



THE ECONOMIC INTEGRATION OF MIGRANTS AND REFUGEES

19 January 2016, 12.30

Bruegel, Rue de la Charité 33, 1210 Brussels

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Speakers

Joel Hellstrand	Senior Policy Advisor, Swedish Employment Service
Reinhilde Veugelers	Senior Fellow, Bruegel
Guntram Wolff	Director, Bruegel
Klaus Zimmermann	Director, Institute for the Study of Labor (IZA)

Notes

The event started with a short reminder on the substantial progress that has been made in migration economics during the last two decades. Since the introduction of the European single market, academics have been getting more interested in the effects of human capital mobility on host economies and are key characteristics of migrants that may foster economic growth.

Although migration is a topic that raises a lot of debate, evidence-based arguments should be present when analysing the socioeconomic implications of migration.

After the first initial comments, the discussion moved on to issues that the European Union is facing and will have to confront in the medium term. Many topics were mentioned, such as whether there is a positive relationship between the generosity of welfare benefits of a certain region and the influx of migrants. Another topic of great importance was the enhancement of intra EU-mobility and the necessity to better allocate human capital in order to reduce unemployment.

There was an extensive discussion on the positive effects of migration and some empirical evidence supporting these views. First of all, migrants typically neither take jobs away from local workers nor depress wages. Secondly, empirical evidence suggests that taxes and social security contributions paid by foreigners usually exceed expenditures, implying a positive fiscal impact for the host economy. Obviously, the fiscal impact of the receiver country largely depends on the migrant characteristics and the labour market assimilation process. Finally, highly specialised developed economies are in need of skilled labour. Therefore, improving geographical mobility could have a positive impact on the host economy depending on the skill complementarity between natives and migrants.

A recurrent criticism exposed during the event was the lack of a coherent and coordinated European asylum and refugee policies. It was argued that Europe is in need of a transparent quota system guaranteeing balanced distribution of asylum-seekers following acceptable criteria. Europe needs a migration strategy.

After a general discussion on the European migration challenges, a more practical viewpoint was offered. Some concrete integration strategies were discussed, including short and partially subsidised internships in which migrants have the opportunity to prove their skills to the employer. Although this does not guarantee future employment, firms are obliged to write a certificate that the worker can use later on. This initiative largely facilitates migrants' assimilation to the labour market.

Finally, the issue of skilled migration and its impact on host innovation and productivity growth was considered. Empirical evidence suggests that high productivity migration can increase economic growth. Moreover, if migrants' labour skills (even if they are low-skilled) are complementary to the native population, economic growth is also expected due to the synergies between these two groups. Empirical evidence supporting this view was offered for the manufacturing of textiles.

The event concluded with different questions to the panelists. First of all, it was asked whether it is possible to reallocate people to places where there are no jobs. If not, this makes the system of quotas unimplementable in practice. Secondly, target areas for EU spending on the integration of migrants and refugees was raised.

One panelist argued that an adequate integration process needs to eradicate the language barrier by providing language courses.

A final conclusion was offered at the end of the event. Given the rise of populist and Eurosceptic parties in some EU countries, time is running fast. Effective, concrete and coordinated migration policies must be implemented soon if Europe wishes to mitigate the current refugee crisis. The lack of adequate response would put in jeopardy Europe's credibility.

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