Session III: Managing labour migration in relation to economic and demographic needs

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Questions

☐ Is migration a solution to labour market shortages or surpluses?

☐ How can governments assess current and future labour market needs? What capacities are needed to improve these assessments? And how can the knowledge gained be incorporated into migration policymaking?

☐ What are some of the most effective approaches in differentiating migration policy responses by sector and skill level?

☐ What is the role of temporary and circular migration in meeting short, medium and long-term labour market needs? What can be learned from past migration schemes attempting to match labour supply and demand?
Is migration a solution to labour market shortages or surpluses? EU-Enlargement as a migratory experience

- EU-Enlargement process
  - toward European Economic Space?
  - institutional changes regarding mobility and migration
  - limitations: transitional periods (part. Germany and Austria), access to welfare systems

- Impacts of enlargement: impact on flows and stocks of migrants from NMS, impact on structure of migration from NMS, socio-economic impacts of post-accession migration
Post-enlargement migration: The sending countries (share of emigrants in sending population)

Source: Kahanec 2010
Post-enlargement migration: flows and stocks of migrants

- Increased outflow from all EU8 (post 2004) and EU2 (post 2006)

- Significant differences noted with regard to migration scale and dynamics → four types of CEE countries with regard to international mobility:

  → Large volume of migration, large migratory potential → Poland

  → High intensity of migration → Baltic countries, part. Lithuania

  → Large scale and high intensity of migration → Bulgaria and Romania

  → Very low outflow → Slovenia, Hungary, Czech Republic

- Importance of institutional factors (opening of EU labour markets) – diversion effect (???)
Post-enlargement migration: supply side

- Predominantly males (but structure depends on the structure of demand in host countries → e.g. Italy ), young

- Relatively well educated → Almost a quarter of EU8 immigrants with high level education (positive selection regarding skill level)

- But: majority still with medium levels of education

- Outflow strongly correlated with unemployment rates (of younger cohorts) but ambiguous individual effects (→ migration in search for better job)

- Aggregate data document decreasing unemployment, increasing number of vacancies, and employment growth, as well as increasing wages in the post-enlargement period (before the crisis) – but: methodological difficulties with separation of the „migration effect”

- No incidence of massive “brain drain” from the new member states, although in some sectors (e.g. health care) negative impacts of the outflow visible. „Beneficial brain drain” – possible in the long run
Post-enlargement migration: matching labour demand

- Higher labor market participation, higher employment rates and lower unemployment rates than the populations in either the sending or receiving countries

  **Exception:** EU8 immigrants in Germany

- EU8 immigrants **overrepresented in low and medium-skilled sectors and occupations** → which reflects structure of demand

- **Self-employment rate**
  
  → Low among recent EU10 immigrants in the UK
  
  → High among EU2 immigrants in the UK (50%) and among recent EU10 migrants in Germany (40%)
  
  → **Self-employment as a way to circumvent transitional arrangements (!)**
The macroeconomic impact of migration from the NMS, 2004-2007

- Positive effects for receiving, negative or neutral for sending countries
- Moderate impacts in the short-run, negligible in the long-run
- Significant differences between NMS8 and NMS2

Source: Bruecker et al. 2009
Is migration a solution to labour market shortages or surpluses?

- It can be... - but particularly in the short- and medium-term

- Importance of migration regime → freedom of movement matters!

  but: diverse migratory behaviour within the same regime (UK vs. Italy; UK vs. the Netherlands)

- Long-term impacts → toward structural changes?
  - structural origins of recent migration from Poland
  - post-enlargement migration as „labour market pre-emption”
  - but: labour market reform necessary!!!

- Migration for development and not instead of development →
  migration as a part of country’s development strategy (combined with education, training, inclusion, etc.)
Temporary and circular migration – past experiences

Why temporary / circular mobility?

- **Seasonal pattern of production** → seasonal demand on labour (construction, agriculture, hotelling industry)
- **Lower costs of mobility**
  - for migrants: separation costs (in terms of professional career and private live)
  - for receiving countries: integration measures not needed
- **Lower wages (???)**
- **Structure of labour markets in well developed economies** → secondary segments of LM → serious shortages of labour
- **Temporary workers can easily accept low wages and bad working conditions**
Polish seasonal migration to Germany

Polish seasonal workers employed in Germany, 1991-2004

Success?

- In terms of numbers
- Importance for the Polish labour market (on local and regional scale)
- Critical for particular segments of the German labour market

Source: Ministry of Economy and Labor data
Polish seasonal migration to Germany – lessons to be drawn

Why successful?

- Geographical proximity, low transportation costs
- One of a few options of legal mobility available
- Clear and straightforward rules, easy administrative procedures, low costs
- Economic rationale – low costs (including separation costs), relatively high economic benefits (particularly as compared to salaries in sending country)
- Two gates – „official” one (labour offices and agencies) and networks’ based.