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## Increasing Coordination of Migration Policies

As the EU moves beyond a common market towards a common European social and labour area, not only social and labour market policy are being coordinated but also migration policy. The challenge for migration policy is to strike a balance between economic efficiency and equity, between social and humanitarian objectives and political stability. The EU, by coordinating migration policy, seeks to impose liberal democratic values to reinforce economic, social and political stability across the EU. In the case of eastern enlargement, the accession states are required to implement a migration system in accordance with accepted "EU practice".

In order to outline the pillars of migration policy in Western Europe, we shall first examine the regulations in place in the EU, before turning to the accession countries.

### Current Models of Migration Policy in Western Europe

Within Western Europe at least three systems, with different focal points of migration policy, can be discerned. Each has preserved its basic structure and orientation, even though a certain convergence in policies has taken place over time, at least since the 1980s.

The first one is the Nordic model. It was introduced as early as 1954 and granted free mobility of labour within Scandinavia. The general understanding was that maximum economic benefit can be obtained from regional integration by not limiting the liberalisation of trade flows and by allowing free mobility of factors of production, not only of capital, but also of labour.

In contrast, the second model, that of the EFTA countries, limited economic interconnections to the liberalising of trade flows. Although some of the EFTA countries, in particular Switzerland and Austria, allowed a larger inflow of labour from abroad than any of the Nordic countries, they limited the social integration of the foreign workforce by a restrictive

legal system which did not allow equal access to the labour market, to social assistance and housing and to political participation.

The third model, that of the European Community, followed yet another route of integration. While free trade was on the agenda from the very beginning, free mobility of labour between the six founding countries (France, Germany, Italy, Belgium, Netherlands and Luxembourg) was phased in from 1958 onwards. Since 1968, free mobility of labour was in principle possible in the private and public sector. Only public sector jobs which concerned the protection of internal and external security, were, and still are, excluded from free mobility of labour. Even though periods of transition were spelt out for certain industrial sectors within which they were to dismantle barriers to the mobility of labour, e.g. banking, insurance, transport industries and certain liberal professions until 1970, it was not until the introduction of the Single Market in 1992 that many remaining impediments to labour mobility within the EU were removed. In the past, labour mobility was hampered by the incomplete integration of capital markets and by differing skill requirements between countries to perform specific jobs. By now capital markets are more or less fully integrated within the EU. This is not yet the case with labour markets.

Over time, the migration systems converged and became more complex. Traditional immigration countries, for example France, introduced instruments to allow and control short-term labour migration by granting work permits to seasonal and temporary foreign workers; whereas more recent labour migration countries, for example Germany, reacted towards the settlement tendency of migrants by introducing integration measures. As a result, the traditional distinctions between the two types of immigration, settlement versus short-term residence, has become blurred since the 1970s.

Currently migration is increasingly seen in Europe as an instrument to alleviate the problem of labour shortages arising from population ageing; by striving to attract, above all, highly skilled people from abroad; and by using this instrument not just to in-

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crease labour supply but also to speed up the re-skilling process of the European workforce towards a knowledge society in an information age. So far Germany, the UK and Austria have given a clear indication that they wish to introduce a points system along the lines of the Australian or Canadian model. This would be a new feature of European migration policy. So far the majority of migrants in Europe has been unskilled and semi-skilled. The migration policy reorientation raises fears in Europe that education and training may not receive the attention warranted in a society driven by technological change and innovation. In order to counter those fears, the EU has given continued high priority to a coordinated employment and education policy and to investment in the development of the Learning Society.

### **Empirical Outcomes of the Different Migration Models**

Within the EU, the mutual penetration of labour markets, measured by the share of EU citizens in total employment, is very limited. The average came to some 2% of total employment in 1998. Apart from Luxembourg, the differences between the "old" EU-member states were relatively small (e.g. France 2.5%, Germany 2.8%, United Kingdom 1.6%, Denmark 1%). The new member countries of 1995 had a smaller share of EU citizens in total employment, except for Sweden, which corresponds to the EU average. Southern European EU member states also have a very low share of EU citizens in total employment: They were the major source of foreign workers in the North during the 1950s, 1960s and 1970s.<sup>1</sup> Their economic catching-up resulted in a decrease of migration flows from South to North. When barriers to the mobility of labour were finally dismantled in the 1980s and early 1990s, no marked increase of South-North migration occurred.

Looking at the case of the Nordic countries, which had allowed free mobility of labour from the outset, the mutual integration of labour markets does not appear to be more pronounced than between EU countries. Sweden has been the major attractor of labour from other Scandinavian countries during the 1970s and early 1980s and Finland was the major supplier of labour. As Finland began to catch up with Sweden in terms of factor prices and productivity, net outmigration to Sweden ceased. Today, some 90,000 citizens of other Scandinavian countries work in Sweden, i.e. 2.2% of the total workforce (of whom two thirds are from Finland). In Norway the share of other Scandinavians in their workforce is 0.9%, in Denmark 0.4% and in Finland 0.3%.

In the case of Switzerland, in contrast, the share of EU citizens in total employment is 16%, of which almost one quarter are cross-border workers, i.e. from EU countries bordering Switzerland. This goes to show that the regional integration of EU labour markets has affected Switzerland more than any other region of Western Europe, in spite of strict Swiss migration control measures and barriers to labour mobility.

Unskilled labour migration of EU citizens has declined and even stopped in some cases, while the mobility of people with high and specialised skills, in particular in the information-communication technology field, has increased. But this does not mean that unskilled labour migration into Western Europe has come to a halt. It is still the major group of migrants in Western Europe. However, with advances in human resource and economic development in the EU, the source countries of unskilled and semi-skilled migrants changed; the supply of these migrants from the less developed regions of the EU countries dried out. The new source is from non-EU countries, the majority of the migrants today coming from the Mediterranean Basin (Turkey, former Yugoslavia, Algeria, Morocco) and also from areas which were linked to Europe through former colonial ties, or as a result of refugee intake.

The share of foreigners in the total workforce is the lowest in the Nordic countries with the exception of Sweden, where, at 5.5% in 1998, it was somewhat higher than the EU average of 4.5%. The highest foreign worker shares, apart from Luxembourg (55%, the majority from the EU), are to be found in Switzerland (25%), followed by Austria (9.7%) and Germany (9.1%); France has a somewhat lower share (6.1%), followed at some distance by the United Kingdom (4.4%), Italy (3.8%), the Netherlands (3.5%) and Denmark (3.1%).

However, these figures do not provide a proper insight into the relative inflow of foreigners into the workforce or society. They are a legal artefact to the extent that they are the result of different immigration systems and of different rules pertaining to the eligibility to citizenship. In France for example, as in other traditional immigration countries, a person born on French territory is a French citizen, while in Germany,<sup>2</sup> Austria and Switzerland citizenship is passed on

<sup>1</sup> Which is well documented in literature, see for example S. Collinson: *Europe and International Migration*, Royal Institute of International Affairs, London, New York 1993, Pinter Publ.

<sup>2</sup> In January 2000 Germany granted citizenship to children born to foreigners (with a permanent residence status) on German territory.

through the parents only. Naturalisation is more or less difficult or costly depending on the country, but it usually also entails some discretionary elements. Of all the Western European countries, Switzerland has the lowest naturalisation rate. As a consequence, about half the foreign population in Switzerland are shown to have been born there. In contrast, Sweden and Austria are at the upper end of naturalisation rates.

The scale of the inflow of foreigners can, therefore, be judged better by comparing the proportion of foreign born in the population. Sweden and Austria have a share of somewhat more than 10%, as does France, which compares rather favourably with Switzerland. The inflow of foreigners relative to the resident population has thus been similar in these three countries over recent decades, but the degree and type of integration were quite different.

### International Transferability of Skills

In order to clarify the role of migration in economic development and globalisation, it is helpful to distinguish skills according to their transferability across countries. A distinction, analogous to that between tradeable and non-tradeable goods, may be made between "global skills", which are transferable internationally, and "local skills", which are not mobile and cannot be expected to satisfy global needs.

The current massive increase in international competition for information-communication-technology skills is an example of the global spreading of information technology. Computer skills are internationally transferable, independently of language and culture. This is so because the technology (production mode) is to a large extent internationally standardised and so are the skills required. They are "global skills" and they take on the character of a global product which can be consumed anywhere, independently of the cultural environment, like Coca Cola. Education systems can act as facilitators of the globalisation of skills, e.g. generally recognised university degrees in engineering and natural sciences, the medical profession, and, to a lesser extent, social sciences. Such skills become internationally recognised and are internationally transferable. There are, however, also certain medium skills, which may be regarded as global in character; they are traditional craft skills, e.g. sewing, tailoring, leather processing. And, of course, relatively low skills also have a high degree of transferability.

As a result, migrants tend to have a bipolar skill structure, i.e. the majority is unskilled, but the share of

highly skilled workers tends to be larger in the migrant population than in the indigenous population. To the extent that migrants are employed in the medium skill bracket, they are concentrated in industries which are in need of traditional craft skills, e.g. textiles, clothing and leather industries.

At the other end of the mobility spectrum are "local skills" many of which satisfy local needs and which are built around local, cultural and socio-economic structures.

It is clear that the EU has reached a level of economic and technological development such that it no longer needs large numbers of unskilled workers. An increase in the supply of unskilled migrants may, by widening earnings differentials between the unskilled and the higher skilled workers, jeopardise social stability.

This is the setting which shapes the EU approach to migration between the EU and the accession states in the case of eastern enlargement of the EU.

### Migration Policy in the Accession Countries

Empirical research shows that the accession countries are not only potential suppliers of labour to Western Europe but they themselves have become the centre of attraction for migrants, particularly for their Eastern European neighbours. Migration in these countries has become increasingly dynamic since the early 1990s such that the level of legal migration compares favourably with Southern European countries.

In order to stem the tide of immigration, they have introduced regulatory mechanisms along the lines of the foreign worker model of Switzerland, Germany and Austria.<sup>3</sup> The migration policies have, however, become increasingly complex as economic restructuring and catching-up processes gained momentum. Foreign investment companies, for example, may transfer highly skilled employees without much bureaucratic ado into CEECs.

In Hungary as well as Poland, there is a clear emphasis on facilitation of entry of highly skilled foreigners. In the Czech Republic and Poland migration policy targets the inflow of certain occupational skills, in particular construction workers and assembly-line workers in the metal industries. The Czech Republic has also introduced a seasonal worker programme (for less than 30 days a year). Legally employed for-

<sup>3</sup> M. Lubyova: Status of Foreign Residents and Foreign Workers in Selected Central and Eastern European Countries, in: OECD (ed.): Migration Policies and EU Enlargement: The Case of Central and Eastern Europe, Paris 2001.

eign workers enjoy the same treatment as indigenous workers. They have access to health insurance on the basis of their employment status.

The Central and Eastern European Countries have thus put comparable migration policies to those of Western European models in place. However, the substantial shadow economy, which also attracts foreigners, remains a major problem. In Western Europe clandestine work is becoming a sensitive policy issue. Controls of work practices and employment conditions are being stepped up as a consequence. Access of illegal residents to social protection systems is becoming more difficult.<sup>4</sup> Accordingly, in an effort to harmonise legislation across Europe, the EU expects the accession countries to take steps to introduce legislation or to enforce existing laws to prosecute clandestine workers.

However, the question of the efficiency of sanctions remains an open one. Costly monitoring and highly effective control systems may violate human and citizen's rights. On the other hand, the benefits of increased prosecution are hard to measure. The dilemma, especially for countries with such a considerable shadow economy as the CEECs, is that to refrain from effective action against illegal immigration is tantamount to condoning clandestine work.

Similarly, the EU has begun to integrate accession

countries in the coordinated EU employment policy process. This implies, not only that labour market and social policy have to be developed so that they are comparable to EU policies, but also that equal opportunity regulations are introduced under which ethnic minorities, in particular Sinti and Roma and migrants from the time of the communist regime (e.g. Vietnamese), are granted equal treatment.

### Concluding Observations

In the light of the above considerations, the scope for independent national sovereign migration policies in the EU is becoming more and more restricted. A series of EU regulations regulates cross-border migration. The Schengen agreement (of June 1990) is one pillar of legislation regulating security matters. Another is the adaptation/convergence of asylum procedures, and most recently, the coordination of the prosecution of illegal migration and clandestine work. The accession countries have to a large extent already introduced migration policy measures similar to those of the Western European countries. The preferred model is the guest worker model. Since migration evolves over time and takes on different dimensions, settlement and integration measures can be expected to follow in due course.

<sup>4</sup> See OECD: *Combating the Illegal Employment of Foreign Workers*, Paris 2000.

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## Migration Effects of Poland's EU Membership

**E**astern enlargement is one of the most important and difficult challenges facing the European Union at the beginning of the new century. The coming enlargement is unprecedented in terms of the increase in population: all ten Central and Eastern European countries (CEECs) make up over a quarter of the size of the present EU population - a significant proportion, but in terms of most economic indicators the size of the candidate countries is rather negligible. The trade and capital transfer effects of integration are expected to be significant in the accession countries

and very small in the EU. However, there are concerns in the present member states that the accession of new countries may generate a wave of mass migration and negatively affect Western labour markets.

Poland is the largest of all CEECs in terms of population and GDP level, and thus it has the greatest migration potential. Its per capita GDP at purchasing power parity is only approximately 39% of the EU average. The existing income gap teamed with a high and recently growing unemployment rate (about 16% in May 2001), the short geographical distance between Poland and the EU and the prevailing tradition of emigration in Poland are often pointed out

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