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Background paper for the presentation at the 13th OSCE-Economic Forum: Migration from an economic, environmental and security perspective, Almaty, Kazakhstan, 24-25 January 2005

Working Group A: Economic Migration — Impact on labour market structures, changes and policy responses

Economic aspects of labour migration in countries and areas of destination

Abstract

At the outset, it has to be clarified that the national interests in the context of migration differ between sending and receiving countries. In addition, there is an asymmetry in the bargaining power of sending and receiving countries. Migratory movements are to a large extent determined by the migration policies of the receiving countries, i. e. migration flows are mainly demand determined. But in the absence of push factors, i. e. emigration pressure from source countries, mass migration would hardly take place.

While migration models may differ between countries, the impact of migration on receiving countries on the economy and particularly the labour market, is similar. This is exemplified by looking at three different migration models:

- the immigration model as developed by USA, Canada and Australia with the objective of settlement and integration of immigrants (population policy);
- The temporary migration model as developed by Switzerland, Germany and Austria which was originally intended to satisfy short-term labour needs;
- The migration model resulting from colonial ties as in Great Britain, and partly in France and Netherlands.

The main reasons for migration are in each model different, which affects the timing, direction, volume and composition of immigration. In spite of the basic difference in recruitment/inflow strategies, the impact of migrants on the labour market and the society at large is similar. Not only the share of immigrants in the receiving countries may be similar, e.g. in the case of USA, Germany or France (foreign born), but also the skill structure. Immigrants tend to have a bipolar skill structure, i. e. they are concentrated in the upper and lower skill segment; the first as a result of targeted skilled migration, the latter as a result of family reunion and immigration on humanitarian grounds.

Overall, there is no simple answer to the question about the economic impact of migration, both on source and host countries. The impact is different at different points in time in the self-same country and depends upon the development stage of a country, the composition of the migrants by age, gender and ethnic/cultural background as well as the institutional ramifications.

Migration has to be seen in the light of internationalisation of production and the emergence of a new world order in industrial relations. Migration is an essential element in the way regional economies become integrated. Immigrants contribute to the diversification of the productive structure of an economy. They do not only contribute to the supply side, the production potential of an economy, but also to the demand side. They may exert pressure on infrastructure and in so doing induce increased investment. Hence, migrants have an effect on the labour market, either directly, via increasing labour supply, or indirectly, via increasing labour demand. Immigrants may influence prices and the profitability of production through the supply side effect, that is, by affecting the scarcity and thus the price of labour, but also through the demand side effect, particularly through the impact on infrastructure and housing.

The economic impact of migrants may take many forms, e. g. it affects economic growth and its composition; income distribution, inflation, productivity and technical progress, the balance of payments and, of course, the labour market. The political debate in the latter centres on the question of the impact of immigrants on employment opportunities of the national work force, in particular on wages and unemployment. In reality, however, all economic issues somehow reflect the role of migrants in the labour market.

The impact of migrants on the economy also varies with their legal status. Legal status is often linked with skills, at least in the case of planned and targeted migration policy. It may also be the result of unplanned inflows, in particular asylum seekers, refugees and illegal migration. Often the legal status regulates the type of access to the labour market, to public assistance, housing and so forth.

A process of restructuring by country of origin and migrant status is part of the process of migration. Institutional arrangements which close or restrict labour and/or social mobility lead to increased segmentation of labour markets and the society at large. Ethnic or cultural enclaves may become a source of social tension. They are economically inefficient as well as inequitable. The challenge for policy is obvious: careful analysis and evaluation of the size and the dynamics of present and future migration processes is necessary in order to ensure a balance between economic efficiency and social justice and equity.

Introduction

Immigration has become a pervasive feature of economies not only in the traditional immigration countries, but throughout the industrialised world. In the course of the 1980's inflows of migrants started to gain momentum in almost all OECD countries, partly as a concomitant of an intensified process of globalisation. In Europe, Germany emerges as the principal immigration country with an annual inflow of migrants of 685,300 in 2001 (excluding ethnic Germans)¹, followed by Switzerland (99,500), the Netherlands (94,500) and Austria (74,800). Currently (2001), the annual inflow of migrants into the EU(15) amounts to 1,465,700 and surpasses thus the inflow of permanent migrants into North America (1,314,700). (Table 1) Net immigration is, however, lower as outflows are also substantial; significant cross-border flows, in and outflows alike, are becoming a normal feature of modern globalised societies.

In Western Europe, net immigration has become the principal component (more than 60 percent) of population growth since the late 1980s. Immigration is less important in Australia and America, accounting for only a third and a quarter respectively of total population growth.

A major part of immigration is labour migration. In general, worker flows have tended to increase since the middle of the 1980s. And yet labour migration still only represents the smaller share of migration flows - about 40 percent in the EU(15) and only 20 percent in the traditional immigration country USA. Family reunification and refugees account for the major share of inflows of immigrants into OECD countries. Foreign labour plays, however, an important and growing role in the functioning of labour markets and is subject to complex institutional regulations, which differ according to policy targets (Table 2).

Evaluation research is only starting to become important in this field as migration pressure is mounting and policy makers are in need of sound impact analyses for policy guidance. Policy targets in the field of migration differ according to national interests and may be classified into four broad areas.

- economic ends: migration is a source of labour, in particular, skill elements, to ensure that labour does not become a limiting factor for economic growth.
- social ends: migration should not increase socio-economic segmentation or hamper social mobility.

¹ See Zimmermann (1995).

- a combination of business, military or diplomatic strategies: immigration may be a domestic consequence of foreign policy and economic activities (e. g. export processing zones) in migrant sending countries.
- migration on humanitarian grounds.

The challenge of migration policy is to strike a balance between economic efficiency and equity, between social and humanitarian objectives and political stability. In Europe, migration is increasingly seen 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; the EU wants to use this instrument not just to increase labour supply but also to speed up the re-skilling process of the European work force towards a knowledge society in an information age.

So far Germany, the UK and Austria have given a clear indication that they want to introduce a point system along the lines of the Australian or Canadian model. The introduction of a point system will be a new feature of European migration policy. So far the majority of migrants in Europe has been un- and semiskilled. 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 gives high priority to a co-ordinated employment and education policy and to investment in the development of a Learning Society (the Lissabon process).

Migration Policy

Migration policies are based on a vision of the role of migration in socio-economic, political and cultural development. Their formulation is determined by intertwined socio-economic, cultural, political, strategic and security aspects. In addition, different national traditions in social organisation, which are deeply rooted in history, frame migration policies. As a result, a variety of migration policies and systems developed in the Western industrialised countries.

One may discern three major migration regimes:

- The 'naturalisation' model as developed by USA, Canada and Australia with the objective of settlement and integration of immigrants (population policy).
- The 'guestworker' model as developed by Switzerland, Germany and Austria which was originally intended to satisfy short-term labour needs; the prolonged employment

of foreign workers led to the installation of social and economic integration policies for the originally recruited foreign workers and their family members².

- The third model resulted from colonial ties as in Great Britain, and partly in France and Netherlands. This model is not going to shape massive migratory flows in the future, but it helps to explain why certain nationalities or ethnic groups are present in some countries and not in others. The modern migration flows of 'return' migration of ethnic Germans (Aussiedler) or Greeks from Central- and Eastern European countries should not be seen in the context of this model but much rather as a consequence of extended European integration.

The migration policies in Japan and the rapidly industrialising countries of East Asia as well as migration policies in the Middle East are of the second type but do not bear any sign of accepting temporary migrants on a permanent basis connected with citizenship rights³.

The main reasons for migration are different in each model, affecting the timing, direction, volume and composition of immigration. In spite of the basic difference in recruitment or in-flow strategies, similarities in the impact of migrants on the labour market and the society at large can be discerned. Over time the migration systems converged and became more complex. Traditional immigration countries introduced instruments to allow and control short-term labour migration whereas labour migration countries in Europe reacted towards the settlement tendency of migrants with the introduction of integration measures.

The traditional distinctions between the temporary worker model and the settler model of immigration became blurred, as model 1 countries increasingly took in temporary migrants and model 2 countries introduced settler programmes.

Migratory movements are to a large extent determined by the migration policies of the receiving countries, i. e. migration flows are mainly demand determined. But in the absence of push factors, i. e. emigration pressure from source countries, mass migration would hardly take place. In this context one has to see the rise of refugee movements in the 1980s which stems from the simultaneous presence of political and environmental push factors in the donor countries and economic pull factors in the receiving countries. The migration pressure from poor to rich countries is increasing, encompassing a larger number of countries (nationalities, ethnicities) of emigration and a larger number of destination countries including former emigration countries. Immigration has ceased to take place in countries and

² For a detailed discussion of migration in Europe see Biffl (2000A,B).

³ The development of migration in Asia is well documented in Abella (1994), for migration to the Gulf States see Stalker (1994) and Shah (1994).

regions of low unemployment and is now a common feature also in high unemployment regions, e. g. Spain and CEECs.

Economic links and technology have created a trans-national space for the mobility of capital and created new conditions for the mobility of labour. Migration policies tend to widen their scope, they go beyond labour market strategies. They become part of globalisation strategies.

Economic impact of immigration

Economic impact analyses of migration tend to focus on monetary effects which are the result of market transactions. Many aspects, which affect the material well-being of a society but are not organised through the formal market economy, are neglected. The main topics of research centre around the impact of migrants on economic growth, productivity and technical progress, the labour market — in particular labour market segmentation, employment opportunities of migrants and natives, the impact of migrants on wages and unemployment; on the balance between contributions to and receipts from the social welfare system. In Europe, as a result of rapid population ageing and technological change, the focus of analysis has turned to the potential benefits of immigrants, particularly highly skilled ones, for sustainable economic growth. The role of migrants as consumers and their impact on inflation or the balance of payments has received a lot of attention in the traditional immigration countries overseas, less so in Europe.

Empirical research shows that the migration systems in place in Western Europe allowed significant immigration of almost the scale in the traditional immigration countries. As a result, the stocks of foreign born as a percentage of the population are as high in the major EU-immigration countries Sweden, Austria, France and Germany, as in the USA, namely somewhat more than 11 percent. Admittedly, Australia and Canada have higher shares with 23.1 percent and 18.2 percent of the population respectively (OECD, 2004) (Table 3). A somewhat different picture emerges, when we look at the proportion of foreigners or foreign born in the total labour force. Legislative differences as to naturalisation may camouflage the actual share of foreign born in the work force. As it is particularly difficult to obtain the Swiss citizenship, Switzerland emerges as the country with the highest proportion of foreigners in the work force in Europe (18.1%), only comparable to the overseas proportion country Canada. While Sweden which promotes integration by granting the citizenship rather quickly, appears to have a significantly lower dependence upon 'foreigners' with labour force (5.1 %) (Table 4).

There is an ongoing debate about the economic impact of immigration; the results of most impact studies are inconclusive as to the net economic effect of immigration upon the host society.

Impact on economic growth and productivity

International research of the impact of immigration on economic growth does not come up with a simple answer. The impact of a growing population on economic growth is dependent on how productivity and income per capita are affected. This deserves special attention, as the composition of the migrants by age, gender, and above all skills differs from the native population. This implies that their contribution to GDP as workers may differ from the average native. Thus, immigrants do not just raise the level of labour supply but also the skill composition. In the same way, on the demand side, migrants do not only increase the total demand for goods and services, they may also have a consumption basket which differs in many respects from the national average. The composition effect has, among other things implications for import-export relationships and thus the current account.

A major positive influence of immigration on the productivity of a country is attributed to the higher mobility of migrants compared to residents. This notion was at the heart of the decision in favour of the 'guest worker' model of migration in Central Europe. Switzerland, Germany and Austria meant to satisfy a perceived short term need for labour which endangered economic growth. Temporary work permits were to ensure the continued mobility of foreign workers. Settlement of migrants and thus immigration was not the objective. As a result, policies of family reunion and integration were put in place reluctantly and at a relatively late stage, as de facto settlement of foreign workers had taken place.

Another aspect which impacts upon productivity, is the skill structure of immigrants. Above average skills, which result in both higher wages and better employment opportunities, are more conducive to an above average contribution to GDP per capita than low skills and traditional skills, which are becoming more and more obsolete with technical progress. This aspect of immigration explains the policy of an intricate point system, which targets potential immigrants by their skills and age in Australia, Canada and USA.

Another aspect of migration which is advantageous for the host countries is the cost-saving on education and training of migrants. The savings may, however, need to be compensated by expenditure on the social integration of migrants. A lack of explicit integration measures for first and second generation migrants, in particular in housing and education policies, may result in long-term costs like reduced employment opportunities of second generation migrants.

The intake of migrant workers tends to keep wages low in those sectors of the labour market where foreign labour is concentrated. This is one reason why unions tend to oppose liberal immigration policies. Employers argue that lower wages enable firms to reap higher profits, which foster investment — investment being a major factor for productivity increases. However, the positive effect of lower wages on investment and productivity increases is hard to

prove. In countries, where the majority of migrants tends to be unskilled, employers may continue to operate with traditional, labour intensive methods of production. In such a case immigration contributes to low wages without boosting productivity.

It is, of course, necessary to establish the causal link between labour supply or population growth on the one side, and investment as well as technical progress on the other. A growing population calls for increasing expenditure on social infrastructure, e. g., housing, schools, health facilities etc. Capital stock will grow to provide jobs for the increasing supply of labour. Both factors have a positive effect upon investment. Only to the extent that they contribute to investment in new technology, i. e., capital deepening, and new, more productive work organisation, will total productivity increase. However, the type of investment fostered by population growth tends to entail, in the main, capital widening.

A negative impact on economic growth tends to arise from concentration of migration on agglomeration centres. Thus rapid urbanisation may have negative economic growth aspects, in particular, as a result of traffic and transport problems, costs of waste disposal and pollution. The increasing demand for goods and services as a result of immigration, on the other hand, boosts economic growth.

The effect of immigration on national savings has a bearing on economic growth. Thus if migrants have a higher savings rate than the resident population, the growth impact would be positive. Should the contrary be the case or if savings are repatriated, a dampening of economic growth would be the result.

Immigrants and the labour market

Migrants may find employment in the production of goods and services for exports (tradeables) and for local demand (non-tradeables). Migrants tend to flow dis-proportionately into export oriented industries which are using labour intensive technology in the production of goods, in order to promote export growth. In the non-tradeable sector, pressure for keeping costs down is the major rationale for migrant labour. Personal services tend to have limited possibilities for productivity growth in the technical sense, i. e., the ratio of inputs to outputs — e. g., the patient/nurse ratio or the consumer/hairdresser ratio — cannot be reduced by technology to the same extent as business oriented services or the production of manufactured goods, if the quality of the service is to be preserved. Thus, the costs of these labour intensive services relative to manufactured goods tend to increase over time if wage disparities are not to exceed conventional social norms of fairness. In those occupations in which wages do not rise in line with the rest of the economy, labour supply may become scarce. In order to ensure sufficient labour supply, migrants are employed, i. e., migrant labour represents a means to keep costs of non-tradeables low. This explains why migrants

are employed dis-proportionately in low wage/low skilled jobs in the area of non-tradeables, e. g., cleaning, nursing and domestic services.

The rationale for employing migrant workers translates into wage and/or unemployment effects of migrants relative to natives. In summary, it can be said that the pressure on wages and employment opportunities increases with the elasticity of substitution of migrant versus resident labour. This is to say that in occupations and jobs, in which migrants are complementary to natives, natives profit from migrant labour in terms of job opportunities and relative wages. In contrast, in jobs where migrants and natives are substitutes, the wages and employment of natives are adversely affected.

Immigrants tend to be concentrated in certain labour market segments which are generally not favoured by the resident work force. In Europe, mostly unskilled and semi-skilled workers face increased competition from migrants which shows up in the main in a negative wage impact on blue-collar workers. In contrast, Australia and Canada targets immigration in the highest skill segment in order to promote economic growth, while at the same time keeping inflation under control.

Migration research indicates that migration may contribute to a rise in unemployment and to a widening of wage differentials; this is the case in which migrants are concentrated in skills/occupations which are facing a decline in relative demand, i. e., if labour supply growth as a result of immigration outpaces labour demand growth in those specific skill segments (*Borjas, 1990, Stalker, 1994, Faini et al., 1999*).

In Western industrialised countries, micro-economic reforms, technological change and restructuring entail above average job losses for unskilled workers, the group in which migrants tend to be more than proportionately represented. In the 1990s reallocation of production in a value added chain in the wake of globalisation of production increasingly affects medium skilled national tradesmen. Thus, while in the past migrants contributed to employment stability of natives in tradeables by ensuring the competitiveness of exports, this is less the case in the 1990s.

Immigrants of earlier generations entered labour markets during the phase of rapid industrialisation with rising labour demand for low and medium skilled workers. Today de-industrialisation and expansion of service activities affects both the structure and the nature of employment. These economic and social conditions add to the integration problems of migrants. An oversupply of labour must not always take the form of higher unemployment. It may instead be the source of labour in casual and part-time employment, marginal occupations and as fringe self-employment outside the core economy at lower wages. Peripheral workers drift in and out of employment while a core of highly skilled workers continues to retain stable jobs and high wages.

In addition, the informal sector gains weight. (Graph 1) The rising share of informal labour in total employment is associated with other elements of greater flexibility in the formal labour market generated by the forces of demand and supply. These flexibility elements are compatible with what already prevails in the informal economy — workers employed by informal enterprises, domestic workers, outworkers, homeworkers, part-time and casual workers — and thus facilitate the movement from one economy to the other. Migrants play an important role in the informal sector, particularly in situations where access to formal sector jobs is difficult due to quota regulations and other institutional barriers to entry.

Highly skilled immigrants⁴

In the wake of globalisation, the skill composition of migrants has become somewhat bipolar in Europe, with strong concentrations at the lower end of the skill segment and an above average proportion in the highest skill segment. Highly skilled migrants tend to be concentrated in business oriented services, in particular banking, insurance, information-communication technology, in utilities, in particular as electrical engineers, as well as in education and research.

In comparison to the USA, Canada and Australia, Europe has not yet been able to attract highly skilled workers in large numbers either because of limited demand for these skill or because of perceived or real bureaucratic hurdles and red tape. The migration system does not appear to encourage the recruitment of highly skilled people from third countries. This may be the result of path dependence of migration policy — the temporary worker model has tended to recruit workers with trade skills or less; family reunion with these core migrants tends to promote the inflow of the same skills — and/or half hearted reforms of migration legislation and institutional ramifications. The latter implies that increased competition at the lower and medium skill level is condoned by migration policy while increased competition at the higher skill level does not appear to find the support of the major players of migration policy in Europe, quite distinct from the overseas immigration countries (OECD, 2002).

⁴ Highly qualified immigrants: refers to the international mobility of highly skilled people, that is, individuals with particular expertise, talents and often high education levels. This term usually refers to information technology (IT) experts, doctors, academics, etc. It generally does not include domestic personnel, catering, service providers, etc.

Immigrants as ethnic entrepreneurs⁵

As migrants are facing more and more difficulties to find employment in manufacturing, they increasingly turn to self-employment. This is a relatively new feature of migration in certain European countries, e. g. Austria and Germany. Until now, the proportion of self-employed migrants has been significantly lower than of natives, contrary to countries like France and the UK.

Migrants in Germany, Austria and Denmark tend to set up business in services, in particular cleaning, restaurants, food production and retail trade as well as in manufacturing, above all in clothing, leather ware, shoes and textile production and repairs. (Blume et al. 2003) These developments are not yet researched in depth due to lack of survey data.

Immigrants as consumers

This is an area which is under-researched in Europe. Of course, there is a general understanding that immigrants are consumers and as such raise the demand for goods and services and in so doing boost economic growth.

Migrants in Europe tend to be at the lower end of the income scale, which implies that a high proportion of their income goes into satisfying their basic needs. In addition, a certain amount of their savings is repatriated as they send remittances to their countries of origin. At the same time they import food and life style from their countries of origin and enrich the quality of life in the host countries, not least by diversifying the cuisine, crafts and arts.

The impact of consumption, remittances and investment of migrants on the trade balance and the balance of payments is underresearched in most European countries. Capital transfers to the countries of origin and imports on the part of immigrants usually exceed the financial capital transfers to the host country. In that narrow sense, immigration may have a negative effect on the balance of payments. However, exports, and more importantly, export opportunities, are positively affected by immigration. Immigration facilitates a smooth supply of labour and contributes to cost-efficient production possibilities and export opportunities, thus having a positive impact on the current account.

⁵ Ethnic Entrepreneurs: the term refers to the activities of Europe's immigrant entrepreneurs and the businesses, mainly small and micro-enterprises, owned by immigrants or people with immigrant background. Ethnic businesses show a wide variety, ranging from catering to textile production to arts-and-crafts, etc.

Immigrants and the welfare system⁶

This topic was not an issue in the early years of immigration in Europe, when unemployment was low and migrant workers, in the main target workers without family members, guaranteed economic growth. It was obvious that they were paying more into the welfare system than they took out, as they were in the main prime age workers. In the 1980s, however, as domestic labour supply growth picked up — a consequence of the baby-boom generation entering the labour market — and as immigration continued, increasingly as a result of family reunion and refugee intake, questions about the effect on welfare budgets surfaced. They became an issue of public debate, and in consequence of research, in the 1980s and again in the 1990s. The research has to be understood in the context of substantial inflows of migrants, workers as well as refugees, in the wake of the fall of the iron curtain and, thereafter, the war in Yugoslavia.

Not only the large numbers but above all the composition of the inflows became a matter of concern, particularly in Austria. Immigration to Austria had changed its character from a guest worker programme to one of immigration proper, not dissimilar to traditional immigration countries with a large humanitarian intake. This had implications for the welfare system.

However, the impact of immigrants on the welfare system cannot be judged by looking at the expenditures and revenues at a point in time. In order to know more about the longer term relationship, longitudinal data of migrants and natives and the concomitant transfer and revenue flows over the life cycle have to be taken into account. In such a generations model, not only the number of children, but also their use of educational resources has to be considered; in addition, the income of immigrants, their health status and their life expectancy. If, for example, an immigrant has no or only one child over the life cycle and earns an above average income, then he/she is a net contributor to the social budget during the working life. When entering retirement, the situation changes, particularly if the period of retirement is long. Simulations of various phases in life would need to be made for the various categories of immigrants, low income earners with many children, rich ones with few children, retirees staying or returning to their country of origin, etc., and compared with natives.

As the composition of immigrants and natives is changing over time, so is their impact on social budgets. The balance in the transfer budget is reached when child benefits and retirement benefits are compensated by the contributions payed into the social policy budget over the life cycle. A comprehensive cost-benefit analysis of migrants in the context of social

⁶ Welfare system: refers to the contributory social insurance programs that protect those who contribute to them against loss of income and unplanned expenditures because of illness, accident, old age or disability, and unemployment; as well as to the non-contributory social compensation programs that provide tax-financed social welfare (such as health care, pension, and other benefits) to those who perform a public service to society.

transfers has to take the generational transfers into account as well as the impact of migrants on educational, health and care infrastructure, and not only direct transfer payments like child benefits and retirement pay.

In Austria and Germany, migrants have on average a higher fertility rate than natives, but the educational resources spent on migrant children are below average. As to the health status of migrants — they are healthier when young and upon arrival but become a vulnerable group of people when getting older. The lower than average educational attainment level of migrants and the associated above-average physical and often also mental and psychological strain in the workplace, are the main explanatory factors for the weaker health of older migrants (Biffli, 2003).

The bad health record of older migrants adds yet another dimension to the already daunting task of providing adequate care for an aging population. This implies that health care institutions will be faced with caring for people with special needs due to often chronic and multi-morbid health problems as well as different language and cultural background. This may imply institutional adjustments, e. g. intercultural training for care personnel and medication and equipment.

Cultural diversity⁷ and competitiveness

The cultural diversity in private business increases as a result of immigration. The public sector, in contrast, hardly takes to employing migrants — with the exception of nursing and other health care services and to a lesser extent teachers and social workers. The latter find access to these jobs in the main as helpers or specialists to promote the integration of migrants.

The economic impact of increased cultural diversity is under-researched in Europe. In these circumstances, it is sufficient to say that the economic success of a country is closely linked to the fortunes of its major trading partners and their socio-economic development. The increasing internationalisation of today's economies inevitably leaves an imprint on the respective societies through its immigrants who contribute to the character and the competitiveness of the economies.

⁷ Cultural Diversity: Culture can take diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies that make up humankind. Cross-border population flows, such as migration, lead to increased cultural diversity within societies (co-existence of a difference in behaviour, traditions and customs, etc.) that can serve as a source of exchange, innovation and creativity.

Concluding observations

As migratory processes do not only have an economic dimension but also political, cultural, social, humanitarian and even strategic ones, it is particularly difficult to develop a universal organisational framework for migration policies, which holds for every country and every point in time. Within the EU national sovereign migration policies are becoming more and more restricted. A series of EU regulations regulate 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 co-ordination of the prosecution of illegal migration and clandestine work. One hopes to reduce illegal migration by sanctioning clandestine work, since work opportunities are often the root cause for illegal migration. Since migration evolves over time, it can be expected that even in the case of temporary migration as the predominant migration model, settlement will follow suit, and integration measures will have to be thought about in order to reduce the potential for social tensions, which, inevitably, endanger the sustainability of economic growth.

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Tables and Graphs

Table 1: Inflows of foreign population in selected OECD countries

In 1,000

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Inflow data based on population registers:										
Austria	..	..	..	..	..	..	59.2	72.4	66.0	74.8
Belgium	55.1	53.0	56.0	53.1	51.9	49.2	50.7	68.5	65.6	66.0
Czech Republic	..	..	..	5.9	7.4	9.9	7.9	6.8	4.2	11.3
Denmark	16.9	15.4	15.6	33.0	24.7	20.4	21.3	20.3	22.9	25.2
Finland	10.4	10.9	7.6	7.3	7.5	8.1	8.3	7.9	9.1	11.0
Germany	1207.6	986.9	774.0	788.3	708.0	615.3	605.5	673.9	648.8	685.3
Hungary	15.1	16.4	12.8	14.0	13.7	13.3	16.1	20.2	20.2	19.5
Japan	267.0	234.5	237.5	209.9	225.4	274.8	265.5	281.9	345.8	351.2
Luxembourg	9.8	9.2	9.2	9.6	9.2	9.4	10.6	11.8	10.8	11.1
Netherlands	83.0	87.6	68.4	67.0	77.2	76.7	81.7	78.4	91.4	94.5
Norway	17.2	22.3	17.9	16.5	17.2	22.0	26.7	32.2	27.8	25.4
Sweden	39.5	54.8	74.7	36.1	29.3	33.4	35.7	34.6	42.6	44.1
Switzerland	112.1	104.0	91.7	87.9	74.3	70.1	72.4	83.9	85.6	99.5
Inflow data based on residence permits or an other source:										
Australia										
Permanent inflows	107.4	76.3	69.8	87.4	99.1	85.8	77.3	84.1	92.3	88.9
Temporary inflows	..	93.2	115.2	124.4	130.2	147.1	173.2	194.1	224.0	340.2
Canada										
Permanent inflows	252.8	255.8	223.9	212.9	226.1	216.0	174.1	189.9	227.3	250.3
Temporary inflows	60.5	57.0	58.9	60.4	60.9	63.7	68.1	75.5	86.2	..
France	116.6	99.2	91.5	77.0	75.5	102.4	139.5	114.9	126.8	141.0
Greece	..	..	..	..	..	..	38.2	..	..	..
Ireland	..	..	13.3	13.6	21.5	23.5	20.8	21.6	24.1	28.0
Italy	..	..	..	..	..	..	111.0	268.0	271.5	232.8
New Zealand	25.5	28.9	26.5	46.7	58.6	52.0	38.7	36.2	38.8	62.1
Portugal	13.7	9.9	5.7	5.0	3.6	3.3	6.5	10.5	15.9	14.2
United Kingdom	175.0	179.2	206.2	228.0	224.2	237.2	287.3	337.4	379.3	373.3
United States										
Permanent inflows	974.0	904.3	804.4	720.5	915.9	798.4	654.5	646.6	849.8	1064.3
Temporary inflows	..	..	1468.8	1433.3	1636.7	..	2141.4	2363.4	2741.3	2948.3
EU	1727.6	1506.0	1308.8	1304.5	1211.2	1155.6	1247.1	1358.1	1416.3	1465.7
EEA	1856.9	1632.2	1418.4	1408.8	1302.7	1247.7	1346.2	1474.2	1529.7	1590.7

Source: OECD-SOPEMI.

Table 2: Inflows of foreign workers in selected OECD countries

In 1,000

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Australia										
Permanent settlers	40.3	22.1	12.8	20.2	20.0	19.7	26.0	27.9	32.4	35.7
Temporary workers	14.6	14.9	14.2	14.3	15.4	31.7	37.3	37.0	39.2	45.7
Austria	57.9	37.7	27.1	15.4	16.3	15.2	15.4	18.3	25.4	27.0
Belgium	4.4	4.3	4.1	2.8	2.2	2.5	7.3	8.7	7.5	7.0
Canada	70.5	65.5	67.7	69.7	71.5	75.4	79.5	85.4	93.7	93.1
Denmark	2.4	2.1	2.1	2.2	2.8	3.1	3.2	3.1	3.6	5.1
Finland	..	..	..	..	..	..	..	..	10.4	14.1
France										
Permanents	42.3	24.4	18.3	13.1	11.5	11.0	10.3	17.1	18.4	22.2
APT	3.9	4.0	4.1	4.5	4.8	4.7	4.3	5.8	7.5	9.6
Germany	408.9	325.6	221.2	270.8	262.5	285.4	275.5	304.9	333.8	373.8
Hungary	24.6	19.5	18.6	18.4	14.5	19.7	22.6	29.6	40.2	47.3
Ireland	3.6	4.3	4.3	4.3	3.8	4.5	5.7	6.3	18.0	36.4
Italy	..	..	..	..	..	166.5	182.0	219.0	145.3	92.4
Japan	108.1	97.1	111.7	81.5	78.5	93.9	101.9	108.0	129.9	142.0
Luxembourg	15.9	15.5	16.2	16.5	18.3	18.6	22.0	24.2	26.5	
New Zealand										
Permanent settlers	..	..	..	..	..	4.8	5.1	6.7	9.8	13.8
Temporary workers	..	..	..	..	..	25.4	29.5	32.5	43.1	54.6
Portugal	..	..	..	2.2	1.5	1.3	2.6	4.2	7.8	6.1
Spain	48.2	7.5	15.6	29.6	31.0	30.1	53.7	56.1	74.1	41.6
Switzerland	39.7	31.5	28.6	27.1	24.5	25.4	26.4	31.5	34.0	41.9
United Kingdom										
Long Term	9.9	9.4	10.2	11.7	11.4	16.3	20.2	25.0	36.2	50.3
Short Term	26.3	24.5	23.0	26.1	29.4	27.4	28.0	28.4	30.7	30.8
Total	36.3	33.9	33.2	37.8	40.8	43.7	48.2	53.4	66.9	81.1
United States										
Permanent settlers	116.2	147.0	123.3	85.3	117.5	90.6	77.5	56.8	107.0	179.2
Temporary workers	175.8	182.3	210.8	220.7	254.4	..	430.7	525.7	635.2	688.5
EU	623.8	459.2	346.2	397.1	393.8	418.7	445.7	497.9	581.7	603.9
EEA ¹	663.4	490.7	374.8	424.2	418.3	444.0	472.1	529.4	615.7	645.7
North Amerika	186.7	212.5	191.0	155.0	189.0	166.0	157.0	142.2	200.7	272.3

Source: OECD; -1 Above countries only.

Table 3: Foreign born as a proportion of the total population in selected OECD countries

In percent of total population

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Australia	23.0	22.9	22.9	23.0	23.3	23.3	23.3	23.3	23.6	23.1
Austria	..	..	..	..	..	..	11.1	10.7	10.4	11.0
Canada	..	..	..	..	17.4	..	..	..	..	18.2
Denmark	4.0	4.1	4.3	4.7	4.9	5.2	5.4	5.6	5.7	6.0
Finland	..	..	..	2.0	2.1	2.3	2.4	2.5	2.6	2.8
France	..	..	..	..	..	..	..	10.0	..	..
Hungary	..	..	..	2.8	2.8	2.8	2.8	2.9	2.9	3.0
Luxembourg	..	..	..	..	..	..	..	..	..	33.0
Mexico	..	..	..	..	..	..	..	..	0.5	..
Netherlands	..	9.0	9.0	9.1	9.2	9.4	9.6	9.8	10.1	10.4
New Zealand	..	..	..	..	..	..	..	..	..	19.5
Norway	..	5.0	5.4	5.5	5.6	5.8	6.1	6.5	6.8	6.9
Sweden	9.6	9.9	10.5	10.5	11.0	11.0	10.8	11.8	11.3	11.5
United States	..	..	8.7	8.8	9.3	9.7	9.8	10.3	11.1	11.1

Source: OECD-SOPEMI.

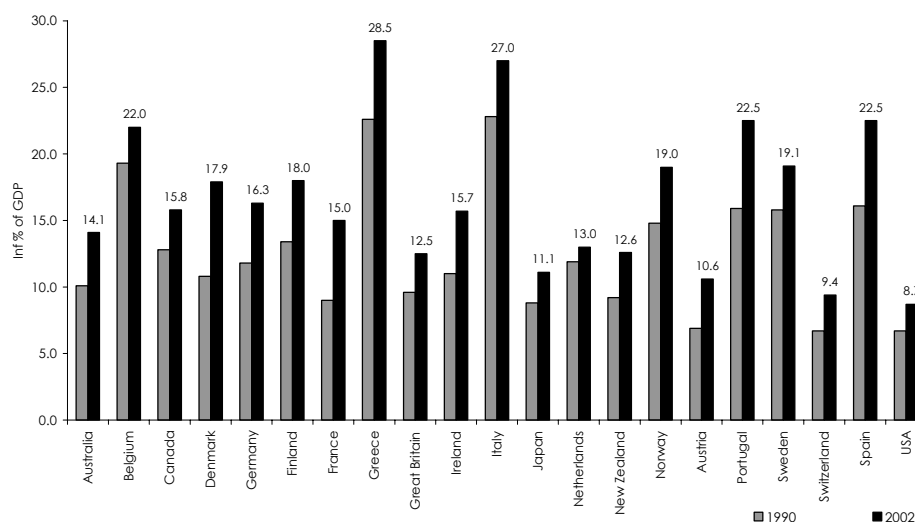
Table 4: Foreigners or foreign-born as a proportion of the labour force in selected OECD countries

In percent of total labour force

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Stocks of foreign labour force										
Austria	9.1	9.3	9.7	9.9	10.0	9.9	137.5	10.0	10.5	11.0
Belgium	7.8	8.1	8.4	8.5	8.6	8.8	8.8	8.9	..	..
Denmark	2.6	2.7	2.9	3.0	3.1	3.3	3.4	3.4	3.4	3.5
Finland	..	..	1.0	1.1	1.2	1.3	1.4	..	1.6	1.7
France	6.0	6.1	6.3	6.2	6.3	6.1	6.1	5.8	6.0	6.2
Germany	8.0	8.9	8.9	9.0	9.1	8.9	..	8.8	8.8	9.1
Hungary	0.3	0.4	0.5	0.5	0.5	0.5	0.6	0.7	0.9	0.9
Ireland	3.0	2.7	2.5	2.9	3.5	3.4	3.3	3.4	3.7	4.6
Italy	1.4	1.5	1.5	1.7	2.6	2.4	2.7	3.6	4.1	3.8
Japan	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Luxembourg	49.2	49.7	51.0	52.4	53.8	55.1	57.7	57.3	57.3	61.7
Netherlands	3.5	3.3	3.3	3.2	3.1	2.9	3.2	..	..	..
Norway	2.3	2.4	2.5	2.5	2.6	2.8	3.0	4.7	4.9	..
Portugal	1.3	1.4	1.6	1.8	1.8	1.8	1.8	1.8	2.0	2.0
Spain	0.9	0.8	0.8	0.9	1.0	1.1	1.2	1.2	2.7	3.4
Sweden	5.3	5.1	5.0	5.1	5.1	5.2	5.1	5.1	5.0	5.1
Switzerland	18.3	18.5	18.9	18.6	17.9	17.5	17.4	17.6	17.8	18.1
United Kingdom	3.6	3.4	3.4	3.4	3.3	3.6	3.9	3.7	4.0	4.4
Stocks of foreign-born labour force										
Australia	..	25.3	24.8	23.9	24.6	24.8	24.8	24.6	24.5	24.2
Canada	..	..	..	..	19.2	..	..	..	..	19.9
United States	..	..	9.8	9.7	10.7	11.3	11.7	11.7	13.0	13.9

Source: OECD-SOPEMI.

Graph 1: Growth of the informal economy in % of GDP in Western Industrialised Countries: 1990-2002



Source: Schneider/Enste, 2000; Schneider, 2003; Institut der deutschen Wirtschaft Köln.

Issues to be discussed at the Plenary Session: Management of Economic Migration — Policy, Issues and Recommendations — Panel Discussion

Migration policy should be firmly based upon a notion about the role of migration in the socio-economic development of a country, both as to out- and in-migration.

On order for immigration to be accepted by the host society, it has to be clarified that there are economic advantages linked with immigration/emigration which profit everyone.

A system of controlled migration is a prerequisite for obtaining the objectives of maximising the economic advantage linked with migration. Even in cases of temporary workers migration, social cohesion has to be assured by accompanying integration measures, in particular housing and language courses.

The existence of informal sector production of goods and services and the creation of jobs and incomes in the non-observed economy may encourage illegal migration. Increasing the share of formal sector employment has to be an objective, not least to reduce illegal migration flows.