



Migration, jobs and integration in Europe

Klaus F. Zimmermann¹

The key message of this article² is that open and flexible labour markets foster growth, development and integration in Europe – and they increase welfare by creating jobs. However, the Single European Labour Market, which has been a European objective for so long, remains a vision. The core challenge in this context is a lack of sufficient labour mobility. This observation is by no means universally accepted, as witnessed by the rise of the welfare migration debate in some of the European countries and the recent vote of Swiss voters against European Union (EU) labour mobility. It is, therefore, important to openly discuss the determinants of labour mobility and to highlight its value for economic prosperity.

For instance, as a clear counterpoint to the prevailing pessimism about Europe and the growing opposition against free labour mobility within Europe, leading European labour economists from 10 different EU countries have recently called on European policymakers to implement a future-oriented agenda for a genuine European labour market without borders (see Textbox 1). This manifesto is available in 12 languages and was first published in May 2014.³

Similarly, it is particularly important to highlight that it is labour migration – and decidedly not welfare migration – that dominates the current economic reality. This migration also supports economic equality because migrants do not depress wages – nor do they take jobs away. Rather, they foster employment and innovation and make natives more productive. A brain

drain, sometimes feared by sending countries, does not have to happen.⁴

This applies even to the so-called diaspora economies, where ethnic groups live away from home. They provide potentials for economic and political collaboration.⁵ This is an especially important finding for Europe, as this continent will face broad-based population decline in many countries not just in the future but already now. Given that, it is a virtue, not some kind of horror prospect, that a much higher level of permanent and circular migration is likely to occur.⁶ This is especially true because there usually is a quite remarkable form of self-selection if the labour market is allowed to work as a filter: generally speaking, people who migrate guided by economic conditions are dynamic and eager to work.

The global context

With the inescapable progress of globalization, and in particular given the advances in human mobility, labour markets are bound to become more integrated. The impending demographic disruptions will set in with full force in the coming years in many countries. Climate change, natural disasters and the rise of the BIC countries (Brazil, India and China) will pose additional labour market challenges. Ethnic diversity will continue to rise in importance, as both an opportunity and a threat – as recent events in Ukraine and elsewhere show. The rise of resources available to the developing world and the strong increase in human capital will generate more opportunities for global mobility.

1 Klaus F. Zimmermann is Director of Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) and Full Professor of Economics at Bonn University.

2 This is a substantially revised version of IZA Policy Paper No. 69, which was based on the acceptance speech for the EIB Prize 2013 of the European Investment Bank (Outstanding Contribution Award). A shorter version has been posted online by the European Investment Bank as “The Mobility Challenge for Growth and Integration in Europe” in: *European Debates*, No. 4, May 2014. The author of this article wishes to thank Amelie Constant, Annabelle Krause, Olga Nottmeyer and Ulf Rinne for helpful comments and suggestions on earlier drafts.

3 The text is available online at: www.iza.org/working_without_borders/index.

4 See, for example, Constant and Zimmermann (2013), Zimmermann (1994), Zimmermann (1995), Zimmermann (2005), and Zimmermann (2009). See also the reviews in the *IZA World of Labor* project by Constant (2014) and Peri (2014). An overview about this exciting project is given in Textbox 2.

5 See Plaza (2013).

6 The economic, political and social benefits of circular migration are outlined in Zimmermann (2014a).

All of these factors will eventually require a global reallocation of resources. This will force international and domestic labour markets to undertake major adjustments. The strong demand for skilled workers – along with the fight against extreme economic inequality, the creation of “good” jobs, as well as the increased employment of specific groups (such as the young, older, female, low-skilled and ethnic minority workers) – will need scientific monitoring and evaluation. This is the only way to make sure at the political, economic and social levels that the necessary adjustment processes and labour market programmes can be initiated in due time.

That is the key reason why migration economics is a fast-growing and exciting research area with very significant and rising policy relevance. The following discussion highlights key insights and recent findings from this ever more important field of research and policy advice.

Free trade and open labour markets are determinants of economic welfare. In his legendary 1981 book, US population economist Julian Simon claimed that humans, and thus human capital, are – in his words – “the ultimate resource.”⁷ He was also a strong proponent of open and free labour markets. While Simon died much too young in 1998, his vision is still very much alive. Indeed, in this age of information and knowledge capitalism, human capital has become the key driver of economic growth – and it can be optimized globally through migration if it is well-conceptualized and well-managed.

In a recent article, John Kennan uses a simple static model of migration costs to show that the net gains from lifting mobility restrictions around the world would be enormous.⁸ China’s strong role in the global market as a magnet for human capital will soon challenge the position of the United States, leaving it to Europe to strengthen its strategy in accessing the “ultimate resource” so as not to fall behind in the race of nations. This is the finding of another recent study.⁹ This article stimulates the debate on the optimal use of human capital – and explores some surprising horizons of research. It also suggests that the recently started negotiations about a transatlantic economic zone should not stop with free trade, but involve also labour mobility.

7 See Simon (1981).

8 See Kennan (2013).

9 See Constant et al. (2013).

The public debate on European labour markets has been particularly topical in view of the recent elections to the European Parliament. The wide dissatisfaction with the common European labour market plays a significant role in the rising euro skepticism of European citizens. The goal of a common European labour market has not been achieved so far. It is, however, the centrepiece of European integration, and free labour mobility is the most important element of it.

In a recent survey among the 700 Europe-based labour economists of the IZA research fellow network, about two thirds of the respondents agreed that a single European labour market is important for larger economic welfare (Figure 1).¹⁰ More than 70 per cent think that the single labour market has not yet been achieved (Figure 2), and more than 80 per cent find that labour mobility within the EU to be by far the most essential factor for such a market (Figure 3). Labour experts, moreover, consider that a rapid recognition of qualifications, the harmonization of social security systems and the knowledge of several languages to be the three most important factors likely to lead to more labour mobility in Europe.

Christopher Pissarides and Ian McMaster, however, have cautioned against too – optimistic expectations arising from the vision of flexible labour markets.¹¹ The authors assessed “the extent to which regional disparities in economic prosperity are removed over time by the working of the ‘market system’.” Flexible wages and labour mobility could achieve “an equilibrium with only compensating differentials.” However, data for the United Kingdom lead them to conclude that while the market forces are at work, the processes of adjustment were very slow and “a regional policy that moved jobs to depressed areas – in contrast to relying on the movement of people to jobs – could save society considerable adjustment costs.” The challenge outlined in this article has inspired research aimed at understanding the determinants of labour market forces and appropriate policy measures in a European context.

10 See Krause et al. (2014) for more details on the survey design and results.

11 See Pissarides and McMaster (1990).

The beneficial effects of migration

Everybody is aware that labour mobility is desirable because, in economic terms, it contributes to an optimal allocation of resources – and thus plays a crucial role in generating higher output and welfare. Such mobility ensures a quick adjustment of labour markets, especially at the regional level. Migrants need to have and maintain different talents and abilities if they are to increase their host economy's growth potential. The societal fetish for assimilation and the “melting pot” metaphor are both misleading concepts.

It is, therefore, vital to realize that it is not cultural assimilation but cultural integration that is good in an economic context. One may ask whether that is not just a semantic difference, but this is not the case. “Cultural integration” refers to a much more dynamic blending of the identities of migrants, both of the home country and the host country. In a globalized world, such an active blending is bound to increase human linkages – and hence economic opportunities. In contrast, the old standby of “assimilation” captures a far more passive way of combining cultures – primarily by just focusing on blending in.

The key to it all is to focus on the migration of skilled people. This not only fosters economic efficiency, but also creates additional jobs for the unskilled, as well as what one may call the “differently skilled.” It is also good at promoting more equality, as shown by research which finds no negative trade-off between efficiency and equality.¹² Empirical evidence suggests that migrants typically neither take jobs away from local workers nor depress wages, and labour migrants do not typically come to take up welfare benefits.¹³ However, social tensions between locals and foreigners may arise if sufficient integration opportunities are not available – or if integration efforts fail.

This argumentation points not only to the particular importance of future research in this area, but also to two further requirements. First, scientists need to make research directly policy-relevant. Second, policymakers should consider researchers as active partners in helping to manage the future – and not some kind of fig leaf or clean-up brigade after policymaking has resulted in a near-complete mess.

12 See Kahanec and Zimmermann (2009a) and Kahanec and Zimmermann (forthcoming, 2015).

13 See Giulietti and Wahba (2013).

The challenge of labour immobility

Labour inflexibility has been seen in the last few decades as the major determinant of the European employment crisis and the persistent slump of economic growth in Europe. That is why an increase in the geographic mobility of labour has been suggested as a strong instrument to foster faster economic adjustment and growth. It is therefore not too much labour migration, but too little mobility of workers that has been the core of the European migration challenge.¹⁴ Labour mobility between and within countries can be beneficial when employed in a balanced way, but both migration across regions within a country and migration between countries within Europe have been on the decline in some periods over the last decades. Interregional migration has played a much smaller role in adjustment in Europe than in the United States, where it has been an important component of the relative success of the American economy for many years.¹⁵ It is only recently that Europe has become more flexible, while the United States' labour market became less flexible.¹⁶

Despite these facts and findings, migration remains a controversial and challenging issue in our globalized world. An estimated 3 per cent of the world's population is currently considered to be international migrants. While an exhaustive discussion of the issue is beyond the scope of this article, it should be stressed that the world is the flexibility reserve of Europe – but only in a very limited sense. All developed economies face a strong and increasing excess demand for skilled labour. This is brought about by technological change, population ageing and, in the case of Europe, by a substantial decline in the future native European workforce.¹⁷ These upcoming needs clearly cannot be satisfied sufficiently by the local labour force or by the educational system in individual countries.

Europe as a whole is more and more drawn into a competition to provide the institutional settings for its companies to attract international skilled labour to fill the gaps. However, unlike traditional immigration countries such as the United States, Canada or Australia, Europe has no standing on the international

14 See Zimmermann (1995).

15 See Bonin et al. (2008).

16 See Jauer et al. (2014).

17 See Constant and Tien (2011) for the case of Germany.

labour market for highly skilled people. Concepts like migration, return migration, onward migration and circular migration are the new challenges and phenomena that Europe will rapidly need to learn to deal with this phase of the internationalization of the labour market.¹⁸

Causes of regional immobility in Europe

Research on behalf of the European Commission looked into the causes of labour immobility in Europe.¹⁹ The study found that the single largest cause of the lack of mobility in Europe is a lack of language skills. Other major causes are rising female labour market participation and less mobile double-income households; an increase in the homeownership rate; still-existing barriers to the transferability of social security entitlements; insufficient recognition of formal qualifications; insufficient transparency of the European job market and online search engines; and persistent long-term unemployment, which leads to increased relevance of social networks for the individual and cultural barriers.

The study moreover identified a low European annual interstate mobility (1%) in comparison with the United States (3%) and Canada (2%). The following policies to minimize labour market frictions at the national and the transnational levels were suggested:

1. Strengthening the institutional preconditions of mobility on the labour market;
2. Developing mobility-friendly educational policies;
3. Creating effective information and social networks;
4. Easing mobility barriers stemming from the diversity of national social protection and qualification systems; and
5. Extending the knowledge base and evaluating mobility-related policies.

Low European regional mobility was considered to be a major challenge when the euro was created. Clear and effective rules to ensure fiscal stability and sufficient labour flexibility within a unified European labour market would be necessary to make the euro a success for growth and welfare. This should be

very clear by now as the lack of fiscal stability and insufficient labour mobility are important factors behind the euro crisis.

New freedom of movement for Eastern Europe

Early on in the process of EU Enlargement towards Eastern Europe, a number of research articles have studied the expected size of migration and the impact on natives, migrants and the uses of welfare systems. These studies found that the labour market effects on the natives were negligible. Another volume of research papers will soon be published with recent confirmations of these findings.²⁰ In this context, migration from the Eastern Partnership Countries to the European Union has also been studied recently.²¹

Germany finally opened its labour market only on 1 May 2011 to workers from those Eastern European countries that had joined the EU back in 2004. After this far too long transition phase, full freedom of movement has reached Germany at last. At the time, the debate in the media predicted another emigration wave of Poles to the West. But as many migration researchers had expected, the expected large emigration did not occur. On 1 January 2014, many European countries finally opened up their labour markets for Romania and Bulgaria. At that time, the complaints about already perceived large losses of highly skilled people were dominant.

Eastern Europeans actually did a big favor for Europe at large. They increased the number of circular labour migrants who were really looking for work – and not for welfare. These motivated people helped make European labour markets more flexible. With the benefit of hindsight, we now know that Germany's policymakers have done their country no favor with their fears of overburdening the German labour market during the transition period of EU Enlargement. Highly skilled workers, who are urgently needed in many sectors of the German economy, voted with their feet and instead moved to countries such as the United Kingdom and Ireland. The economic message is clear: There are unassailable benefits to opening up one's labour market as early as possible for skilled labour.²²

18 See Constant et al. (2013).

19 See Bonin et al. (2008).

20 See Eichhorst et al. (2011), Elsner and Zimmermann (forthcoming, 2015), Kahanec (2013), Kahanec and Zimmermann (2009b), Kahanec and Zimmermann (2010), Kahanec and Zimmermann (forthcoming, 2015), and Zaičeva and Zimmermann (forthcoming, 2015).

21 See Barbone et al. (2013) and Kahanec et al. (2013).

22 See Kahanec (2012).

Meanwhile, having lost out on the dynamic end of the market due to short-sightedness, the German Government had to contend with plenty of older and low-skilled workers from Eastern Europe. They still continued to migrate to Germany through other channels such as illegal migration or self-employment. Germany's closed-door policy pursued since 2004 therefore produced a double negative effect. Fears of Eastern European workers flooding the labour markets of Germany and other Western neighbors were completely unsubstantiated. Meanwhile, the labour from Eastern Europe with a high productivity potential had long moved to other attractive regions of the world. That is like scoring not just one, but two own goals in a football match.

Traditionally, in comparison with immigration countries such as the United States or Canada, Europe attracts a much larger share of unskilled workers, while a larger share of skilled migrants migrate to those countries. Nevertheless, skilled and unskilled migrants are more present in countries with lower unemployment and better economic conditions, in part due to the attractive economic conditions, and also because they contribute to it.²³ The existing evidence suggests the potential for competition with natives, but hard evidence for this is rare. However, new migrants are much more likely to compete more seriously with low-skilled migrants from outside Europe. A recent example is Polish–German migration in the transition period to free labour mobility during EU Enlargement, where a larger share of unskilled Polish workers generated labour market pressures, not for native Germans but for non-EU immigrants.²⁴

Immigrants in the welfare hammock

Some myths never die. For example, the myth about migrants who only come to use the welfare State as a “hammock.” This stereotype persists despite numerous studies to the contrary. The key finding of two recent contributions to this debate is that the generosity of welfare benefits has no substantial impact on migration in the EU.²⁵ The studies, which included the experience of 19 European countries between 1993 and 2008, addressed the question of whether national differences in unemployment benefits influenced individual decisions to migrate.

The result could not be clearer: such benefits had no impact whatsoever on intra-EU migration – the correlation was zero. Instead, the study showed that the skill level among EU labour migrants is remarkably high. While in some cases migrants are more likely to be unemployed than natives, this is rather due to ill-designed immigration and integration policies than to generous public benefits.

Recent studies also show that taxes and social security contributions paid by foreigners in Germany exceed per capita expenditure on welfare benefits for the same group by about EUR 2,000 annually.²⁶ One of the main reasons is the favourable age structure of immigrants, who tend to be young. This is also why we should offer job prospects to skilled young people from other European countries such as Greece, Portugal and Spain, which currently suffer from youth unemployment. The only thing that ought to matter is their readiness to fill the labour shortages that many German employers are experiencing. After all, that is what an advanced, globally integrated economy with a declining population ought to be doing – not to mention that empirical evidence also shows that the employment of each highly skilled immigrant creates up to three additional jobs in low-skill sectors, such as household services.²⁷

Why then do these objective facts still generate such emotionally charged opposition? What causes those strong sentiments against immigration, even though the economic benefits of (properly controlled) immigration are obvious? As researchers have shown, the widespread resentment is not just about the fear of losing one's job to a foreigner. It is also about a deeper-seated fear of negative changes in one's cultural and social environment. Whether these worries are real or imagined does not really matter: if we fail to address these concerns adequately, the gap in the minds will widen – up to a point where the term “integration” might evoke a negative connotation.

Europe's refugee tragedy²⁸

In a bold statement before the European Parliament, the European Commission's new President Jean-Claude Juncker stressed that European core values

23 See Zimmermann (1995, 2005).

24 See Brenke et al. (2009).

25 See Barrett et al. (2012) and Giulietti et al. (2013).

26 See Bonin (2006).

27 See Hinte et al. (2012).

28 This section is based on Zimmermann (2014a).

must also be respected when it comes to asylum policy. His words are remarkable in light of the embarrassing performance that Europe has shown on this issue so far. The lack of a coherent refugee policy is dramatically reflected in over 20,000 deaths at the EU's external borders since the early 1990s, as well as in the living conditions of some 1.5 million displaced people who have sought asylum in the EU over the past five years. The result is not only a humanitarian, but also an economic disaster.

The newly appointed EU migration commissioner will be in charge of refugee policy, which was previously divided between five different DGs. While new heads, consolidated responsibilities and strong speeches do not necessarily indicate a genuine change in policy, now is the chance to finally establish a European migration strategy that is no longer based on defence and national self-interest, but on the principle of shared responsibility.

According to the Office of the United Nations High Commissioner for Refugees, the number of refugees, asylum-seekers and internally displaced persons worldwide has exceeded 50 million – and is expected to rise further. Many of those who come from countries bordering the Mediterranean are bound for Europe.

Europe certainly cannot absorb all of them. To meet this challenge, the EU needs a fundamentally new way of thinking. The current practice has neither kept people from embarking on a dangerous journey towards Europe, nor has it achieved a fair and appropriate distribution of refugees within the EU.

The first step must be to agree on a transparent quota system guaranteeing a balanced distribution of asylum-seekers across EU member countries. Countries like Germany and Sweden have accepted above-average numbers of asylum applications over the past years, while France and the United Kingdom have been rather reluctant. The definition of a “fair share” must account for the economic strength of each country.

Another aspect is becoming increasingly important: many of those who come to Europe for humanitarian reasons are endowed with valuable “human capital.” They have good skills and professional qualifications, and – as Germany's President Joachim Gauck has put it – they are “highly mobile, flexible, multilingual, motivated and willing to take risks.” Until recently,

however, they have been effectively barred from seeking employment. In line with what many experts have long demanded, Germany has now eased the restrictions on labour market access for refugees. This gives them a chance to earn their own living, develop their professional skills further and achieve social integration. The next logical step is to allow qualified refugees to enter into the regular immigration process.

The new EU Commissioner for Migration and Home Affairs, Dimitris Avramopoulos, is well advised to further develop the EU Blue Card Directive along these lines. After all, his declared goal is to “help Europe address skills shortages and attract the talents it needs.”

In tandem with these initiatives, development partnerships for the labour markets of the sending regions are also needed to create medium-term prospects for refugees in their home countries. Many of them wish to go back home someday.

Europe's lost generation

There is no bigger challenge for labour economics and society at large than the profound economic crisis in Europe, which has led to a situation where more than 7 million young people under the age of 25 in the EU are now NEET (not in employment, education or training).²⁹ This is more than just a socially explosive issue. If the young generation turns away in despair from the “European idea,” the entire European project would be at risk of disintegration. Against this background, Europe's top policymakers have rightfully put this issue at the top of their agenda. However, many of the hastily proposed remedies are ill-suited to bring about sustainable solutions. The Youth Guarantee scheme, which seeks to provide all young people under the age of 25 with a job or training opportunity within four months after registering as unemployed, is certainly a well-intended idea. However, it would be an illusion to believe that this guarantee will amount to much more than a mere extension of the present dead-end strategy. New jobs are not created at the push of a button, nor by emergency action programmes passed during political summits. The billions of dollars allocated by EU leaders to youth employment initiatives will result in great disappointment – if policymakers fail to tackle the roots of the crisis.

29 See Cahuc et al. (2013).

After all, we should never forget that Europe's high level of youth unemployment is not a result of the crisis: the level of youth unemployment has risen at the same pace as that of overall unemployment. Hence, the dramatic scope of the issue is a result of the economic crisis in general, paired with the continued lack of structural reforms aimed at improving the labour market situation of the young.

What Europe needs is a common labour market that is characterized by mobility, flexibility and innovative entrepreneurship. These are precisely the areas in which the European Commission lacks the power to force Member States to implement fundamental reforms – all the more importantly must, each individual country be encouraged to do its homework when it comes to solving country-specific problems. France, for example, has created enormous labour market entry barriers for unemployed youth by setting high minimum wages and maintaining strict employment protection. Spain, on the other hand, has lots of university students in the humanities but very few vocational trainees. In Greece, medium-sized enterprises that are willing and able to train young workers are practically non-existent.

Youth all across Europe need solid, practice-oriented training. Some countries like Austria, Germany and the Netherlands rely on a successful dual vocational training system, combining the attendance of vocational schools with hands-on experience in a firm.³⁰ On the downside, as German firms regularly complain, the much-appraised dual model is also quite costly. This is why the vast amount of money poured into youth employment initiatives should be used primarily to promote investment among Southern European firms which, in turn, agree to create training positions. At the same time, policymakers should provide further incentives to enhance cross-border mobility. Even if few young people actually choose to move to another EU country, those who do, and succeed in the labour market, will be the perfect proof that the "European idea" does offer great opportunities after all – also, and particularly, during the current crisis.

Looking ahead: Opportunities for enhanced mobility

For all the progress that has been made in Europe in past decades, intra-European labour mobility still leaves much to be desired. In this sense, the current grave economic crisis in countries such as Greece, Portugal and Spain offers a blessing in disguise. People living there, especially younger professionals and skilled workers, do certainly have an incentive to make a move now. Does that imbalance those societies? Do we have to worry in particular about a brain drain that sucks these countries dry of skilled people and thus makes an economic recovery harder to achieve?

Based on arguments discussed in this article, there are three main reasons not to worry. First, people who are moving to other countries such as Germany hail, in most cases, from the ranks of the unemployed. Hence, supply and demand are no longer balanced, not only on a national basis but also on a Europe-wide one. That is a change definitely to be welcomed. Second, people who leave their country of birth are by no means gone forever. In fact, the contemporary trend of migration, properly understood, is best thought of as "circular migration," implying onward or return migration.³¹ For example, most of the proverbial Polish plumbers or young Polish professionals who worked in Ireland during that country's boom times never intended to emigrate for good. In fact, many flew in on discount airlines for certain periods and, when not at work or on a project, also continued to live back home. In other words, these people never really left and essentially lived in two countries.

In a world with many fluid and affordable transportation options, ever more people want to stay connected to their place of birth. They do not just want to go back for visits every five or ten years.

The difference from a few decades ago is that now migrants can remain rooted in their place of birth. This is the third main reason for not being over-concerned by the threat of a brain drain: the skills, job experience and contacts gained by migrants in their overseas deployment effectively travel back home or elsewhere with them.

30 See Eichhorst et al. (2012).

31 See Zimmermann (2014).

In short, the world is very different now. If more European, and indeed global, integration is wanted, then it is not just unavoidable but also desirable that many more people from different nations populate Europe. It therefore makes sense – both from an economic point of view and in recognition of living in an increasingly globalized world – to continue on the path of integration, which yields positive results. And such moves towards integration always challenge to do better, to improve and never to rest on what by necessity are at best (temporary) laurels. In short, there is no alternative for any dynamic, growth- and future-oriented economy than to participate actively in developing the EU, including the further development of the euro, into a factor of stability in international financial markets. This critically means that the eurozone also includes the eastern part of Europe, provided that the Member States fulfill the inclusion criteria. ■

References

- Barrett, A. et al.
2012 Study on Active Inclusion of Migrants. Report prepared for the European Commission, Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 43, IZA, Bonn.
- Barbone, L. et al.
2013 Migration from the Eastern Partnership Countries to the European Union – Options for a Better Future. Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 55, IZA, Bonn.
- Bonin, H. et al.
2008 Geographic Mobility in the European Union: Optimising its Economic and Social Benefits. Joint expertise with NIRAS Consultants and AMS for the European Commission, IZA Research Report No. 19, IZA, Bonn.
- Brenke, K., M. Yuksel and K.F. Zimmermann
2009 The Effects of EU Enlargement and the Temporary Measures on the German Labor Market. In: *EU Labor Markets after Post-Enlargement Migration* (M. Kahanec and K.F. Zimmermann, eds.). Springer-Verlag, Berlin, pp. 111–129.
- Cahuc, P. et al.
2013 Youth unemployment in old Europe: The polar cases of France and Germany. *IZA Journal of European Labor Studies*, 2(Article 18):1–23.
- Constant, A.F.
2014 Do migrants take the jobs of native workers? *IZA World of Labor*, May.
- Constant, A.F. and B.N. Tien
2011 *Germany's Immigration Policy and Labor Shortages*. Report prepared for the International Organization for Migration (IOM), Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 41, IZA, Bonn.
- Constant, A.F. and K.F. Zimmermann
2013 *International Handbook on the Economics of Migration*. Edward Elgar Publishing Ltd., Cheltenham.
- Constant, A.F., B.N. Tien and K.F. Zimmermann
2013 China's latent human capital investment: Achieving milestones and competing for the top. *Journal of Contemporary China*, 22:109–130.
- Constant, A.F., O. Nottmeyer and K.F. Zimmermann
2013 The economics of circular migration. In: *International Handbook on the Economics of Migration* (K.F. Zimmermann and A.F. Constant, eds.). Edward Elgar Publishing Ltd., Cheltenham, pp. 55–74.
- Eichhorst, W., C. Giulietti, M. Guzi, M.J. Kendzia et al.
2011 The Integration of Migrants and its Effects on the Labour Market. Based on a Study Conducted for the European Parliament, Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 40, IZA, Bonn.
- Eichhorst W. et al.
2012 A Roadmap to Vocational Education and Training Systems Around the World. Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Discussion Paper No. 7110, IZA, Bonn.

- Elsner, B. and K.F. Zimmermann
2015 10 years after: EU enlargement, closed borders, and migration to Germany. In: *Migration and the Great Recession: Adjustments in the Labour Market of an Enlarged European Community* (M. Kahanec and K.F. Zimmermann, eds.). Springer-Verlag, Berlin (forthcoming).
- Giulietti, C. et al.
2013 Unemployment benefits and immigration: Evidence from the EU. *International Journal of Manpower*, 34(1):24–38.
- Giulietti, C. and J. Wahba
2013 Welfare migration. In: *International Handbook on the Economics of Migration* (A.F. Constant and K.F. Zimmermann, eds.). Edward Elgar Publishing Ltd., Cheltenham, pp. 489–504.
- Hinte, H., U. Rinne and K.F. Zimmermann
2012 Zuwanderung, demografie und arbeitsmarkt: Fakten statt vorbehalte. In: *Einwanderung – Bedrohung oder Zukunft? Mythen und Fakten zur Integration* (A. Heinz and U. Kluge, eds.). Frankfurt/Main, Campus, pp. 263–278.
- Jauer, J. et al.
2014 Migration as an Adjustment Mechanism in the Crisis? A Comparison of Europe and the United States. Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Discussion Paper No. 7921, IZA, Bonn.
- Kahanec, M.
2012 Skilled Labor Flows: Lessons from the European Union. Report under the World Bank ASEAN Labor Markets program funded by AusAid, Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 49, IZA, Bonn.
2013 Labor mobility in an enlarged European Union. In: *International Handbook on the Economics of Migration* (A.F. Constant and K.F. Zimmermann, eds.). Edward Elgar Publishing Ltd., Cheltenham, pp. 137–152.
- Kahanec, M. and K.F. Zimmermann
2009a International migration, ethnicity and economic inequality. In: *The Oxford Handbook of Economic Inequality* (W. Salverda, B. Nolan and T.M. Smeeding, eds.). Oxford University Press, Oxford, pp. 455–490.
- Kahanec, M. and K.F. Zimmermann (eds.)
2009b *EU Labor Markets after Post-Enlargement Migration*. Springer-Verlag, Berlin.
- Kahanec, M. and K.F. Zimmermann
2010 Migration in an enlarged EU: A challenging solution? In: *Five Years of an Enlarged EU – A Positive Sum Game* (F. Keereman and I. Szekely, eds.). Springer-Verlag, Berlin, pp. 63–94.
- Kahanec, M. et al.
2013 Labour Migration from EaP Countries to the EU – Assessment of Costs and Benefits and Proposals for Better Labour Market Matching. Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Research Report No. 56, IZA, Bonn.
- Kahanec, M. and K.F. Zimmermann (eds.)
2015 *Migration and the Great Recession: Adjustments in the Labour Market of an Enlarged European Community*. Springer-Verlag, Berlin (forthcoming).
- Kennan, J.
2013 Open borders. *Review of Economic Dynamics*, 16(2):L1–L13, April.
- Krause, A., U. Rinne and K.F. Zimmermann
2014 How Far Away Is a Single European Labor Market? Institut zur Zukunft der Arbeit (IZA, Institute for the Study of Labor) Discussion Paper No. 8383, IZA, Bonn.
- Peri, G.
2014 The effect of immigrants on native wages. *IZA World of Labor*.
- Pissarides, C.A. and I. McMaster
1990 Regional migration, wages and unemployment: Empirical evidence and implications for policy. *Oxford Economic Papers*, New Series, 42(4):812–831.
- Plaza, S.
2013 Diaspora resources and policies. In: *International Handbook on the Economics of Migration* (A.F. Constant and K.F. Zimmermann, eds.). Edward Elgar Publishing Ltd., Cheltenham, Chapter 27, pp. 505–529.

- Simon, J.L.
1981 *The Ultimate Resource*. Princeton University Press, Princeton, New Jersey.
- Zaiceva, A. and K.F. Zimmermann
2015 Returning home at times of trouble? Return migration of EU Enlargement migrants during the crisis. In: *Migration and the Great Recession: Adjustments in the Labour Market of an Enlarged European Community* (M. Kahanec and K.F. Zimmermann, eds.). Springer-Verlag, Berlin (forthcoming).
- Zimmermann, K.F. (ed.)
2005 *European Migration: What Do We Know?* Oxford University Press, Oxford/New York.
- Zimmermann, K.F.
1994 European Migration: Push and Pull. Proceedings volume of the World Bank Annual Conference on Development Economics. Supplement to *The World Bank Economic Review and The World Bank Research Observer*, 10 (1995):313–342. Reprinted in: *International Regional Science Review*, 19 (1996):95–128; *The Economics of Migration* (K.F. Zimmermann and T. Bauer, eds.), Edward Elgar Publishing Ltd., Cheltenham (2002), Vol. I, Part I, pp. 70–99.
- 1995 Tackling the European migration problem. *Journal of Economic Perspectives*, 9:45–62. Reprinted in: *The Economics of Migration* (K.F. Zimmermann and T. Bauer, eds.), Edward Elgar Publishing Ltd., Cheltenham (2002), Vol. I, Part V, pp. 483–500.
- 2009 Labour mobility and the integration of European labour markets. In: *The Integration of European Labour Markets* (E. Nowotny, P. Mooslechner and D. Ritzberger-Grünwald, eds.). Edward Elgar Publishing, Cheltenham, pp. 9–23.
- 2014a Circular migration. *IZA World of Labor*.
- 2014b Europe's refugee tragedy: About responsibility, work and fair burden-sharing. *IZA Compact*, 4.

TEXTBOX 1: Working Without Borders – a Manifesto for Europe's Future*

The free movement of EU citizens and workers within the European Union is one of the cornerstones of European integration. It is enshrined in the European Treaties. In a free and integrated Europe, there is no place for first- and second-class citizens. And yet, individual Member States and interest groups are currently contemplating to turn back the clock and to restrict citizens' rights to accept jobs wherever they like within the EU.

Even if supported only by a minority within our single European market, we view this development with growing concern. The intent to restrict the free movement of labor as a fundamental right runs against Europeans' well-understood interests for a dynamic and prosperous economy. The calls for restricting this freedom are especially poisonous in the context of the ongoing political debate, aimed as they are to influence the results of the 2014 elections for the European Parliament. A genuine European labor market – one without borders – is also a prerequisite for a functioning single market economy and the stability of the Euro. Without it, growth prospects are hampered – as is any hope for a Europe which manages to balance the laws of supply and demand.

Actively embracing the unrestricted movement of labor has therefore many benefits. Beyond installing a new economic dynamism in the European Union, and helping to overcome serious economic imbalances among EU Member States, it also dampens adverse demographic developments. As a matter of fact, free labor mobility does not end in any welfare seeking migration but serves as a means to better allocate shrinking human capital capacities within the EU.

In short, the free movement of labor can lift all boats, promote economic growth and advance the competitiveness of our countries. This is not the time to turn back the clock. Instead, the moment has come to tackle all existing obstacles that stand in the way of a truly free and integrated European labor market. Only when we make that goal a reality will the core promise of the European Union – to continuously raise the standards of living of all of our citizens, wherever they live – not ring hollow.

To fulfill our commitment, we must strive to take a number of specific measures:

- First, we need to adjust our tax and social security laws where needed – and better coordinate occupational and private pension systems.
- Second, we need to introduce an effective Europe-wide job placement system, so that workers can find opportunities in sometimes far-away places.

- Third, such a system also requires that we have transparent and effective rules to determine the benefits which job seekers are entitled to while looking for work in another EU country.
- Fourth, we must enhance Europe-wide mobility by designing affordable language and relocation services. One critical way to encourage workers to take a chance outside their home country is to enhance exchange programs for trainees and workers, and further boost the successful models of international student exchange.
- Fifth, we must agree on standards that allow the EU-wide recognition of professional qualifications and degrees, so that those which such recognized degrees can seek work wherever they choose to.
- Sixth, we must open our minds to a European Union where even public-sector jobs in any Member State may be filled by qualified candidates from another EU State.
- And seventh, we must do a better and more convincing job about informing EU citizens of the advantages of working abroad and receiving labor migrants at home.

It is, therefore, that we call for an EU Charter that serves as a joint commitment to “Working Without Borders”.

To move the agenda forward decisively and irrevocably, we are ready to support an EU-wide action committee composed of policymakers, representatives from the private sector and academia. We need joint forces to expand the European dream, rather than narrow it down well before it has reached its full potential.

Signed by leading European labor economists:

- Tito Boeri, Bocconi University, Milan, Italy
- Pierre Cahuc, CREST-ENSAE, Paris, France
- Werner Eichhorst, IZA, Bonn, Germany
- Juan F. Jimeno, Bank of Spain, Madrid, Spain
- Pawel Kaczmarczyk, Warsaw University, Warsaw, Poland
- Martin Kahanec, Central European University, Budapest, Hungary
- Jo Ritzen, Maastricht University, The Netherlands
- Monica Roman, Bucharest University of Economic Studies, Romania
- Nina Smith, Aarhus University, Aarhus, Denmark
- Alan Winters, University of Sussex, Brighton, United Kingdom
- Klaus F. Zimmermann, IZA and Bonn University, Germany

* This text is available online at: www.iza.org/working_without_borders/index.

TEXTBOX 2: IZA World of Labor

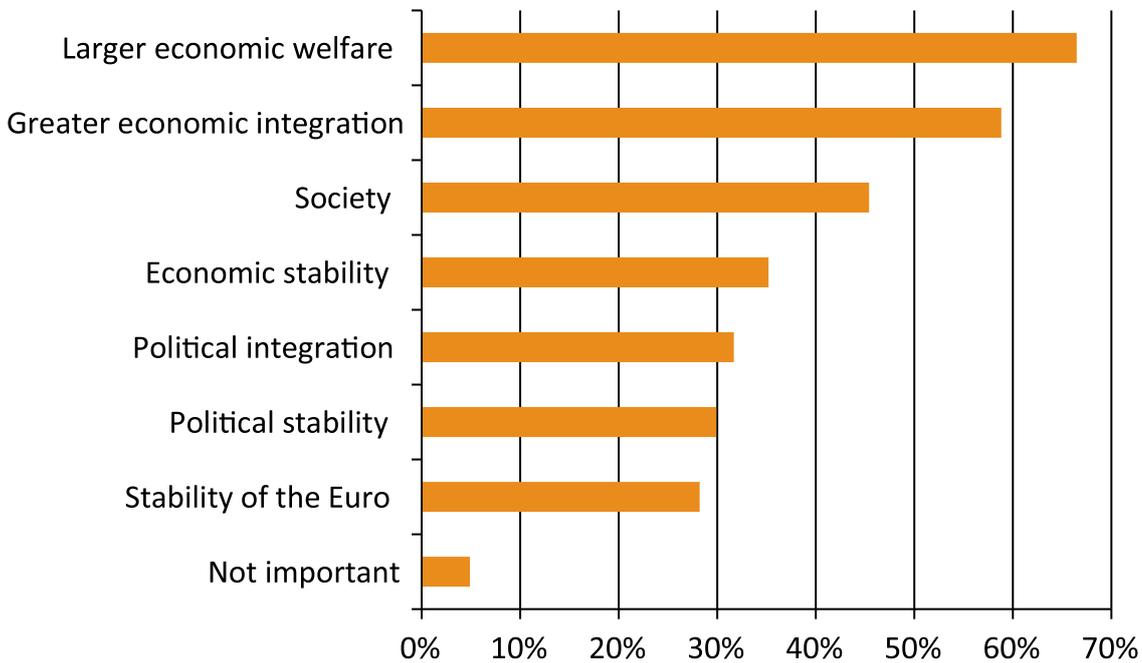
IZA World of Labor is a new, freely available information resource aimed at decision-makers interested in labor market economics worldwide (wol.iza.org). It presents research results in a highly topical style to give a comprehensive and concise overview to support informed decision making. *IZA World of Labor* is easily accessible, convenient to read, independent and fact-based. Written by well-known labor economists worldwide, articles are peer-reviewed to guarantee high research standards, quality and reliability. Each contribution provides a complete and unbiased list of arguments based on existing empirical evidence in a clear and digestible format.

The topics covered as part of *IZA World of Labor* range from migration, development, and transition and emerging economies to program evaluation, labor market institutions, and demography, family and gender. It addresses questions related to behavioral and personnel economics, environment, education, and data and methods.

The subject area of migration is headed by Klaus F. Zimmermann (Director of IZA) and deals with issues of national and international mobility, and what migration means for natives and migrants, for sending and receiving countries. Articles in this area feature highly relevant topics such as impacts on wages and employment, brain drain, repeated migration and integration issues. Important contributions include the following articles:

- Do immigrant workers depress the wages of native workers? (Giovanni Peri)
- Do migrants take the jobs of native workers? (Amelie F. Constant)
- The brain drain from developing countries (Frederic Docquier)
- Roma integration in European labor markets (Martin Kahanec)
- Circular migration (Klaus F. Zimmermann)
- Post-enlargement emigration and new EU members' labor markets (Anzelika Zaiceva)

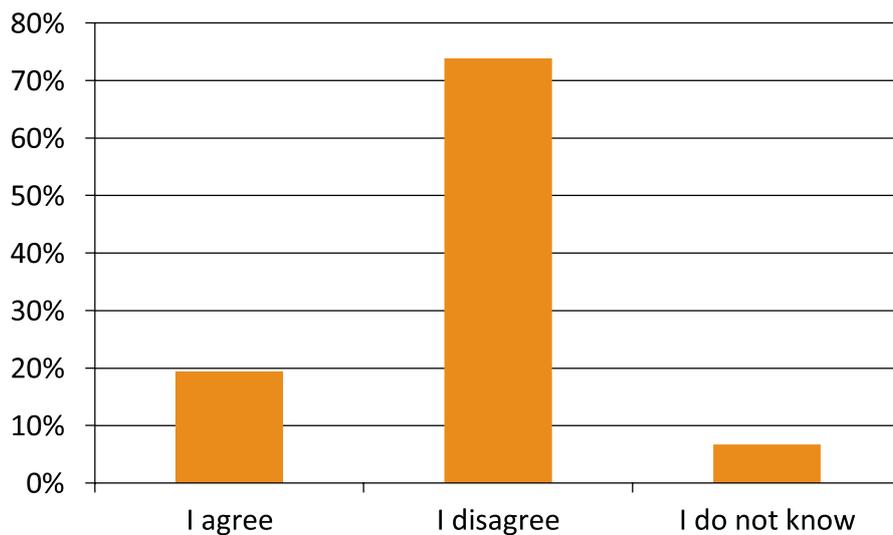
FIGURE 1: A single European labour market is important for . . .



Source: IZA Expert Opinion Survey, 2014.

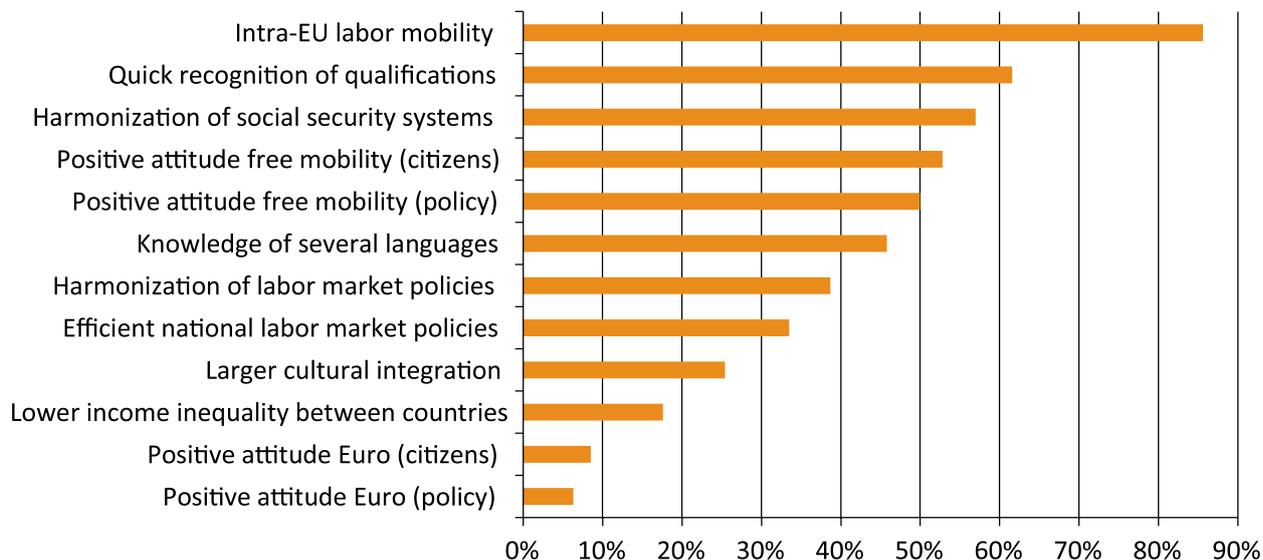
Note: Number of observations: 284 (14 observations correspond to “I don’t know” and “Other, please specify”); multiple responses were possible.

FIGURE 2: The Single European Labour Market is largely achieved



Source: IZA Expert Opinion Survey, 2014.

Note: Number of observations: 284.

FIGURE 3: Essential factors for a single European labour market

Source: IZA Expert Opinion Survey, 2014.

Note: Number of observations: 284 (19 observations correspond to "Other, please specify"); multiple responses were possible.

“If more European, and indeed global, integration is wanted, then it is not just unavoidable but also desirable that many more people from different nations populate Europe. It therefore makes sense . . . to continue on the path of integration, which yields positive results.”