

The Benefits of Open Societies

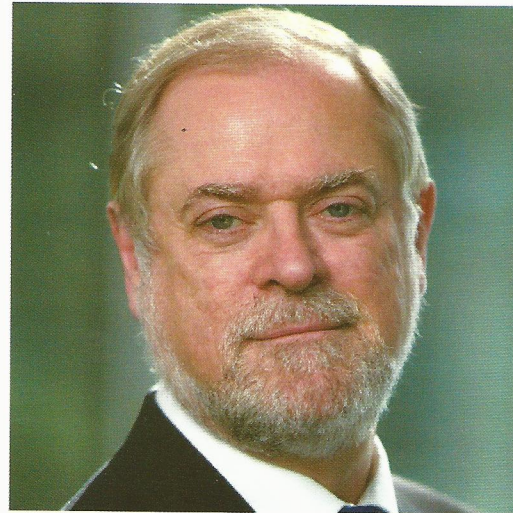
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Up until recently, many Europeans have seen images of large refugee camps and desperate families trying to cross borders only on TV screens. The unprecedented influx of refugees into Europe over the last two years, the largest since World War II, has rendered refugee scenes into a reality in many European neighborhoods. Feelings of empathy and shock were increasingly joined by worries about the consequences the refugee crisis will have on society, welfare institutions and labor markets. In practically all EU member-states these worries primarily drove public opinion and political action, causing temporary closings of Schengen borders and resistance against a fair allocation of refugees across Europe.

The refugee crisis soon became a political crisis that gave rise to populist parties. The topic was more and more mixed up with other migration issues, economic or educational migration, welfare migration and even internal EU labor mobility. Brexit, the surprising vote of the British to move out of the European Union was another unforeseen act fueled by miscommunicated migration concerns. The migration topic suddenly is determining elections in member-states and causing large disagreements about possible European approaches to solve the crisis. Hence, the migration issue acts like a catalyst in an endgame of the European Union, although it is only misused in the face of weak political structures. The current crisis can be seen as a crisis of Europe and its institutions, and not one of European migration. Refugees and internal labor mobility have not been the cause of the crisis, although for some in the political arena it is a most welcome byproduct.

To the contrary, substantial scientific evidence suggests that most of the current worries in Europe about migration are unfounded. Various empirical studies point to the economic opportunities of migration in general, which typically leads to more welfare, employment and better wages. Migrants move for work, not to reap the European welfare state. In most cases they do not take the jobs of natives nor do they depress wages. EU enlargement including the inclusion of Romania has been a showcase for a successful European policy that is largely undervalued and misunderstood. Shrinking and aging European populations and a much too low internal labor mobility suggests the need to foster stronger internal migration and to attract people from outside Europe in the future. Migrants from outside the EU are typically more mobile and they play also a significant role in the internal EU mobility. Workers in Euro-zone countries have become

more mobile than those from countries not in this zone. Nonetheless, internal mobility in the EU is far below what can be achieved.



There are undoubtedly challenges to deal with the previously unexpected refugees flows. Not enough capacities are available to deal with the migrants in major affected states, mainly Greece, Italy, Austria, Germany and Sweden. And several, in particular East European member states of the EU still refuse to take their share in a fair and effective allocation of migrants that preserves European principles and European unity. This is unwise, because Europe should take the chance to create, improve and stabilize national and European institutions for the likely challenges to come in the future and strengthen its unity. Since the borders in the South of Europe cannot be effectively controlled forever, this is the better political strategy.

The debate should keep in mind: Labor mobility contributes to an optimal allocation of resources, and therefore generates higher and better output and more welfare. It supports a fast adjustment of labor markets in particular after asymmetric regional shocks, and hence reduces unemployment. European visionary leaders have been pushing for a long time to complete the Single European Labor Market, which is still incomplete. The more open and transparent the borders for work are (EU internally or from outside), the more likely is that the inflow stagnates and immigration is followed by emigration, if workers are no longer needed. Migration is a process, not a stationary solution. This is also beneficial for countries like Romania, which currently has to deal with a large outflow of its population.

Kahanec, M. and Zimmermann, K.F. (2016) Labor Migration, EU Enlargement, and the Great Recession. Springer-Verlag, Berlin.

Zimmermann, K.F. (2016) Refugee and Migrant Labor Market Integration: Europe in Need of a New Policy Agenda. See: <http://www.eui.eu/Projects/TheForum/Documents/Keynote-lecture-labour-market-integration.pdf>