Labor force participation and employment rates are also important. Norway's overall labor force participation rate increased from 70 percent in 1972 to 82 percent in 2002, in large part as a result of the entry of more women into the workforce. Unemployment rates during the same period ranged between 2.0 and 6.1 percent (OECD 2003).

Furthermore, as Norwegians age, the participation rates of the older cohorts will be important if labor force participation rates are to remain robust. Yet, employment rates for older men and women have decreased substantially since 1972. For instance, the number of men aged 60-64 years who are in the labor force dropped nearly 20 percentage points between 1972 and 2002, while men aged 65-69 are employed at total rates of 24 percent—a decrease of nearly 50 percentage points from 1972. Women aged 65-69 are employed at rates of less than 20 percent—a decline of 10 percentage points from thirty years before.

### *Fewer workers, more retirees*

Although many people of "working age" do not work, and many people of "retirement age" do work, Norway's age profile does give an indication as to how many people are likely to be working in the future. The Norwegian total potential support ratio, defined as the number of people of employment age (15-64) per person not of employment age (0-14 and 65+) currently stands at 1.85. Although these numbers must be discounted for the imperfect match of the data, this means that almost two working Norwegians in effect "support" (primarily through their tax contributions) one Norwegian who is not in the labor force. This total support ratio is projected to decrease to 1.42 by 2050, a decline of 23%. Furthermore, the old age support ratio for Norway, defined as

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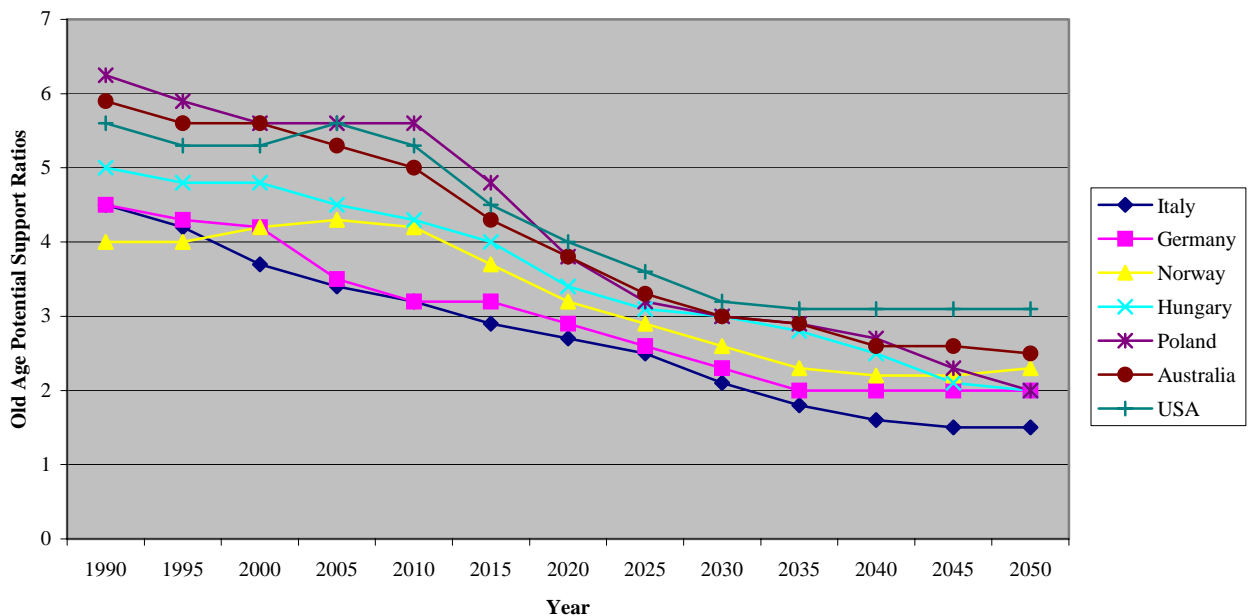
<sup>8</sup> For a graphic demonstration of these projections from Statistics Norway, see the web site: [http://www.ssb.no/english/subjects/02/03/folkfram\\_en/pyramid/](http://www.ssb.no/english/subjects/02/03/folkfram_en/pyramid/)

the number of persons of employment age per person of retirement age (65+)—a ratio that has been at a robust four to one throughout the 1990s—is projected to decrease substantially to just above two to one through 2050. Hence, barring radical changes both in the average retirement age and employment rates, Norway will have a quickly growing ratio of retirees to workers in the coming decades—not unlike most of the advanced industrial world.

Placing Norway's Demographic Challenge in Context

Compared to most other European and OECD countries, Norway's demographic transition into an "older" country is projected to be moderate. Many OECD countries (largely those in central, southern and eastern Europe) are facing much more drastic population aging processes while others (primarily the Anglophone "traditional countries of immigration") will continue to be relatively youthful.

**Figure 2.** Old Age Potential Support Ratios: Selected OECD Countries



Old Age Potential Support Ratio=Population aged 15-64/Population aged 65+. Source: United Nations. 2002. World Populations Prospects.

Of special interest to Norway, however, are its close neighbors in the other Nordic countries. Given the aging of the Norwegian population and that fact's implications for the country's labor market, it is likely that Norway would first turn to intra-Nordic migration in order to help correct its growing dependency ratio. However, the other Nordic countries are facing similar aging and sectoral employment trends. Hence, it is unlikely that these countries will be able to supply the necessary workers.

### *Aging populations and support ratios in Nordic countries*

According to projections from the UN World Population Prospects, all Nordic countries will experience a substantial decrease in potential support ratios through 2050. Sweden and Finland are projected to have an even greater support ratio burden than Norway, while Denmark and Norway will have convergent experiences beginning in 2035. Sweden's total fertility rate (1.57) is well below the level necessary for the replacement of generations (a little under 2.1) and also below the total fertility rate in Norway (1.85) (ILO, 2002). In contrast to Norway, then, Sweden is expected to experience substantially less labor force growth from natives through 2050.

Finland is in even more dire straits. Even under high fertility scenarios, the percentage of persons over 65 is projected to increase from 15.6 percent in 2003 to 26 percent in 2030. While the Finnish old-age support ratio is currently better than Norway's, it declined from 5.0 to only 4.5 working persons per retiree in the decade from 1990 to 2000 and is predicted to become more serious than Norway by 2010 (UN, 2002). The Finnish predicament is aggravated by declining labor force participation rates. Specifically, the Finnish worker to retiree ratio, which was substantially higher than Norway's in 1990 at 3.2 workers per retiree is likely to halve to 1.8 workers per retiree by 2020 (ILO, 2002).

Denmark is in much the same situation as Norway. According to population projections made by the Danish government, the country's rate of population growth is likely to slow, producing negative population growth as early as 2030. The average age of the Danish population is also likely to increase, led by sharp increases in persons over 70 years of age. Denmark's old age dependency ratio is converging with that of Norway, and is expected to increase more sharply after 2040. Norway's neighbors are thus very much accompanying it in this demographic transition, meaning that all Nordic States will be struggling to make the same policy adjustments. It also means that Norway's neighbors are not likely to be a source of labor and may even compete with it for young workers.

### *Employment structure*

Understanding the effects of aging and the potential role of immigration in Norway's future requires a look at the evolving employment structure. The majority of Norwegians are employed in the private and government enterprise sector, although substantial proportions of the population are employed directly in public sector jobs. The top three employment sectors are as follows: 1) domestic trade and a wide array of private and business services; 2) industrial activities; and 3) health and social services (Statistics Norway, 2002). Since 1980, the number of persons employed in the service sector has nearly doubled, while there has been little to no growth in the agriculture and transportation sectors (OECD 2004).

Because the population of Norway is projected to age substantially, disaggregating labor force participation rates by sectors of employment is very important to the understanding of the Norwegian economy. Older workers are over-represented in “agriculture, hunting, and fishing” and “public administration, education, health and social work.” Employment in the first sector has been in apparently permanent decline, and if it is to maintain its position in the economy, the agricultural sector may require the labor of immigrants.

Immigrants to Norway tend to be employed in sectors where older Norwegians are under-represented. Norwegians over 50 years of age are currently under-represented in several key occupations, including “wholesale and retail” and “real estate” services. Non-western immigrants to Norway are over-represented in low-skilled service occupations (26.4 percent of the non-western immigrant population, as compared to 6.7 percent of the total population)—such as hotels, restaurants, and industrial cleaning (Statistics Norway 2003). Because service sector employment is increasing in Norway, these types of jobs are expected to continue to expand.

### Consequences and Policy Options for an Aging Population

Modern industrial and post-industrial societies are structured around an ever-growing population. As a result, they need to devise policies to deal with the new demographic realities explained in this report. Norway is no exception. For example, its pension system, even after reform, has a pay-as-you-go structure that will become increasingly less sustainable. Aging has additional consequences: fewer workers combined with more elderly people (who tend to consume many more public services) will have consequences for public budgets, especially when it comes to health care. Older people also tend to demand more domestic needs such as home care, nursing, or food preparation, which will increase demand for employment in such sectors at the expense of tradable goods and services. Finally, a shift from a society that is saving to one that is spending in retirement will also have macroeconomic consequences.

There are a number of responses to these demographic changes. All will be used by the market and government, but none offers a complete solution and all are politically difficult, even potentially explosive. Briefly, they are as follows:

- Extend working lives. As pensions are reduced, expected lifespans continue to rise, and services grow more expensive, more people may (have to) continue to work in some capacity past the statutory retirement age. However, there are limits to the age to which people will be willing or are physically able to work and a combination of political and practical factors are likely to keep the government from forcing this issue to any great extent.

- Encourage higher labor force participation rates. Norway already has one of the highest workforce participation rates in the OECD, giving it little room to improve. Furthermore, a higher participation rate by women might be possible only at the cost of lower birthrates (aggravating the demographic crisis) or through the availability of more, cheaper, childcare.
- Increase fertility. More children, born now and in the coming years, would alleviate Norway's mid-century demographic crunch as they entered the workforce in their mid-twenties. However, given the momentum of long-standing social trends and the fact that policy has encouraged (and probably will continue to encourage) women to participate in the work force, fertility rates are unlikely to respond easily or appreciably to government intervention.
- Labor productivity growth. Improvements in labor productivity spurred by technological change and other factors are important to economic growth with or without demographic change. However, the types of improvements that are reasonable to expect given historical experience are not likely to be sufficient to compensate for the changes caused by aging and investment in labor-saving capital and technology involves costs of its own.
- Changes in public finance. European countries are beginning to respond to the unsustainability of their pension and health care systems by making them more actuarially fair. However, reducing benefits is politically and socially difficult, and shifting burdens onto young people has its own severe political costs.
- Labor immigration. By bringing in younger and well-prepared workers, immigration expands the labor force, improving the worker-to-retiree ratio. However, immigration is also socially and politically difficult to manage, and immigrants, provided they stay in Norway, age as well.

Not any single one of these changes can relieve the pressures of the demographic changes—and all are politically difficult. However, a well-designed and administered labor immigration program can make the necessity for reforms in other areas less severe and can make these reforms easier to swallow. The example of the immigration of domestic service providers (nannies, home nurses, etc.) demonstrates this larger point most vividly: Access to foreign nannies would make it easier for Norwegian women to both have children and stay in the workforce, while the admission of home health care providers can allow the elderly to make their pensions stretch further and lower costs to public nursing resources.

If, however, Norway is to make immigration part of its arsenal for dealing with an aging population, it must create a policy framework that allows

it to exploit the full potential of migration and properly manages the risks and problems that it can create.

#### IV. Fundamental Concepts for Managed Migration

Migration is all-too-frequently organized in piecemeal fashion, developed as a short-term reaction to the political environment and to the immediate economic and labor force needs of the country affected. “Managed migration” represents the opposite of traditional migration policy, largely because it replaces reaction with vision. It incorporates proactive foresightedness to address the difficult tradeoffs and distributional effects of migration, while remaining flexible to the dynamic socioeconomic forces and unintended consequences that migration policies often produce.

Managed migration is neither a policy prescription *per se* nor a checklist to accomplish; put differently, there is no “magic formula” that accomplishes successful migration management. Rather, managed migration encompasses a set of principles that, when applied to the context of the country concerned, can guide the development of a systemic and viable policy mechanism to address migration.

A successful approach to managing migration—and not just its illegal variant—better has five interdependent parts that must be pursued in concert if the managed migration objective is to have a chance to succeed. These parts are as follows:

- The gradual deepening and widening of both temporary and permanent legal immigration channels for families, workers, and persons of humanitarian concern, as well as the thoughtful provision of social services to these persons.<sup>9</sup>
- A robust system of interventions, capable of assuring the protection of both the native labor force from adverse impacts and the immigrant population from racism, xenophobia, and the suppression of their rights. Such interventions, if they are to be successful, must engage civil society and key stakeholders as full partners in them.
- A coherent system of intelligence-gathering and border and interior controls focused on the prevention of terrorism, human smuggling and organized crime. The concept of “controls” must be pushed always further and further away from physical borders and must emphasize regional cooperation. Conversely, internal security concerns must move beyond “law-and-order” paradigms to incorporate an aggressive policy stance that emphasizes the full social and economic incorporation of immigrants.

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<sup>9</sup> This last point is intended to suggest a re-examination of the “one-size-fits-all” tendencies of such programs in many countries.



- A persistent focus on the immigration/integration nexus, heeding both the needs of the host society and those of the immigrants, while protecting against immigrant marginalization and radicalization. Good integration policy and good immigration policy should be thought of as part of a single policy continuum and as mutually reinforcing.
- The government must exhibit imagination and move beyond the conventional with unusual vigor if it is to achieve the four points above. Among the tools the government must make part of its arsenal in this regard is the establishment of a strong administrative system, policy coherence<sup>10</sup> and transparency, a commitment to public education, and an openness to look always for solutions wherever they may be found—at the local, national, regional and international levels. Ideally, managed migration should be a broad, coalition-based “national project” that reaches far beyond the halls of government.

Norway is well on the way to meeting most of these objectives. It must be mindful of the fact, however, that the balance between these elements, and the form they will take, will be ultimately determined by the evolving context in which they operate.

#### Additional Elements of a Policy of Managed Migration

The five points above constitute the general requirements of a system of “managed migration”. Yet, such a vision requires a host of policy pieces and can only be accomplished gradually. Looking more specifically at changes that might bring about better managed migration, a set of more specific policy initiatives can be identified. At the outset, however, it must be noted that each of these strategies operates at two levels: a practical one and a political one.

#### *Investment and accountability in administration and adjudication*

Efficient administration—requiring both resources and accountability in meeting targets—makes migration a more predictable and satisfactory process for all concerned. For immigrants, it makes the rules, and the benefits of playing by the rules, clearer. For employers and businesses, it makes migration a more productive option, allowing them to demonstrate more clearly economic benefits. Timely and fair adjudications of asylum claims reduce the period of uncertainty refugees face, speed them into employment and integration, and make the removal of those denied asylum more possible, politically and practically. In both security aspects and the more-neglected issue of processing immigration applications, adequate resources are necessary, but not sufficient. Implementation methodologies and strategies must be reviewed regularly and adjusted frequently—so that they are always

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<sup>10</sup> Policy coherence requires that, at a minimum, immigration and collateral policies support, rather than running counter to, each other.

aligned with policy objectives—and the delivery of the function must be always evaluated

### *Mainstreaming migration considerations*

Better cooperation both within the government and within the society at large is necessary to manage migration better. Managing migration well requires substantial amounts of policy coordination. Yet, government competencies are usually organized along single issues. For immigration's benefits and consequences to be managed well and to optimum advantage, decisions about it must be "mainstreamed," that is, they must be considered jointly with and implemented across several government branches and agencies. Mainstreaming is also important for immigrant integration, where generalized social and economic policies are as important as those specifically addressing immigrants.

### *Working with the market and civil society*

The government must recognize that it might not be the only, or ultimately even the most powerful, actor in immigration and integration. This implies better cooperation with the two most important forces driving migration dynamics: the market and organized civil society. Ideally, both those who best represent market forces—employers—and civil society can be brought together to give immigration policies the support base that they require.

### *Better public education and transparency*

Clarity about the goals of immigration policy and transparency about its rules are important, but so is educating the public about it and about the larger social and economic context in which it takes place. Better public knowledge is important to combat the misperception that immigration is largely illegal or simply "imposed" on the host society by external forces beyond its control—or that asylum systems are "out of control." Transparency and public education also rob political demagogues of the opportunity to use the fear of immigration as an electoral strategy and prepare the government for difficult national debates on subjects related to immigration. Two areas shout the loudest for far greater transparency and political introspection, as well as for more thoughtful discussion: (a) exploring further the reasons for the increasing demand for the work that immigrants do in industrial countries, at all skill levels and across all economic sectors; and (b) the relationship between migration and social democracy/the welfare state.

A sustained public education effort is essential to making real progress toward recapturing the initiative on migration. Specifically, governments will likely find their public education task both easier and more palatable if they move gradually but firmly away from the rhetoric of just keeping immigrants out—and toward a stance that points to the benefits of pursuing immigration

policies that address key policy issues directly. Governments should follow the rule of thumb whose wisdom is demonstrated best in the Canadian government model. In Canada, government officials at all levels “speak” with Canadians regularly about immigration policies and thus manage to avoid cyclic changes of public opinion. If a political leadership is not willing to articulate clearly why the country is in the immigration “business” in the first place, it should not be in it.

### *Making immigrant integration an ongoing priority*

Integration is, in reality and in the public mind, a prerequisite to successful immigration policy. Collaborative integration efforts that engage the government, the private sector, and civil society can leverage scarce resources and set the stage for turning immigrants into and recognizing them as long-term assets and contributors to the economy and the community, as well as future constituents. Ultimately, integration efforts succeed best when they reconcile the immigrants’ needs and interests with those of the broader community in a dynamic process that weaves a new social fabric. Marginalization and stigmatization of immigrants and their ethno-cultural communities, on the other hand, whether willful, inadvertent, or simply due to inattentiveness, will likely prove to be the source of hard-to-repair damage to long term social cohesion and will fuel various forms of anomie. Simultaneously, however, policy must recognize that immigrant integration is a two-way process. As relationships between host societies and immigrants evolve, an emphasis on mutuality, on creating common space, and on developing an inclusive community identity can help a society move forward on what is objectively a very difficult issue.

### *Realism about the demand for immigration*

Judiciously expanding avenues for legal migration is important for a number of reasons. First, the various “streams” of immigration contribute to each other’s stability. Well-managed labor immigration can demonstrate concrete benefits from immigration and shift the popular perception of immigrants toward that of contributors to society. Family reunification immigration plays an important role in the social stability of immigrant families and communities and facilitates integration. Humanitarian migration meets important social objectives while bringing additional political interest groups into the support structure for immigration.

In more pragmatic terms, the fact is that in the absence of realistic opportunities for legal migration, immigrants and those with an interest in their presence—employers, friends and family, civil society organizations, even the government itself—will find illegal or quasi-legal ways for them to enter and stay. This is most obvious in the role that unauthorized immigrants play in the labor markets of the advanced industrial world. This role will grow, as demographic change creates more demand for immigrant work.

However, expanded legal immigration should not be expected to simply substitute for unauthorized migration—particularly if legal immigrants are recruited to fill different jobs than unauthorized immigrants perform. What expanded legal migration opportunities do is gather support for enforcing the immigration law and combat human smuggling and illegal employment more effectively by giving employers a chance to find the workers they need and allowing existing residents to bring friends and family legally. Legal migration can also be used to build political support for more strenuous enforcement of immigration and other laws that relate to it.

Realism, here, means looking carefully at labor demand and the immigrants admitted in all streams of migration, and ensuring that they align as closely as possible. In doing so, however, the government should not overestimate its ability to make such judgments accurately, particularly where specific skill sets are concerned. A joint public/private sector advisory body is likely to be much better at it. It also means planning for the unavoidable: considering what to do, for example, in the case of the “temporary” labor immigrant who finds a “permanent” job, has children born in the country, and has made significant strides in integration.

#### *A comprehensive strategy for illegal immigration management*

Illegal immigration and the smuggling of or trafficking in humans are huge problems in their own right and corrosive to any immigration regime. As such, managing illegal immigration and its effects must be a priority of the first order. However, strategies that use exclusively law-enforcement and control measures—and particularly if the focus primarily at the border—have been shown time-and-again to be ineffective. Border controls must thus be backed up with more intelligent and rigorous internal enforcement of immigration law and labor standards, a systematic assault on informal employment, and a realistic approach to admitting immigrants. To be complete, such a strategy must also have a plan to deal with the unauthorized resident population.

A comprehensive strategy must also include cooperation with countries of origin and transit, a concept that has been growing in popularity in European circles. However, to be successful, such measures will need to be based on mutual benefit and a true spirit of collaboration, rather than one-sided concessions or coercion.

#### *Experimentation and evaluation*

For complex and constantly evolving regulatory systems, such as migration, setting realistic goals is essential. Immigration policies should proceed from the premise that uncertainty and imperfection will be a way of life in managing the process and that policies must be fundamentally compatible with a people’s sense of themselves and with a country’s social, economic, labor market, and demographic realities. Consequently, countries

(or regional state groupings) should invest in some modest experiments in smart regulation—a learning-by-doing approach—that are continuously evaluated. These experiments might test a variety of market-based responses and introduce truly innovative ideas. By thus systematically setting up and assessing the performance of new policies, testing the durability of new regulatory frameworks, and laying out menus of policy alternatives, initiatives on migration management stand a decent chance of bearing the desired policy fruit.

## V. Ideas for Managing Migration Better in Norway

The preceding chapter laid out a set of strategies and some of the necessary first steps for improving migration management in advanced industrial countries in general. Norway, of course, faces a special set of opportunities and challenges. It finds itself considering immigration policy from a position of strength relative to many comparable countries. Norway has an administrative structure (UDI) that has set for itself concrete goals on processing times, backlog reduction, and other service objectives, and then made measurable and at times remarkable progress toward meeting these objectives. Its immigration system is broader than that of many of its European neighbors, with a well-established refugee resettlement program. The government has exhibited a strong commitment to and has in place a thorough strategy for promoting immigrant integration, and there are rudimentary procedures for admitting economic immigrants. Norway, finally, reaps the management benefits of cooperation on migration with the European Union through Schengen, although, unfortunately, it has limited ability to influence EU policy development on the issue.

Acknowledging the relatively healthy—which is not to say optimal—state of migration policy in Norway offers the opportunity for problems to be identified and strategic priorities to be considered with deliberation. It also gives the government some room for experimentation and flexibility. However, the short-term challenges must not be underestimated: arguably, the most pressing migration problem that Norway faces may be the apparent growth of unauthorized migration. This problem is as yet very small, but will impede progress in all other areas if it is allowed to grow.

### Theme #1: Expand Norway's Ability to Attract and Use Economic Immigrants Effectively

As noted, migration is one tool among many to address the aging of the Norwegian society, as well as the significant mismatch in skills among persons approaching retirement age and their young native counterparts. Given the facts that efforts to attract skilled immigrants are now rather common and that labor immigration continues to be unpopular in many countries in the region, Norway will need to be both open and careful in how it admits people. Ideas for better admission practices include the following.

#### *Offer stability and transparency to attract economic immigrants*

Norway's limited history of immigration, along with its climate and language, means that it might be not a first locational choice for highly skilled immigrants. This does not mean, however, that it cannot be more competitive in attracting such sought-after workers. Transparent, understandable, and quick immigration procedures are one key aspect of attracting such immigrants. Australia, New Zealand and the United Kingdom, for example, make it clear up front exactly what their criteria are for admitting one as an

economic immigrant under their “points systems,” and even offer on-line self-assessment tools so that immigrants may judge their prospects before beginning an application. Secure legal rights and the ability to settle permanently are another important aspect—particularly since any immigrant will have to make the investment of learning Norwegian (although the state and employers can help with this). Efforts to build connections between potential immigrants and employers can also help. The database of job opportunities and job applicants that Australia maintains is one example, but building formal and informal relationships between employers in Norway and universities and training centers in other countries is another potential recruitment tool. Ensuring that qualifications earned outside of Norway are properly recognized by certifying agencies can also go a long way toward making Norway a more attractive destination for skilled immigrants.

However, not all skilled immigrants will want to stay. Norway will be competing for immigrants with other countries such as the United States and Australia that exact relatively low taxes and social contributions from their workers. Because temporary immigrants do not expect to reap the social benefits of these contributions, such costs make Norway as less attractive destination. Thus, discounting social contributions or allowing part or all of them to be invested in a personal account that would be returned to the immigrant upon return to their home countries could make Norway more competitive in attracting these immigrants.

*Further explore the use of “transition visas”*

Norway can become more creative about how it selects and admits economic immigrants. A number of different approaches to immigrant selection could serve Norway well (Papademetriou and O’Neil, 2004), but the use of “transition visas” may be a particularly promising idea for Norway. A transition visa scheme first admits immigrants on a temporary basis, usually as workers or students, and then allows them to transition to permanent residence. Norway already has similar provisions both in the form of its specialist visas and of the visa that allows an immigrant to enter to look for employment, and then apply for more secure status. Once a transition visa becomes an explicit policy, however, it can be used strategically, by adjusting both the criteria used for admission and for granting permanent residency. For example, Norway might first admit an immigrant on a three-year visa to fill a specific job. After two years, this immigrant could receive permanent residence upon demonstrating that they are still employed, have not used welfare services excessively, are competent in Norwegian, and have basic knowledge of Norwegian government and society.

*Make foreign students a strategic tool of long-term economic competitiveness and an anchor for additional migration*

The education of foreign university students has become an industry of sorts for many developed countries. The United States, which has led the

world in educating foreign students for decades, increasingly faces competition for such students and is now hampered by its own more stringent visa regulations. Educating foreign students can be lucrative in its own right, but also represents a pool of high-quality potential immigrants. Education in a domestic university is one of the best indicators of labor market and integration success in the future. English-language university programs are one of the best ways to attract such students, but if potential students also consider studying in Norway as a prelude to potential immigration, the difficulty of the language becomes a less important factor in attracting immigrants. One way to make study a prelude to settlement is to allow foreign students to work for a time during and after their studies, as Norway already does. This can be enhanced by following a student visa immediately with an opportunity to become a longer-term temporary or permanent immigrant without having to return home. A transparent and orderly pathway to permanent residence, combined with secure legal rights, generous family (re)unification rights, and real integration opportunities, can make Norway competitive in bidding for these students. In this, as in all aspects of immigration, clear and timely procedures and ease of access to information are the best recruitment tools available.

*Consider and manage well “neighborhood effects”*

Norway’s close labor market and other links to and open borders with its immediate neighbors create both opportunities and risks. One opportunity comes in the form of the many immigrants who have succeeded in and adapted to Nordic labor markets and societies—who, in effect, have “apprenticed” there. Such immigrants offer Norway a ready and desirable “labor” pool from which to draw workers. Since not all of Norway’s neighbors have embraced such immigrants, their skills are “up for grabs”: various permutations of the example of immigrants and their partners who live in Sweden but commute to Denmark due to restrictive Danish family reunification provisions demonstrate how closely the countries are tied. Many of these people are skilled and otherwise well-adapted workers. If Norway can present them with an attractive “package”—clear and easy immigration procedures, some integration assistance, and secure legal status, many of them may be tempted to migrate again, to Norway’s benefit.

The other side of neighborhood effects, of course, is that weak or ineffective management practices within the Nordic framework can have adverse consequences on Norway, especially in the form of unauthorized entries and increased asylum claims. This means that coordination with Norway’s immediate neighbors should continue to be a priority. Beyond the immediate region, however, Norway should continue to pay close attention to pending proposals on the EU level to address border control and related issues, as well as any migration-related proposals, and assert its opinion as a key stakeholder. While Norway remains outside the Union, its inclusion in Schengen binds it tightly to the EU, and its participation in the system created by the Dublin Regulation is an indication of the close practical connection in



asylum policy making and thinking between Norway and its EU neighbors. In this regard, Norway could assert its interests in the context of the Nordic Council and should consider lobbying Sweden and Finland systematically to take positions in EU negotiations with which Norway would be comfortable. Norway is already an active participant in EU fora, and should continue to be so as the EU prepares for a common asylum procedure and other policy initiatives.

*Link labor migration to other enforcement, training and social protection measures*

Norwegian employers should consider access to the work of immigrants as a privilege. The government should thus exercise its prerogative to link employer access to immigrants to broader regulatory priorities. This not only means guaranteeing the rights of immigrants to have equal work standards to their native counterparts, but creating the “carrots and sticks” that lead to a well-managed system. For example, companies and sectors that employ large numbers of temporary immigrant workers might be subjected to audits to ensure that labor standards are being complied with and that unauthorized immigrants are not being employed.

As beneficiaries of migration, employers should also be asked to help in improving integration outcomes: this might take form as simply as charging a fee for employers who sponsor immigrants for admission in order to defray some of the costs for (re)training unemployed immigrants or natives. Similarly, employers who sponsor high-skilled immigrants could be engaged as partners in employing and training lesser-skilled immigrants already in Norwegian territory, or to provide integration and language training to the immigrants they employ. As an incentive to participate in such measures, companies with particularly strong records might receive privileged, high-speed processing for immigrants they wish to employ. The government should engage employers and other actors as partners in this process and ensure that where its policies impose a regulatory burden, they also deliver commensurate benefits.

Theme #2: Continue to Strengthen the Integration of Immigrants

When immigrants do not integrate well, particularly in the labor market, the probability of widespread social reaction increases geometrically. In the process, the government loses not only the resources of their work and human capital, but also the ability to set immigration policy strategically, rather than reactively. Keeping in mind that integration is a two-way process in which the broader society must also adapt while offering opportunities for immigrants to learn to adapt, the following ideas for improving immigrant integration in Norway are offered.

*Experiment with aggressive measures to reduce the unemployment rate of today's immigrants*

Employment is critical both to the integration of immigrants and to popular support for immigration. Evidence shows that achieving initial attachment to the labor market at the earliest possible point after entry is one of the most important hurdles that immigrants, particularly those who enter as refugees, face. Measures that allow immigrants to have a first job and acquire basic workplace skills will likely pay for themselves relatively quickly. Politically difficult measures such as wage subsidies might be considered, but the most productive approach may be vigorous public/private partnerships, in which the government supports and shares the risks of efforts by businesses and unions to encourage immigrant employment. For example, one experiment might be to allow employers to pay first-time job holders a less-than-minimum wage or pay lower social contributions for a set period in exchange for employer commitments to training these workers (be they native or immigrant). Combined with language training, this could be a powerful way to reach immigrant populations that are struggling in the labor market. Integration programs themselves must also be made employment-friendly. So-called “dual trajectory” programs that integrate language learning and other aspects of orientation with employment might receive preference over those that offer classroom training in ways that are not conducive to simultaneous work.

*Provide better access to integration assistance for all immigrants*

The success of second-generation immigrants in the Norwegian education system should be a particular policy priority, to avoid allowing immigration to lead to entrenched social inequities. Programs that help young persons become better integrated into the workforce at an early age, thus avoiding many of the obstacles faced by their parents, are particularly promising. For first generation immigrants, it is too early to gauge the effectiveness of the Introduction Act of 2003, but it should be evaluated and applicable lessons incorporated into policy as soon as possible. However, the Act only pertains to refugees between the ages of 18-55, and other groups also deserve attention—although their needs will vary. Immigrants of working age entering through family reunification might be the next group prioritized for integration assistance. Specialized programs for young immigrants could be designed to encourage their early labor force participation. Some of Norway’s Nordic neighbors might be potential sources of additional ideas in this regard.

*Reconsider the way the welfare system addresses immigrants*

Traditionally, Norway and most of its European neighbors have found a myriad of ways to restrict access to their territory, but give those immigrants who are allowed residence more or less full access to generous welfare provisions. It is time to reconsider this tradition of restricted entry and full protection both in the light of demographic and economic change, but also given the gravity of employment problems among some immigrant groups. An agenda for experimentation in this area might set basic minimum social

protection standards, and then structure welfare provisions for new immigrants above this minimum in a way that clearly encourages employment and responsibility. This would be an opportunity to test new and innovative ideas for revamping welfare supports more generally. For example, some immigrants and/or the parties that help them come to Norway (employers or family members) might be required to “buy into” a social protection account prior to the newcomer’s arrival. This account would be drawn on to provide income support and other social provisions for new arrivals during their first year in Norway. The account might also be used more flexibly to finance other social investments by the immigrant, such as specialized education or job training.

This concept could be adapted further to fit various migration admissions structures. For example, immigrants entering as temporary workers might be required to post a bond that would be refunded to them upon their return to their home country. If they transition to permanent settlement, that bond could then be used to defray some of the social costs they might incur during their first years of settlement.

All of these ideas are ones that view the immigrant as an individual or family unit. An alternative way to combat the perception (not inevitably true) that immigrants take disproportionately from the public purse would be to establish a common fund, financed by immigration application fees and the social contributions of economic and other immigrants, that would be used to defray some of the social costs incurred by immigrants in their initial years of settlement.

#### *Modernize citizenship and naturalization policy*

Citizenship and naturalization policy has an important symbolic role in setting the attitudes the general society holds toward immigrants and immigrants have toward their new society. It is also important in preventing the build-up of a permanent population that has less-than-full status—and stake—in Norwegian society. Norway should consider changing its citizenship policy to grant citizenship to children born in Norway if the parent(s) hold long-term permanent residence. Naturalization could be further strengthened and be turned into something immigrants aspire to and into a process that inspires confidence among both immigrants and native Norwegians that new citizens have indeed become full members of the Norwegian society. This would involve changes to the naturalization process and criteria and might also benefit from a concerted effort to celebrate the process and the public values it expresses.

#### Theme #3: Maintain “balanced streams” for other forms of migration

Though economic migration is a priority for current Norwegian policy-making, the other streams of migration, documented and undocumented alike, must also remain firmly in view. This is a matter of international and national

legal obligation, but also of stability: the reunification of families is critical to the social success of all immigrants and humanitarian migration is important not only because of Norway's international obligations, but also for support of national immigration policies from civil society. Norway already has a robust family reunification program, and maintains its commitment to refugee resettlement, but should also take into account new and changing migration streams that require immediate attention as well. Ideas to better handle the issue of balance in migration streams follow below.

*Increase the numbers of Convention refugees resettled to Norway and make more effective use of the resettlement program*

Popular appreciation of refugee suffering contributes to the generally positive reception of resettled refugees when compared to asylum seekers. This is in part because the resettled refugee has status on arrival and can embark on integration programs immediately. It is also in part a matter of perception: resettlement programs impart to the host population an image of regulation and "control" in admitting refugees and being prepared for their arrival.

Norway's appreciation of this is perhaps shown by the decision to increase the resettlement quota for 2005 towards its 2003 level, and this upward trend should continue. Given the increasing interest in resettlement in Western Europe, Norway is well placed to play a leading role in making not only its own, but also the global refugee resettlement system more effective, better managed, and of sufficient scope to meet contemporary needs, including growing burdens on UNHCR. Significant new funding and staff secondments to UNHCR or alternative methods of referral are potential ways to lead in this regard.

Norway should also examine whether its resettlement program is being used effectively as a tool for public outreach and education about refugees and other immigrants, particularly at the local level. This is important because a positive image of any one group of immigrants can have an effect on other groups. Appropriate publicity of the program; well-crafted media exposes of the situations from which refugees are being resettled; and "buddy" programs to link resettled refugees with Norwegian families are all activities which could strengthen positive attitudes towards refugee admissions. The same outreach methods could also be used for successful asylum seekers.

*Prepare better for persons deserving humanitarian or temporary protection*

Norway already has a robust system for protection and residence on humanitarian grounds. However, the country should prepare for the potential influx of persons from unsustainable environmental systems and man-made disasters. These flight motives are quite distinct from the persecution and other humanitarian causes for displacement of persons in need of refugee protection in the traditional sense. Norway has pioneered deeper

understandings of human security and the wide range of vulnerabilities faced by individuals. The existing protection regime should be adhered to for those persons fleeing persecution and conflict. However, a distinct additional mechanism might be useful for offering legal protection to persons whose displacement (temporary or longer-term) is provoked by environmental and other non-political disasters. Such a differentiated processing procedure should be capable of recognizing and accommodating the needs of persons who require protection from situations other than those of the 1951 Convention. If Norway chooses to accept such persons for resettlement, they should be given the same advantages as resettled refugees, including the right to be integrated directly into a municipality without a stay in a reception centre.

#### Theme #4: Position UDI to lead Norway in thinking about immigration.

None of the above ideas can be achieved without a systemically strengthened Norwegian Directorate of Immigration. Norway has made great strides in the past two years through major restructuring of management systems and the creation of the Department of Strategy and Coordination. Now, UDI has the opportunity to help raise the level of dialogue about immigration in Norway. Below are some of the ways in which this could be accomplished.

##### *Continue to give UDI a broad research and evaluation role*

This idea seeks to address three of the elements of better migration management observed above: mainstreaming, experimentation, and evaluation. In few governments is there an effective institutional learning process about immigration and the role it plays in society. UDI can accomplish this by not only assessing its own work but also by providing research, new ideas, and evaluation of every aspect of immigration policy—even those that do not fall completely within UDI's policy portfolio. This requires not only an increase in resources, but also effective institutional links within the Ministry of Local Government and Labour, with other Ministries, and with outside researchers and observers. Such an effort might also include investments in a role of informing Parliament and local governments and in shaping public opinion.

##### *Capitalize on management success to gain the trust and support of politicians and the public*

UDI has acquitted its administrative responsibilities well in recent years. UDI and the Ministry of Local Government and Labor should make the case jointly that this success has strengthened the asylum determination system, has improved the services rendered to immigrants and employers and has contributed to more orderly migration flows. The goal of such an education effort should be to gain both popular support and the trust of politicians, thus creating the space for far-sighted solutions and experimentation in policy. The

support of local government, employers, and civil society will prove critical in this regard.

*Continue to draw out the potential of technology as a management tool*

As a member of Schengen, and a wealthy democracy that is not immune to the threat of terrorism, Norway is and will likely continue to invest in its migration-control infrastructure and technology over the coming years. Measures such as EuroDAC, DublinET, the second-generation Schengen Information System, the Visa Information System, and the generalized increased use of biometric identifiers and shared databases represent the potential for a leap forward in the control of migration and the fight against illegality and fraud. These improvements in control are of benefit in their own right. Technology's true potential will be squandered, however, if it is not used also to provide better services, gather information and create the conditions under which new structures for admitting immigrants (or old ones that failed without the proper regulatory infrastructure) may be tested. For example, biometric technology can now ensure that visas are not used by multiple persons, allowing the government to be more generous in issuing visas while maintaining greater control.

## Glossary of Terms

*Asylum seeker*- A person who arrives spontaneously in the receiving country and requests refugee, or humanitarian immigrant, status. See *resettled refugee*.

*Convention refugee*- A humanitarian immigrant who qualifies for refugee status under the grounds of the Geneva Convention. Many countries, including Norway, also admit some humanitarian immigrants who are fleeing inhumane circumstances that do not meet the criteria set by the Geneva Convention.

*Cohort*- Term used in demography to refer to all persons born in a certain year/period.

*Dependency ratio*- The inverse of the *potential support rate*. The total dependency ratio is the number of people of non working age (0-15, 65+) divided by the number of people of working age (15-64). The old age dependency ratio is the retirement age population divided by the working age population.

*Economic immigrants/immigration*- Refers to immigrants for who the primary motive for the state in admitting them is to fill jobs or accomplish other economic objectives. This is generally considered a discretionary immigration category, although some admissions may be mandated by international trade agreements.

*Family reunification immigrants/immigration*- Refers to immigrants who are admitted primarily because they have family members with permanent (or other) residence rights in the receiving country. In Norway and most other developed nations, family reunification migration possibilities are largely restricted to immediate family members.

*First generation immigrant*- Refers to people who are born in another country (foreign born). The *second generation* consists of people born in the country in question, but who have one or more parents born abroad. The so-called "*one-and-a-half*" generation is made up of people born abroad, but who immigrated as young children and spent their formative years in the receiving countries.

*Humanitarian migration*- Immigrants who are admitted because under a determination that they would face death, persecution, or other extreme hardship were they to be returned to/allowed to remain in their country of citizenship. See *resettled refugees, asylum seekers, Convention refugees*.

*Labor force participation rate*- This refers to the proportion of a given population that is working or seeking work actively. The employed, self-

employed, and unemployed are all considered to be “participating” in the labor market, but not those who are not actively looking for work or whose only occupation is as a student or homemaker.

*Potential support ratio*- The total potential support ratio is the number of people of working age over the number of people not of working age. Conventionally, the years 15-64 are considered to be working age. The *old age potential support ratio* excludes persons younger than 15, so it is effectively the number of working-age people divided by the number of retirement-age people. The *potential support ratio* is the inverse of the *dependency ratio*.

*Resettled refugees*- Humanitarian immigrants whose migration is sponsored by the receiving country government, UNHCR, and/or other organizations only after their refugee status has been determined.

*Total fertility rate (TFR)* – This refers to the average number of live births per woman during her entire reproductive life.



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