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Managing Migration and Integration: Europe and the US

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Abstract:

Most Americans and Europeans in opinion polls say that governments are doing a poor job of selecting wanted newcomers, preventing the entry and stay of unwanted foreigners, and integrating settled immigrants and their children. This seminar reviewed the evidence, asking about the economic and socio-political integration of low-skilled immigrants and their children.

The context for links between immigration and integration is that most European nations have shrinking populations and extensive welfare states that provide support to the elderly and poor from the contributions of currently employed workers. If immigrants and their children add to employment, they can achieve the higher wages and more opportunities most sought in Europe and help to preserve generous welfare states. However, if immigrants and their children are mostly jobless or out of the labor force, they may add burdens to welfare states.

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**Managing Migration and Integration:
Europe and the US**

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Most Americans and Europeans in opinion polls say that governments are doing a poor job of selecting wanted newcomers, preventing the entry and stay of unwanted foreigners, and integrating settled immigrants and their children. This seminar reviewed the evidence, asking about the economic and socio-political integration of low-skilled immigrants and their children.

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The UCB European Union Center of Excellence provided support for this conference (<http://eucenter.berkeley.edu>).

Migrants in Europe

There were 32.5 million foreigners in the EU 27 nations in 2010, including 31 million in the EU-15 countries. Over 20 million of these foreigners were not citizens of EU member states, that is, about 12 million foreigners in the EU 27 nations were EU citizens, such as Poles in the UK. An estimated two to four million of these foreigners are unauthorized.

A larger number of EU residents, some 47 million, are foreign-born, meaning they were born outside the country in which they are now living, that is, there were about 15 million naturalized foreigners in EU countries. As with all foreigners, over 90 percent of naturalized citizens are in EU-15 member states.

The leading sources of intra-EU migrants are Romania, 2.2 million, Poland, one million, and Italy, almost a million. The leading sources of non-EU migrants are Turkey, about 2.5 million, Morocco, 2 million, and Albania, 1 million. Each nationality is concentrated in one or two EU countries, as with Turks in Germany, Moroccans in Spain and France, and Albanians in Greece and Italy.

Biffi emphasized that in 2009, about half of the workers aged 25-64 in the EU-27 labor force had medium skills, a quarter were university graduates, and a quarter were low-skilled, that is, had not completed secondary school. Over 40 percent of non-EU nationals in the EU labor force were low-skilled.

Most of the low-skilled workers in the EU are guest workers recruited in the 1960s to work in export industries or their descendants. During the 1960s, when the guest worker was associated with employed foreigner, most were in manufacturing industries that had relatively low capital-labor ratios, such as clothing and shoes.

During the 1970s and 1980s, these industries restructured, and many of the guest workers who lost jobs had a hard time finding new jobs. Aging low-skilled guest workers, and their children and grandchildren with less-than-average levels of education, are find it hard to obtain formal sector jobs in the increasingly knowledge-based EU-15 economies.

More restrictive migration policies and EU enlargement in the past decade have increased the share of newly arrived non-EU foreigners with higher skills, while more Central Europeans fill low-skilled jobs in EU-15 nations. Southern European countries have the highest shares of (native) low-skilled workers in their labor forces, e.g. in Portugal, 70 percent of workers are low-skilled.

Male migrants in the EU have above average labor force participation rates, while female migrants have lower-than-average LFPRs. Non-EU male migrants have lower-than-native LFPRs in northern European countries with few informal jobs such as Germany, but higher-than-native LFPRs in southern European countries with many informal jobs such as Italy. Non-EU male migrants who are in the labor force have unemployment rates at least 50 percent higher than average in 2009, for example, more than 15 percent if the overall unemployment rate is 10 percent.

Reasons for LFPR gaps between migrants and natives can be traced to demand factors (are there jobs that require migrants' skills), supply factors (what skills do migrants have), and institutions (can migrants get work permits). There were three major models by which low-skilled migrants arrived in EU-15 countries: guest worker recruitment followed by family reunion (Germany), refugees and family unification (Nordics), and de-colonialization (France and UK).

Non-EU migrant women have lower-than-average LFPRs in EU countries. However, they are more likely to be in the labor force in southern European countries, where native women have low LFPRs, than in northern European countries, where native women have higher LFPRs. Especially non-EU women with little education tend to be out of the labor force, more than 40 percent in 2008.

Non-EU migrants earn less than natives, especially those with lower levels of education.

A combination of only one earner and larger than average-size families reduces per capita income in the families of non-EU migrants. However, even highly educated non-EU migrants often have lower earnings and incomes, in part because many educated non-EU migrants are working in low-skilled jobs in the EU.

Most EU countries see themselves as already densely populated, so they do not favor immigration to increase their population, as in Australia and Canada. Some EU leaders want immigration to offset the effects of aging. Almost all EU countries welcome highly skilled migrants, but many see low-skilled migrants as contributing more to population growth than to productivity growth. With the demand for formal low-skilled workers falling faster than supply, many low-skilled migrant workers are pushed into self-employment or informal work.

Low-skilled migrants continue to arrive in EU-15 countries, including in the EU-12 countries of Central Europe. Even if their earnings are low by destination-country standards, they are higher than earnings at home and mobility costs.

Economic Effects of Migrants

D'Amuri and Peri develop an argument for labor market flexibility in Europe. European countries received low-skilled migrants between 1996 and 2007 that stimulated job creation and encouraged similar native-born workers to move into higher-skilled jobs. This upskilling-of-natives response to low-skilled migration effect was largest in countries with the most flexible labor markets.

Using data from the European Labor Force for 14 EU countries, D'Amuri and Peri divided national labor forces into five 10-year age and two education cells in order to ask what happens when more foreign workers enter a particular cell. They found that the entry of low-skilled migrants into low-skilled cells encouraged upskilling among natives in that cell (within the cell) that is greatest where labor law protections are weakest.

D'Amuri and Peri see countries "selecting" immigrants with particular age and education attributes, although many EU leaders say that "migrants select Europe" rather than Europe selects migrants (p10). In other words, EU leaders want more highly skilled foreigners than they receive and fewer low-skilled foreigners.

D'Amuri and Peri find that migrants who arrived between 1996 and 2007 specialized in low-skilled jobs while natives moved into more complex occupations. A three-percent increase in the foreigner share of workers in a particular cell was associated with a one-percent increase in the native employment-population ratio, suggesting that foreigners complement native workers, as when foreign women do household work that enables native women to go to work. In this way, immigration can increase employment in EU destination countries.

Within an age and experience cell, a higher share of foreigners was associated with a

higher share of natives performing complex rather than simple tasks. The effect of low-skilled immigrants “pushing” natives into more complex occupations is much stronger in the US than Europe, suggesting that more flexible labor markets promote more rapid adjustments to supply of labor changes.

The largely positive story of D’Amuri and Peri is that the arrival of migrants increased total employment and pushed native workers up the job ladder. They find little evidence that the arrival of immigrants displaced native workers. Instead, they find that the arrival of immigrants creates jobs for both the migrants and natives, with more natives getting better jobs in countries with more flexible labor markets, that is in Austria, France, and Germany rather than Italy, Greece, and Spain.

Integration Policies: Germany

Heckmann reviewed various governmental efforts to promote the integration of especially low-skilled migrants and their descendants in Germany. He explained that low-skilled migrants were recruited in the 1960s, and that the mantra “Germany is not a country of immigration” slowed the development of federal integration policies until enactment of the 2005 Migration Law that included required language and integration courses aimed at promoting the integration of foreigners.

Germany is a social welfare state, which means that the government feels obliged to deal with social risks, from economic security to inclusion. Low-skilled migrants and their descendants presented new challenges for the social welfare state that were dealt with by adding policies and funding at the EU, national, provincial, and city-neighborhood level.

Most of the integration policies that directly affect migrants and their children are at the provincial and city levels, since provinces are responsible for both education and naturalization. Federal policy requires and subsidizes language and culture courses for those who do not know German and supports counseling and education services that aims to help migrants get jobs. Provincial policies help young children to learn German sooner and youth to make the transition from school to work.

Heckmann describes the process of developing an integration policy for Dietzenbach, a city of 40,000 near Frankfurt that includes 16,000 residents with a migration background. Working groups of natives and migrants reviewed current policies, set goals, and discussed programs to achieve them. The major goal was to ensure that children with a migration background learned German and succeeded in school, a goal that could be reached with measures ranging from having the city library encourage reading to helping children with homework. An “education czar” coordinated and assessed current and new integration programs. Many German cities are developing similar policies.

Heckmann concludes that integration is working in Germany, and working very well in some areas. Measures of integration over time show steady improvement, perhaps best reflected in the fact that less than 30 percent of Germans (and French residents), versus

half or more of British and Italians, say there are “too many” immigrants in their country.

Integration Policies: US

The US had 40 million foreign-born residents in 2010, including almost 12 million born in Mexico and almost eight million more born in the Caribbean and Latin America. Many Mexican and Latin American immigrants have little education. Over 60 percent of US residents 25 and older who were born in Mexico did not complete high school, and half of the US adults born in Central America did not complete high school.

Girard examines four indicators of immigrant integration: labor market, education, English proficiency, and voting. Low-skilled immigrant men in the US generally have high labor force participation rates and low unemployment rates, although their unemployment rate rose above the overall US unemployment rate in 2008 and has remained high, reflecting in part the sharp drop in employment in US construction. Immigrants on average earn less than US-born workers, but the gap narrows with time in the US.

US-born residents, when arrayed by their years of education, the best single indicator of US earnings, have something of a diamond-shape, with 60 percent of adults having a high-school diploma but not a college degree, 30 percent having a college degree, and 10 percent not completing high school. Immigrants have more of an hourglass shape, with 40 percent having a high-school diploma but not a college degree, 30 percent having a college degree, and 30 percent not completing high school.

Mexican and Latin American immigrants are a disproportionate share of those with low levels of education and lack of proficiency in English. Frequent unauthorized status combined with lack of education and English means that the 40 million Blacks in 2008 cast about twice as many votes as the 50 million Hispanics.

Low-skilled Hispanic immigrants face work-life issues in the US involving conflict, enrichment, and balance. Long hours and non-standard work can increase conflict in families, especially if US-educated children have better language skills and knowledge of US laws and institutions. Girard believes that higher US earnings may also enrich family life among low-skilled immigrants.