

## **New Perspectives for Learning - Briefing Paper 38**

# **Migration and its impact on the Labour Market and Education**

### **Context of the Research**

The need for a common EU migration policy is connected with the characteristics of a common European market, since the abolition of interior borders results in a dependency of each member state on the immigration policy of the other states. Once a foreigner enters EU-territory, the further migration of this person can no longer be controlled. As a result of free labour and product markets within Europe, individual member countries are unable to follow independent migration policies without potentially harming other members. Therefore, a unified migration policy on the European level may need to be considered. The organisation of such a policy, however, requires knowledge about: -

- The type of migrants (family migrants, economic migrants, asylum seekers, high or low skilled migrants) that are attracted by the different countries in the EU as well as the selection process and the determinants of return migration.
- The determinants of a fast assimilation process of both, first- and second-generation migrants into the society and the labour market of the receiving countries in order to minimize the costs of immigration.
- The effects of immigration on the labour market outcomes of natives.

The results of the project offer some important insights to these questions. Many case studies have been produced covering different issues and addressing different population sub-groups or domains of economy in eleven countries (UK, Denmark, France, Germany, Ireland, Sweden, Israel Switzerland, Italy, Portugal and Spain).

### **Key Conclusions**

The following general conclusions that have a more European dimension were reached: -

1. Economic factors are important determinants of the migration decision of individuals. Migration, however, does not always take place if there is a positive wage difference. In the case of strong ethnic networks it can also take place in spite of a negative wage difference.
2. It appears that immigration restrictions will only postpone but not prevent migration.

3. The results concerning return migration were rather mixed. The experience in Denmark indicates that less successful migrants have a higher probability to return to their home country. The results for Ireland indicate, however, that return migrants have higher skills and higher wages than the immobile Irish population.
4. At the time of immigration, migrants are in a disadvantaged situation when compared to similar natives. With time of residence, however, immigrants assimilate to natives. The two most important determinants of fast assimilation identified in all countries are language skills as well as attachment to the labour market in order to accumulate labour market experience. These results indicate that effective integration policies should concentrate in particular on language courses.
5. The welfare dependence of migrants varied for the countries investigated. In Germany the fear of a “race-to-the-bottom” in social standards due to welfare magnet effects of generous social security systems are unfounded. However, this conclusion was not confirmed by the experience in Sweden. Further research in this area seems to be necessary to get a clearer picture.
6. In general, the results of the different country studies indicate that existing problems faced by second-generation migrants are the results of factors that they share with other native children from underprivileged background, such as parents without or with only a few qualifications, large families, and living in a relatively poor neighbourhood. These results suggest that effective policies towards underprivileged families should also be effective for second-generation migrants and that, with the exception of policies stressing the accumulation of language skills, special policies towards second-generation migrations seem not to be necessary. There was some evidence to suggest the need to include third-generation migrants in future research.
7. It was also found that there were no negative labour market effects of immigration on natives and hence confirm the results obtained in other countries such as the US or Canada.
8. In fact, it was considered that if European governments select migrants more according to the needs of their labour markets, social tensions about migration would be moderate and the economic performance of the respective country would be improved, as both political and economic objectives of policy-makers would be met.

Country specific conclusions are detailed below: -

The Danish team worked, partly in co-operation with the Swedish and the German team, on three sub-projects: -

- Wage and job discrimination against immigrants
- The risk of marginalisation of immigrants and refugees
- Integration, social exclusion or return migration

Their major findings are: -

- Assimilation of immigrants into their adopted country is closely related to labour market attachment;
- The huge assimilation gap at entry is gradually closing as experience is accumulated;
- There is no strong evidence of wage discrimination, but there may be discriminatory forces in the employment process;
- Parental capital of second generation immigrants has a strong positive effect on completing a qualified education and on entry in the labour market;
- Growing up in neighbourhoods with high concentration of immigrants is associated with negative labour prospects;
- Changes in the organisational structure of work is considered to be the most probable cause of the increasingly difficult assimilation process for immigrants, both in Denmark and Sweden;
- Return migration differs significantly according to the country of origin and the individual labour market experience.

The French team concentrated on three themes: -

- Academic success of second generation immigrants;
- Wages, trade and immigration;
- Employment, skill structure and trade.

Major results are: -

- Immigrants' children appear to be more successful after secondary education than native children with the same social background and family environment. The more favourable school results of immigrant children are considered to be due to their greater perseverance and the stronger educational aspirations of immigrant families. The educational level of the parents, their social class and the size of their family often seem more influential than being of immigrant origin.
- The import behaviour (nature and origin of goods) of firms has a strong impact on workers wages and more in particular on wages of low-educated foreign-born workers.
- Changes in export activity generate movements in the skill-structure.

The German team focused on five topics: -

- Institutional framework of migration to Germany;
- Assimilation of migrants in Germany;
- The consequences of immigration for natives;
- Educational attainment of second-generation immigrants;
- Labour dynamics, trade and technical progress.

Some policy implications are: -

- A migration policy that selects migrants according to their skills is beneficial for the receiving country because skilled migrants assimilate very quickly to the society and economy, reduce the probability of becoming dependent on social benefits, reduce the possibility of negative effects on native employment and reduce social tensions towards migration among the native population;
- Assimilation policies are necessary to achieve fast economic integration and reduce the potential costs of immigration;
- Language skills appear to be of particular importance in the integration process.

The Irish team studied the characteristics of former emigrants returning to Ireland.

It was found that: -

- Return migration into Ireland is largely made up of skilled people;
- Return migrants have additional human capital allowing them to earn a wage premium relative to comparable non-migrants;
- The skilled inflow into Ireland during the 1990s reduced earnings inequality.

The Israeli team worked on three topics:

- Low wages and working poor in Switzerland;
- Transferability of human capital investments;
- The effects of vocational training on the wages of minorities.

Some policy implications are: -

- Gender wage differentials stem mainly from discrimination and could be reduced by fighting it;
- Immigrants' human capital is not transferable across countries and hence additional training in the host country seems to be necessary;
- Easterners earn less than westerners because of their lower levels of human capital and should get more education and training to close the wage gap;
- Women and Arabs have less access to prestigious, high-paying occupations and should be addressed with selective policies to reach more wage equality.

The Italian team studied: -

- Unemployment and consumption;
- North-South differences in unemployment experience and its relationship with cross-country diversity in family structures and links;
- Higher-education dropouts in Italy.

Selective findings are: -

- The late labour market entry and emancipation of Italian youth was examined in relation to the limited job insecurity experienced or expected by their fathers: having an unemployed father or having one with a high perceived probability of becoming unemployed increase the child's likelihood of living independently.
- The high university dropout in Italy is related to the high enrolling in university in the absence of job opportunities when leaving high school. The university serves as a "parking lot" for high school graduates waiting for a job.

The Portuguese team studied the Portuguese immigration in France and found that: -

- Immigration in France is strongly followed by assimilation;
- Preliminary results point to the absence of wage discrimination.

The Swedish team focused on the following immigration issues, using the Swedish longitudinal immigrant database as its basis: -

- Development of employment prospects;
- Immigrant economic integration into the Swedish labour market;
- Event history analysis of immigrant careers;
- Labour market performance of immigrants;
- Economic marginalisation in Sweden;
- Effects of structural change on the economic prospects of immigrants;
- Use of sickness benefits among immigrants;
- Immigrant mortality;
- Changing economic environment for immigrants;
- Investment in education after arrival in Sweden;
- Return migration;
- Integration of refugee migrants;
- Income security among immigrants.

The British team worked on self-employment, training and worker/firm heterogeneity, and temporary employment.

Some of their results are: -

- Firms are willing to expend resources to provide workers with general training;
- Unemployed are more likely to move than employees;
- There is under-provision of training in both part-time and full-time sectors;
- Temporary workers report lower levels of job satisfaction, receive less work-related training, and are less well-paid than people in permanent employment;
- Previous experience of financial problems is positively associated with the current financial situation and the probability of eviction;
- Policies to reduce unemployment duration and encourage full-time employment should be targeted towards those aged 25 and over on entering unemployment and on increasing educational levels;
- Jobs that follow an unemployment spell have a shorter mean duration than other jobs.
- Job search intensity, direct applications to employers in particular, result in a higher probability of subsequent employment.

### **Key Recommendations**

The following recommendations were made: -

- A unified migration policy on the European level is required, since individual member countries are unable to follow independent migration policies without potentially harming other members.
- The results of the project suggest that a migration policy that selects migrants according to their skills is beneficial for the receiving country because of the following reasons:
  - Skilled migrants assimilate very quickly to the society and economy of the receiving country. A fast assimilation in turn reduces the probability that migrants become dependent on social benefits.
  - Immigration of selected workers reduces the possibility of negative effects of immigration on native employment as well as wages and may even create gains in efficiency that also result in positive distributive effects, not only for capital but also for native labour.
  - A selective migration policy meets both political and economic objectives, since it reduces social tensions towards migration among the native population and enhances the economic performance.

Therefore, a potential unified migration policy may consider implementing a policy similar to the point systems used in Canada, Australia, and New Zealand.

- The results of the research project further suggest that assimilation policies seem to be necessary to achieve a fast economic assimilation of the migrants and to reduce the potential costs of immigration for the receiving country. The studies on the assimilation of first- and second-generation immigrants as well as the determinants of welfare dependence of migrants indicate that language skills are of particular importance.

### **Further Information**

Full title of project - "Labour Demand, Education and the Dynamics of Social Exclusion"  
July 2001

[Full report](#), [Abstract](#), [Summary](#), [Partner details](#)

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