

Michael Fertig and Christoph M. Schmidt

# Mobility within Europe

The Attitudes of European Youngsters

No. 1



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# Mobility within Europe – The Attitudes of European Youngsters

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October 2002

**Abstract.** Intensified European integration, enlargement of the EU, and increasing migration activity worldwide have pushed migration and migration policy to the forefront of the European agenda. While many observers hesitate to embrace immigration emanating from outside Europe, sectoral skill shortages and social security systems under demographic pressure have fostered an almost unanimous call for larger mobility within Europe. Yet, neither does intra-European migration respond to this request, nor are the possible consequences of increased migration activity well understood. This paper embeds this discussion into a systematic classification of economic migration research according to its major conceptual and applied questions. The state of theoretical and empirical research in this literature is reviewed briefly, with a focus on intra-European migration. We conclude that the relatively positive assessment of this type of migration mainly derives from its high skill content. To prepare the prediction of future developments, we offer empirical evidence on the determinants of intra-EU-migration by an analysis of the *Eurobarometer* survey. Unless information deficits, traces of xenophobic tendencies, and the perception of prohibitively high levels of bureaucratic red tape are overcome, intra-European migration will not play the role it is hoped for.

**JEL-Classification:** F22, J61.

**Keywords:** Labor mobility, migration intention, intra-EU-migration.

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\* This paper is based on evidence presented to the House of Lords Select Committee F (Social Affairs, Education and Home Affairs). Responsibility for the views expressed in this paper is solely that of the authors. All correspondence to Prof. Dr. Christoph M. Schmidt, Ph.D., Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI-Essen), Hohenzollernstr. 1-3, 45128 Essen, Fax: +49 201 8149236, Email: schmidt@rwi-essen.de.

# 1 Introduction

More than fifty years after World War II, societies in Europe have transformed their composition to an extent that the founding fathers of a unified Europe could not have anticipated. In particular, many societies in Europe have been shaped by their intense and multi-faceted immigration experience, leading to the variegated societies we observe today. Certainly, much of this change is a reflection of international developments, most notably European economic and political integration itself, but also the demise of socialism in Eastern Europe. In particular, the projected enlargement of the EU in combination with increasing migration activity worldwide has placed migration high on the European agenda.

The importance of this issue is reflected in the intense debate on the magnitude of prospective migration flows from EU accession candidates to EU incumbents (see e.g. BAUER AND ZIMMERMANN (1999), FERTIG (2001), FERTIG AND SCHMIDT (2001) and SINN (1999), (2000)). The overarching theme of this debate is the magnitude of the burden imposed on receiving economies by immigration rather than its potential positive effects. Yet, neither is the phenomenon of migration well understood, nor is it obvious how to predict its development into the future. Most importantly, economic migration research frequently emphasizes the rejuvenating impact of future immigration, its beneficial effect on the productivity of incumbent workers, and on aggregate demand.

The current situation on many European labor markets is characterized by rather high average unemployment. However, there is simultaneously a shortage of high-qualified labor in many countries. In Germany, for instance, the information technology sector is persistently unable to fill its vacancies out of the pool of German unemployed. Indeed, economists argue increasingly for an immigration policy directed at actively recruiting highly qualified workers from abroad (see e.g. ZIMMERMANN ET AL. (2002)). Among migration experts there is even a growing perception that the industrialized countries have been involved for a long time in a constant competition for high-skilled workers (for an overview on high-skilled migration see e.g. REGETS (2001)).

Similarly, Europe's societies are ageing, placing their pay-as-you-go social security systems under considerable demographic pressure. It becomes increasingly well understood that a regulation of future immigration that is tailored to attract young and economically successful migrants can alleviate some of the the demographic burden associated with an ageing population, although a major reform of these systems cannot be avoided. These considerations do hold particularly for those European economies whose populations are ageing rapidly, most prominently for Germany. Thus, while many observers still hesitate to embrace migration from outside Europe, there is an almost unanimous call for larger mobility within Europe. At least within Eu-

rope the legal arrangements facilitate this competition: the free movement-agreement of the European Union, in principle, smoothes the way for labor migration across national borders.

Yet, mobility within the European Union still seems rather low or even negligible. The reasons for this phenomenon are unclear at present, however, since the determinants and consequences of intra-EU migration are widely unresearched. Neither are we confronted with an abundance of precise forecasts of future intra-EU mobility, as a better understanding of its underlying factors is an indispensable prerequisite.

The aim of this paper is, therefore, to identify the major obstacles for increased intra-EU migration flows, particularly among the potential migrants of the future, European youngsters. To prepare this analysis, we embed this discussion into a systematic classification of economic migration research according to its major conceptual and applied questions. The state of theoretical and empirical research in this literature is reviewed briefly, with a focus on intra-European migration. We conclude that unless information deficits, traces of xenophobic tendencies, and the perception of prohibitively high levels of bureaucratic red tape are overcome, intra-European migration will not play the role it is hoped for. This insight should serve as one cornerstone for a rational economic policy on the level of the EU as well as for the individual member states.

As a point of departure we briefly survey some stylized facts on the European migration experience in **section 2**. Furthermore, to review the theoretical and empirical challenges involved we outline in **section 3** the state of discussion in the received literature on economic migration research and derive a set of interrelated research sub-fields. In our assessment these are the research areas which have to be pursued if we want to enhance our understanding of the questions raised by migration movements. Moreover, we provide empirical evidence on the intentions of young Europeans to work or study abroad in **section 4**. Finally, **section 5** offers some conclusions.

## 2 Migration Within the EU – The Current Situation

Is mobility within Europe too low? Most observers would agree that intr-EU migration has not approached the levels necessary to equilibrate the temporary or structural imbalances arising across EU labor markets. The presence of considerable migration cost at the level of the individual or the household, as well as the remaining empirical question what magnitude of migration might be needed to solve specific economic problems makes the assessment of the optimal migration activity quite difficult, though.

It seems fair to argue that in the long run one problem deserves attention among all European societies, population ageing. Migration could help to alleviate the ageing of the population (see BONIN (2001) and SCHMIDT (2000) for the case of Germany). However, while intra-EU migration could play some role in the short-run, in the medium term this alleviation is unlikely to come from within the EU. **Table 1** reveals that all heterogeneity notwithstanding, the demographic structure of many EU countries is comparable in that they all suffer from low birth rates and continuously increasing life expectancy. Therefore, in the long-run it is rather unlikely that intra-EU migration alone could suffice to contain the demographic burden.

**Table 1:** Population Movements 1999 per 1,000 Inhabitants

COUNTRY	BIRTHS	DEATHS	NATURAL POPULATION GROWTH	NET MIGRATION*	POPULATION GROWTH
<b>EU-15</b>	<b>10.7</b>	<b>9.9</b>	<b>0.7</b>	<b>1.9</b>	<b>2.6</b>
Austria	9.7	9.7	0.0	1.1	1.1
Belgium	11.2	10.3	0.9	1.6	2.5
Denmark	12.4	11.1	1.3	1.8	3.1
Finland	11.1	9.6	1.6	0.7	2.3
France	12.6	9.2	3.4	0.8	4.3
Germany	9.3	10.3	-0.9	2.5	1.6
Greece	9.7	9.8	-0.1	2.4	2.3
Ireland	14.2	8.4	5.8	4.9	10.7
Italy	9.3	9.9	-0.6	1.8	1.2
Luxembourg	12.9	8.8	4.1	10.9	15.0
Netherlands	12.7	8.9	3.8	2.8	6.6
Portugal	11.5	10.8	0.7	1.1	1.8
Spain	9.5	9.3	0.2	1.0	1.2
Sweden	10.0	10.7	-0.7	1.5	0.8
United Kingdom	11.8	10.6	1.2	2.7	3.9

\* From inside and outside the EU; Source: EUROSTAT (2000).

Intra-European mobility seems to be an important factor in the alleviation of labor market problems, though. If labor markets were competitive and were to work without frictions there should be no regional, no inter-sectoral nor occupational wage differences. Such differences, however, do exist (see **Table 2**). Moreover, they turn out to be highly persistent (see e.g. DENNEW AND SCHMIDT (1994) and HAIKEN-DENNEW AND SCHMIDT (1997)). Therefore, while migration within Europe could serve as a potential adjustment mechanism, it does not serve as a major equilibrating factor so far. By contrast, the rather low rates of intra-EU migration despite existing wage and unemployment differentials between EU countries are striking.

Arguably, existing economic differences between countries should exhibit the greatest incentives to migrate for younger people (say, 20 to 40 years of age) since these cohorts should have the highest return to invest in the migration decision and the lowest cost of emigrating. **Table 2** reveals that there



is indeed substantial variation in the unemployment rates and wage earnings for this core group of potential migrants across EU countries whereas the population share of this age group is rather constant. Persistent imbalances of this order of magnitude can only reflect high cost of moving away from the home country. These cost comprise physic components, but also the possibly dramatic loss of country-specific human capital. A European migration policy aiming at increasing migration activity for the sake of reducing existing labor market imbalances might fruitfully address these various cost components. Our own empirical analysis particularly concerns intangible costs.

**Table 2:** EU-15 Population and Core Age Group (age 20-40) in 1998

COUNTRY	POPULATION IN 1,000	CORE AGE GROUP IN %	UNEMPLOYMENT RATE OF CORE AGE GROUP IN %	AVERAGE EARNINGS PER HOUR*
<b>EU-15</b>	<b>375 457.8</b>	<b>29.75</b>	<b>8.29</b>	<b>11.48</b>
Austria	8 082.8	28.66	5.34	13.05
Belgium	10 213.8	29.16	12.11	10.47
Denmark	5 313.6	29.48	6.17	23.24
Finland	5 159.6	29.88	9.55	12.32
France	58 973.2	32.37	16.03	10.51
Germany	82 037.0	28.51	6.95	12.94
Greece	10 521.7	30.25	10.38	4.63
Ireland	3 734.9	30.54	10.46	9.45
Italy	57 612.6	30.34	11.20	n.a.
Luxembourg	429.2	30.52	1.90	11.14
Netherlands	15 760.2	31.00	3.41	14.91
Portugal	9 979.5	31.08	4.74	3.83
Spain	39 394.3	26.80	15.67	9.15
Sweden	8 854.3	26.85	6.06	12.00
United Kingdom	59 391.1	29.14	4.36	13.08

\* In Euro in the manufacturing sector. For Denmark, Sweden and UK the ECU convergence rates of 31 December, 1997 were used; Source: ILO (2002); own calculations.

The low level of intra-European migration activity, coupled with the high intensity of the current debate and the uninformed argumentation of many of its participants might suggest that Europe is a stranger to the phenomenon of sizeable migration. However, this region possesses a rather intense migration experience, historically as well as recent. Overall, since the end of World War II Europe as a whole underwent a transition process to an *immigration* region. It had clearly been an *emigration* region in the 19th century (see e.g. CHISWICK AND HATTON (2001)). As a consequence of this continuous influx, many European societies today contain large immigrant populations. Moreover, second-generation migrants are a sizeable fraction of the younger European population, shaping European society in an important way.

**Table 3** demonstrates that many countries of the EU display a considerable share of non-citizens in their population as well as in their labor force. However, there is also a substantial variation among these countries.

Neglecting the exceptional situation of Luxembourg, the average share of non-citizens in the population of the existing EU countries is 4.65% and the average share in the labor force amounts to 4.25%. Yet, Austria, Belgium, France, Germany, and Sweden display substantially higher non-citizen shares, whereas the fraction of non-citizens in the population and labor force of the Mediterranean countries, but also of the United Kingdom and Finland are clearly lying below average. In many respects, Germany has been the prototypical European immigration country of the post-war era.

**Table 3:** Foreign or Foreign-Born Population and Labor Force in Selected European Countries in 1996

COUNTRY	FOREIGN POPULATION		FOREIGN LABOR FORCE	
	Thousands	% of Total Population	Thousands	% of Total Labor Force
Austria	728	9.0	328	10.0
Belgium	912	9.0	341	8.1
Denmark	238	4.7	84	3.0
Finland	74	1.4	19	0.8
France	3,597	6.3	1,605	6.3
Germany	7,314	8.9	2,559	9.1
Ireland	118	3.2	52	3.5
Italy	1,096	2.0	332	1.7
Luxembourg	143	34.1	118	53.8
Netherlands	680	4.4	218	3.1
Portugal	173	1.7	87	1.8
Spain	539	1.3	162	1.0
Sweden	527	6.0	218	5.1
United Kingdom	1,972	3.4	878	3.4

Source: OECD (1998). Figures for France are for 1990. Figures for Greece not available.

In absolute terms, Germany displays the largest non-citizen community among these countries. **Table 4** reports the most current figures for the country-of-citizenship composition of non-citizens living in Germany. The table reveals that the majority of foreigners currently living in Germany are citizens of a European country, with citizens of Turkey being the largest group. Specifically, citizens of Turkey and of EU-countries comprise more than 53% of the stock of foreigners currently residing in Germany. Together with the states of former Yugoslavia these countries represent more than 67% of the foreign population share. This population stock is the result of a steady immigration of people to Germany since the end of World War II. However, the composition of these immigration flows as well as their magnitude varied substantially over time (for more details on the historical developments for the case of Germany see e.g. SCHMIDT (1996) and SCHMIDT AND ZIMMERMANN (1992)).

**Table 4:** The Composition of Non-Citizens in Germany in 2000

CITIZEN OF	THOUSANDS	PER CENT
<b>European Countries:</b>		
Turkey	1,998.5	27.4
EU-Countries	1,872.7	25.7
Yugoslavia	662.5	9.1
Poland	301.4	4.1
Croatia	216.8	3.0
Bosnia	156.3	2.1
Romania	90.1	1.2
Hungary	54.4	0.7
Bulgaria	34.4	0.5
Switzerland	38.0	0.5
<b>Non-European Countries:</b>		
African Countries	299.3	4.1
American Countries	213.3	2.9
Asian Countries	213.3	11.5
Australia and Oceania	10.4	0.1
Stateless and Unknown	74.3	1.0

Source: STATISTISCHES BUNDESAMT (2001). All figures for 31.12.2000.

**Table 5:** Population Share of EU- and Non-EU-Foreigners in Percent, 1985-1998

Country	EU-FOREIGNERS				NON-EU-FOREIGNERS			
	1985	1990	1995	1998	1985	1990	1995	1998
<b>EU-15</b>	1.5	1.5	1.6	1.6	2.3	2.6	3.3	3.5
Austria	n.a.	1.0	n.a.	1.2	n.a.	5.6	n.a.	7.9
Belgium	6.0	5.5	5.5	5.5	3.2	3.4	3.7	3.3
Denmark	0.7	0.7	0.9	1.0	1.4	2.2	2.9	3.7
Finland	0.2	0.1	0.3	0.3	0.1	0.3	1.0	1.3
France	n.a.	2.3	n.a.	n.a.	n.a.	4.0	n.a.	n.a.
Germany	2.0	1.9	2.2	2.3	3.6	4.2	6.4	6.7
Greece	0.4	0.5	0.4	0.4	2.0	1.7	1.0	1.2
Ireland	1.8	1.8	2.0	2.3	0.4	0.5	0.6	0.7
Italy	n.a.	n.a.	0.2	0.2	n.a.	n.a.	1.0	1.3
Luxembourg	n.a.	25.4	29.5	31.0	n.a.	3.4	3.1	3.8
Netherlands	1.3	1.1	1.3	1.2	2.6	3.2	3.7	3.1
Portugal	0.2	0.3	0.4	0.5	0.6	0.7	1.2	1.3
Spain	0.4	0.6	0.6	0.7	0.2	0.4	0.6	0.9
Sweden	2.6	2.3	2.0	2.0	2.1	3.0	4.1	3.9
United Kingdom	1.5	1.6	1.6	1.4	2.5	2.7	2.1	2.3

\* Source: EUROSTAT (2000).

Returning to the broader European perspective, **Table 5** reveals that workers from EU countries have accounted for a relatively steady share of the population in the EU-15 countries over time, whereas the share of foreigners from Non-EU countries has been increasing considerably within the time period from 1985 to 1998. These figures, however, do in all likelihood

not reveal the true mobility within Europe since what is recorded as an immigrant or foreigner by these statistics are individuals who change their place of residence for a longer time period. Unfortunately, these figures do not report short-term moves of individuals working abroad for only a couple of months. Furthermore, they do not reveal any information about cross-border commuters or seasonal workers. It is, therefore, very likely that the figures in **Table 5** paint only part of the overall picture on mobility within the European Union. They rather place lower bounds on the phenomenon.

Consequently, common perceptions and traditional recording of migration may be an inappropriate description of current population movements. To provide a more encompassing view, it is necessary to consider current and future forms of any kind of cross-border movements, their relationship to individual behavior, their relationship to more integrated economies and to new forms of technology and communication. Not the least reason for this widened attention is that the process of integration of immigrants is in all likelihood closely related to the (expected) duration of migration (see e.g. DUSTMANN (1996)). Understanding the reasons for different forms of mobility is also one of the key elements for analyzing the economic performance of temporary and permanent migrants as well as their economic impact on both the origin and the destination country's societies.

The following section aims at providing a common frame of reference for answering these questions in the context of economic migration research together with a brief review of the contributions of this research. This discussion prepares our analysis of the migration intentions of young Europeans presented in **section 4** and embeds it conceptually into received migration research.

### 3 What Do We Know?

For an assessment of the determinants and consequences of current and future intra-European migration, it is helpful to proceed along the lines of a clear conceptual framework. Naturally, there is no unique, all-encompassing theoretical model linking together all aspects of the different topics of economic migration research. However, it is possible to outline a conceptual framework which provides the brackets for the discussion of the interrelated and complex issues of economic migration research. This conceptualization demonstrates that the questions raised by different strands of migration research are closely related to one another, and to many other aspects of economic policy.

### 3.1 The Conceptual Framework

Economic research concerning migration issues can be conceptualized into three broad fields. These fields may be described most sensibly by the following set of research questions:

1. Which factors determine the *decision* to migrate, i.e. which are the motives or driving forces behind observed immigration flows? Naturally, since the decision to migrate is in all likelihood the outcome of a systematic process, the characteristics of those who decide to relocate from their original home to a new destination are hardly a random sample of the indigenous population of either country. Understanding the composition of migration flows seems therefore to be an important prerequisite for the analysis both of migrant performance and the impact of immigration, which are the remaining two aspects of economic migration research.
2. Which factors determine the *economic performance* of immigrants in the destination country, i.e. do migrants' wages, employment prospects or the risk to depend on welfare payments converge or diverge to those of comparable natives as the duration of residence unfolds and what are the reasons for these developments? What structural explanation can be offered for the observed convergence or divergence patterns, i.e. is it assimilation or discrimination? Related aspects are the determinants of the *perception* of as well as the *attitudes* towards immigrants by the native population in the destination country.
3. Which factors determine the *economic impact* of immigration on the destination country as a whole or on the population indigenous to the destination country, i.e. does immigration, for instance, exhibit a significant impact on the age structure of the destination country's society or does it reduce the wages or employment prospects of, say, low-skilled natives or resident migrants of preceding entry cohorts, and if so, what are the mechanisms at work?

These three areas are interrelated with one another and exhibit a close connection to immigration policy. Clearly, the composition of immigration flows can, at least in principle, be regulated by different policy regimes yielding a different skill or country-of-origin mix of observable inflows. Since formal and informal human capital endowments determine the economic performance of immigrants in the destination country and the transferability of these endowments may vary with the country of origin, immigration policy therefore plays a decisive role for the economic performance of immigrants. Moreover, economic prospects of immigrants, the impact of immigration on the destination countries' economies and the perception of migrants by the natives are certainly closely related and might exhibit repercussions on the decision of potential migrants to enter the country.

## 3.2 The State of Discussion

This sub-section briefly collects the salient aspects of the available evidence on this trinity of migration research. It becomes transparent that migrants' skills are perhaps the central theme of all migration research and, consequently, of migration policy.

### *The Migration Decision*

The traditional approach to explaining aggregate migration flows departs at differential developments of economic activity (per capita), unemployment rates and other socio-demographic factors, such as geographic distance, a common history or common language (see e.g. HARRIS AND TODARO (1970) for a seminal paper; FERTIG (2001) and VOGLER AND ROTTE (2001) are applications for the case of Germany). Pinning down any stable relationship between the economic factors and immigration activities has been notoriously difficult throughout this literature. This has made the creation of a satisfactory connection between the in parts overwhelmingly sophisticated economic theory of the migration decision and the - at best - scarce evidence for the validity of its predictions a very frustrating endeavor.

FERTIG AND SCHMIDT (2000) take a completely different approach at modelling aggregate immigration activity, with the principal aim of forecasting net immigration into the future. In this study, the crucial role of demographics for migration activity is placed in the focus of the discussion. It has been demonstrated in numerous empirical analyses of migration activity - historical as well as recent - that migrants tend to move from origin to destination at young prime age. Thus, the relative prevalence of this age group in the population at the origin is necessarily a major determinant of the actual migration potential and, in consequence, activity from this source.

On the basis of these considerations, FERTIG AND SCHMIDT (2000) conclude that even if EU enlargement were to lift all legal obstacles for East-West migration, the ensuing migration flows would likely be only of moderate magnitude. For the discussion of this paper, this approach suggests that understanding the attitudes of European youngsters towards mobility across national borders is the key to an enlightened discussion of the future intra-European migration.

### *The Economic Performance of Migrants*

For any reliable assessment of the economic impact of migration, the assimilation process of migrants in the destination country is of central concern. The focus of economic migration research has been on a single aspect of this process, relative wage dynamics of migrant workers throughout their labor market career. It has been demonstrated in numerous studies (see among others DUSTMANN (1993) and SCHMIDT (1997) for Germany) that skills play a dominant role for immigrant performance, whether acquired in formal curriculae as secondary or post-secondary schooling and vocational training,

or informally as experience in the labor market, or as manifestation of intrinsic personal traits such as cognitive ability or motivation.

In general, migrants acquire productive capacity in their origin country, but only part of this human capital can be transferred to the labor market at the destination. Consequently, the young adults arriving at their new home possess a lower earnings capacity, and consequently relatively low wages. Over their time of residence, they tend to acquire the lacking human capital, such as the language spoken at the destination - their low initial earnings capacity implies that the opportunity cost of their investment are relatively low, making substantial human capital acquisition likely. For young, typically relatively skilled European migrants one might expect a high transferability of human capital and therefore a flat wage profile on equal footing with the wages of equally skilled native workers.

The empirical controversies remaining are of technical nature. Most received econometric analyses on the relative labor market performance of migrants rest their interpretation on a crucial, and typically completely undiscussed, identification assumption. Wage differences can only be used as a perfect measure of disparities in economic productivity, if the labor market functions without any trace of discrimination and any legal barriers to wage parity. On the other hand, following several recent analyses in interpreting any unexplained wage differential as a reflection of discrimination would require an equally strong and hardly more plausible implicit identification assumption - the absence of migrant-native differences in productive capacity once formal characteristics are controlled for.

The key to understanding how these two types of interpretation might both be compatible with the same data lies in the insight that both of them rest on empirically untestable identification assumptions. That is, they rest on assumptions maintained to hold true to allow the interpretation of reduced-form wage dynamics in terms of structural ideas, assimilation or discrimination. Therefore, the decisive problem is: what is the valid identification assumption? This question cannot be answered unequivocally and must remain a matter of economic reasoning alone.

Similar considerations pertain to that aspect of research on immigrant assimilation which has received most attention in the North-American debate on immigrant assimilation - the role of cohort effects. It has been argued adamantly by BORJAS (1987), (1991) and discussed intensely by subsequent analysts (see e.g. LALONDE AND TOPEL (1991) and YUENGERT (1994)) that the inherent productive capacity of immigrant cohorts to the United States varies drastically over time. Specifically, the extent of this variation and its link to changes in the legal setting are at issue. Again, a fundamental identification problem arises, since the impact of economic assimilation, the affiliation with varying cohorts, and the effect of a changing wage distribution cannot be identified separately without further identifica-

tion assumptions.

*The Economic Impact of Immigration*

The empirical assessment of relative individual economic performance is straightforward as a conceptual issue. It is a matter of direct comparison of an appropriate outcome measure, i.e. wages or employment success, between the individuals of interest - migrants - and a comparison group - natives. By contrast, the economic impact of immigration unfolds in an indirect fashion via market reactions, and is therefore much more complex as an object of investigation.

Conceptually, additional immigration shifts the relevant labor supply curve outward - with the first problem for any empirical strategy arising as the question what exactly is "relevant", the local labor market, the skill group etc.? The consequences, in terms of employment and wages for this relevant group, as well as for all other groups of labor - with unskilled native workers being the most prominent case in the public debate - are first of all a matter of the relative own elasticities of demand and supply and of the set of elasticities of complementarity with all other production factors. An equilibrating intra-European migration that reacts to imbalances of supply and demand of specific skills is likely to be beneficial on two accounts. Firstly, since it reacts to skill shortage, it is unlikely to crowd out comparable native labor. And secondly, skilled workers often tend to be complementary production factors to unskilled native workers, lifting their labor market prospects as well.

Yet, the additional labor supply is only part of the story, since product demand, and thus labor demand (on all other sub-markets) tend to be affected positively. On balance, it might not be the case at all that immigration harms any group of native workers, even if substitutivity with native labor is important. In fact, the matter is entirely empirical. Nevertheless, even at the theoretical level many facets relevant for the real world might complicate the analysis, for instance the necessity to account for an increasing variety of products via immigration, or the consequences of institutionalized wage rigidities (see SCHMIDT ET AL. (1994)).

The empirical challenge induced in this line of research is to isolate immigration-induced shifts in labor supply which can be treated as if they were set in an ideal experiment, in other words as exogenous. Several strategies can be found in the literature regarding the definition of the appropriate sub-market. All these analyses face the common problem of non-experimental research: the extent of additional immigration does not vary randomly across time and space, as in a laboratory experiment, but is rather the outcome of systematic forces. Specifically, more attractive destinations will typically generate a larger influx of immigrants. Comparing the relevant economic outcome measures, native employment rates say, across regions will typically confuse the impact of immigration with the underlying reason making the



area particularly attractive.

For the case of Europe, empirical evidence on the economic impact of immigration (see among others BAUER (1998), HAIKEN-DENEW (1996), HUNT (1992) and PISCHKE AND VELLING (1997)) suggests that the derivation of robust qualitative results is a difficult, if not hopeless task, given the nature of the data material, and the inherent heterogeneity of the phenomenon. As a tentative summary, it seems apparent that any displacement effects of additional migration are small in magnitude, with zero being a plausible point estimate. So far it has not been possible to quantify any of the presumably positive demand side effects working via goods markets, let alone indirect (positive) effects of increasing variety of products and services, or (negative) effects of excessive crowding on the housing market.

*Performance and Impact: The Welfare State*

One of the most contentious issues in this context regards the welfare state. The concern over this problem in principle reflects legitimate reservations about the fiscal and political viability of a welfare state potentially acting as a magnet to migrants, yet being underwritten by a native electorate. Most of the research on this topic has been conducted in the US and Canada. However, neither the empirical results regarding the trends in immigrant welfare nor the institutional arrangements shaping the environment for immigrants' welfare use are easily translated from North America to the European context. Most of all, the historical developments governing size and composition of immigrant influx to Europe were quite distinct.

An interesting piece of evidence for the case of the US is provided by the study of LEVINE AND ZIMMERMANN (1999). They utilize the quasi-laboratory nature provided by the idiosyncratically acting US states to approximate as close as possible an appropriately designed experiment. In sum, they find little evidence for the welfare magnet hypothesis. Unfortunately, despite its importance for the assessment of the impact of immigration, the empirical literature for Europe is rather scarce, with BLUNDELL ET AL. (1988) for the UK and FERTIG AND SCHMIDT (2001) for the Germany being two of a few exceptions.

In particular, the latter study suggests that, while the population of non-citizens in Germany indeed displays a relatively large welfare dependence, this relative pattern is turned on its head when one compares genuinely comparable individuals. That is, the apparently high welfare dependence of migrants is a reflection of the guest-worker recruitment policy of the late 1960's and early 1970's – mainly seeking to attract unskilled workers and their families. It is not a reflection of low intrinsic qualities, but rather of the continuing importance of formal skills on the German labor market. Consequently, as the typical skill content of intra-European migration is high, welfare dependence promises to remain a minor issue in this debate.

## 4 The Migration Intentions of Young Europeans – Some Evidence

For the case of mobility within Europe empirical evidence on the determinants of cross-border moves is rather scarce. In order to present some descriptive, but quite suggestive evidence we analyze the *Eurobarometer*, a public opinion survey of social and political attitudes conducted on behalf of the *European Commission* two or more times a year in all member states of the EU.

Specifically, in our analysis we utilize the second wave of the 1997 *Eurobarometer* survey conducted among young European between 15 and 24 years of age at the time of the interview. This wave of the survey aims at providing a portrait on the personal life situation of young Europeans, their organizational membership and activities as well as their attitudes towards social problems, foreign people, and employment issues. Furthermore, these young people were asked for their perception of the European Union and the possibilities to work or study abroad. We would like to emphasize that these respondents who were brought up at a time in which the idea of a unified Europe had already been widely recognized and was established in institutional terms to a fair degree.

Here we utilize the answer distribution of *French*, *German* and *UK* youth to analyze the correlates of the attitudes of these young people towards mobility in a wider sense. A description of the explanatory variables in our analysis is provided in **Table A1** in the appendix. **Table A2** provides some summary statistics. As a starting point **Table 6** displays the results from our analysis of the question “Which of the following, do you think ‘being a citizen of the European Union’ means?”. Specifically, we analyze the correlates of the answer “The right to work in any country in the European Union” by individual respondents in a discrete choice framework. The table presents the marginal effects of each coefficient estimate which can be interpreted straightforwardly as the reaction of the probability to agree in response to a unit-increase of the right-hand variables.

**Table 6:** Being a Citizen of the EU Means the Right to Work in any Country in the EU

EXPLANATORY VARIABLE	MARGINAL EFFECT	T-VALUE
German Nationality	0.1213	5.23
French Nationality	0.1220	4.90
Speaks Foreign Language	-0.0068	-0.30
Visited Foreign Country	0.0312	1.51
Being Female	-0.0332	-1.77
Still Studying	0.0477	2.40
Xenophobic Tendency	-0.0658	-1.88
Parents are Unemployed	-0.0495	-1.05
Parents have a High Degree of Education	0.0501	2.14

Number of observations: 2,695. The reference category for the nationality indicator is United Kingdom.

Our estimation results suggest that *ceteris paribus* German and French youth exhibit a statistically significant higher probability to choose this answer category. The probability is approximately 12% higher than that of UK youth. One might speculate that the rather high degree of scepticism regarding the idea of a unified Europe is transmitted from the older to the younger generation in the UK. Furthermore, young Europeans who are still studying or who have a highly educated parental background also tend to agree with this answer independently of the nationality. In these cases the probability to agree increases by approximately 5% each. While these effect is shy of being significant, the negative association between an agreement with the proposed statement and a self-reported xenophobic tendency seems noteworthy. It would certainly not be too surprising to find xenophobia and a low level of information on basic facts regarding foreign nations and their citizens to go hand in hand.

**Table 7** extends the analysis further and reports the results of an analysis of the question “Let’s suppose you want to work or study abroad, what, do you think, would be the main difficulty you would face?”. There were several answer possibilities including “I would have language difficulties” or “I would be homesick” from which the young respondents had to choose exactly one. We analyze the correlates of the answers “I would have administrative difficulties” and “I would have difficulties to get my qualifications recognized” which we combined into one category.

**Table 7:** The Perception of the Difficulties of Working Abroad

EXPLANATORY VARIABLE	MARGINAL EFFECT	T-VALUE
German Nationality	-0.0014	-0.13
French Nationality	0.0615	4.45
Speaks Foreign Language	0.0531	5.07
Visited Foreign Country	0.0209	2.26
Being Female	-0.0033	-0.40
Still Studying	-0.0050	-0.57
Xenophobic Tendency	0.0114	0.73
Parents are Unemployed	-0.0487	-2.17
Parents have a High Degree of Education	0.0002	0.02

Number of observations: 2,695. The reference category for the nationality indicator is United Kingdom.

**Table 7** reveals that *ceteris paribus* French respondents display a statistically significant higher probability of 6 percentage points to agree relatively to respondents from the UK whereas the perception of German youth does not differ from that of UK youth. It would be interesting to find out whether the perception of French youth is associated with the rather complex and selective French school system. Surprisingly, respondents which are able to speak a foreign language, as well as respondents who had gathered some experience with foreign countries by visiting them also exhibit a statistically higher probability to believe that there will be administrative difficulties involved in the decision to work abroad. Finally, respondents with unemployed parents display a significantly lower probability to agree since their main obstacle might rather lie in financial restrictions than in administrative difficulties.

**Table 8** displays the results of our analysis of the (spontaneous) answer “I am not interested in working or studying abroad” on the question “Let’s suppose you want to work or study abroad, what, do you think, would be the main difficulty you would face?” The results presented in **Table 8** suggest that *ceteris paribus* German respondents are less willing to work or study abroad compared to young respondents from the United Kingdom and France. Young Europeans displaying xenophobic tendencies are also less willing to move abroad whereas individuals who already had been to a foreign country tend to disagree with this answer.

**Table 8:** No Interest in Working or Studying Abroad

EXPLANATORY VARIABLE	MARGINAL EFFECT	T-VALUE
German Nationality	0.1010	7.45
French Nationality	0.0070	0.46
Speaks Foreign Language	-0.0190	-1.72
Visited Foreign Country	-0.0391	-3.88
Being Female	-0.0142	-1.63
Still Studying	-0.0118	-1.28
Xenophobic Tendency	0.0441	2.66
Parents are Unemployed	0.0125	0.61
Parents have a High Degree of Education	-0.0119	-1.09

Number of observations: 2,695. The reference category for the nationality indicator is United Kingdom.

The evidence presented in the preceding tables is clearly of a descriptive nature and, therefore, cannot be interpreted in causal terms. Moreover, since the respondents were quite young at the time of the interview, the opinions expressed by them might change considerably over time as they mature. However, these results may well serve as a starting point for further research aiming at the analysis of the determinants of mobility of European individuals. Individual-level studies are certainly the conceptually most promising approach to receive a better understanding of these determinants than the usually conducted aggregate level studies. In studies at the aggregate level it is hardly possible to disentangle the complex aspects of the decision to work or study abroad. As a first conclusion we would argue that unless information deficits, traces of xenophobic tendencies, and the perception of prohibitively high levels of bureaucratic red tape are overcome, intra-European migration will not play the role it is hoped for.

## 5 Conclusions – What Remains to Be Done?

The implications of the insights presented above are twofold. Firstly, the results suggest that for the case of Europe we are still in need of generating more empirical evidence on some of the most important questions of migration research. Researchers will hardly be able to complete this task without access to *additional*, individual-based data material. In light of this topic's importance for the future of the European society, it is hoped that any initiative to collect such data will be funded generously, and that policy makers and administrators alike will support such an endeavor.

It has to be the explicit aim of future research to aid in understanding the interplay between immigrant economic attainment and Europe's transition into a service-sector dominated and integrated economy. Among the specific aspects to be addressed by such a joint research are:

- Discrimination and ethnic concentration: Do immigrants to different European countries experience measurable discrimination in their wages and in employment opportunities given their human capital endowments, does this impact on their unemployment experience or welfare dependence and what is the role of ethnic concentration in these processes?
- Internal migration and the development of ethnic enclaves: Are the mobility patterns of individuals in Europe a reflection of the regional dispersion of job opportunities or of a tendency to develop and to benefit from the formal or informal networks of ethnic enclaves?
- Immigration policy, citizenship and participation in the political process: What are the various policies enacted across Europe to deal with the problem of integration of immigrants, which additional policies could be suggested, and which effects do the actual and the proposed policies have on the integration of those migrants?

Secondly, this research has to be conducted from a pronounced European perspective, i.e. as cross-country comparisons over time, relying on a common frame of reference. Such an ambitious task can hardly be performed by a handful of researchers alone. Instead, it is necessary to co-ordinate these endeavors on a European basis. In the light of the overwhelming relevance of these topics, it is hoped that representatives and institutions of the European Union will spend more effort in supporting the development of more and better knowledge on issues decisive for the future development of European societies.

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## Appendix

**Table A1:** Description of Explanatory Variables

VARIABLE	DESCRIPTION
German Nationality*	Takes the value of 1 if the respondent is a citizen of Germany; 0 otherwise
French Nationality*	Takes the value of 1 if the respondent is a citizen of France; 0 otherwise
Speaks Foreign Language	Takes the value of 1 if the respondent reported foreign language skills; 0 otherwise
Visited Foreign Country	Takes the value of 1 if the respondent reported that he/she has visited a foreign country within the last two years before the interview; 0 otherwise
Being Female	Takes the value of 1 if the respondent is female; 0 otherwise
Still Studying	Takes the value of 1 if the respondent reported that he/she is still studying; 0 otherwise
Xenophobic Tendency	Takes the value of 1 if the respondent reported that he/she feels uneasy in the presence of people of another nationality, race, religion, or culture; 0 otherwise
Parents are Unemployed	Takes the value of 1 if the respondent reported that his/her parents are unemployed; 0 otherwise
Parents have a High Degree of Education	Takes the value of 1 if the respondent reported that his/her parents have a high schooling degree; 0 otherwise

\* Therefore, the reference category for the nationality indicator is the United Kingdom.

**Table A2:** Descriptive Statistics

VARIABLE	MEAN	STANDARDERROR
<b>Dependent Variables:</b>		
Ability to go wherever I want	0.4186	0.4934
Not interested in studying/working abroad	0.0724	0.2591
Administrative Difficulties	0.0660	0.2484
Right to work in any EU country	0.6312	0.4826
<b>Explanatory Variables:</b>		
German Nationality	0.4430	0.4968
French Nationality	0.2694	0.4437
Speaks Foreign Language	0.7239	0.4471
Visited Foreign Country	0.6549	0.4755
Being Female	0.4980	0.5001
Still Studying	0.5046	0.5001
Xenophobic Tendency	0.0798	0.2710
Parents are Unemployed	0.0427	0.2022
Parents have a High Degree of Education	0.2219	0.4156

\* All variables are categorical. Number of observations: 2,695.