

MIGRATION WITHIN THE EU AND ITS IMPACT ON UNEMPLOYMENT RATE

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Abstract

Migration, recurrent phenomenon in the XXI century knows an unprecedented scale with unpredictable consequences economically, politically and socially.

A meaningful analysis of the impact of migratory flows, in terms of employment, on the economy of the countries involved, show both positive and negative effects on the countries of origin and those of destination, which imposed the adoption of public policy at regional and international level aimed at providing the necessary workforce amid demographic change, facilitate transfers of knowledge and technology, but also the increase of competitiveness on the labor market.

The fear of host countries regarding migration is linked to fewer jobs available for their citizens.

Labour migration also contributes to alleviating labor market imbalances cause by lack of qualified personnel in certain areas, but also by lower interest of the domestic workers for some low-paid sectors.

A natural consequence of the increased number of employees is increasing consumption on medium and long term with implications for the creation of new jobs, with impact livelihoods.

The aim of this article is to analyze the effects of migration on unemployment rate, using data provided by Eurostat, interpreted using regression and correlation analysis. The results suggest that the unemployment rate was not influenced by migration.

Keywords : *migration, labour market, unemployment rate, globalization.*

Classification JEL: *E24,F22*

1. Introduction

The migration phenomenon is not recent, It meets throughout the history of human society, knowing a new form of expression in the late twentieth and early twenty-first century, amid globalization and mutations in socio-economic and political.

Migration issue has been addressed in numerous studies that focused on specific areas of interest such as: business cycle, geographical area, professional training level, wage levels in the host country, age of the migrants, and its impact on short, medium and long term.

The dynamics of a country's economy changes over time, cyclicity is the fundamental characteristic of economic life.

The economic crisis has only served to deepen this perception on the impact of migration on the labor market in terms of cost and benefits, given that during recessions migration flows tend to increase.

Specialized studies show that the impact of immigration on unemployment depends on the skills of migrants, of workers' skills and characteristics of the host economy [11].

The same idea is reiterated by George Borjas in the Labour Economics, work that insists on professional skills of migrants in terms of demand for labor in the receiving country, highlighting the extent to which they replace or complement the needs of labor [1]. In the first case there is an increase competitiveness in the labor market with repercussions on wage levels and the employability of citizens of the receiving country, since they are not willing to accept a reduction in salary, migrant accepting to work on lower wages.

This was demonstrated using model Hecksher-Olin-Samuelson (HOS) which indicates that wages will be higher in countries where labor is relatively rare.

The existence of complementary labor market leads to increased productivity.

The influence of migration on wage was also analyzed by Pischke and Vellinge, Zorlu and Hartog, Venturini and Villosio. They concluded that there is a weak correlation between the level of remuneration in the host country and the number of migrants.

An analysis of migration also aims its impact on the labor market in the short, medium and long term. Thus, on short and medium term migration has great influence on the employment of labor, while long-term effects are insignificant, due to the market correction mechanisms.

2. The effects of migration on the labor market in the European Union

In the context of enlargement the EU borders in recent decades and increasing flows of migrants from new member states to other states, fear appeared among citizens on the decrease in the number of jobs available to them for migrants, who are willing to accept lower wages.

European integration is based on free movement of persons, goods, services and capital in the European Union, and an open policy on migration of persons in the Community, who can look for a job corresponding to their training in another member country, by ensuring fair treatment, in terms of employment and remuneration as a result of the exercise of a profession.

However, many countries do not agree the migratory flows from the countries of southeastern Europe under population pressure.

This common labor market offers advantages to both employers in terms of reducing the cost of labor, and migrants by obtaining earnings above those of the country of origin.

However, in the medium and long term we are witnessing increased demand for goods and services due to increasing consumption and thus the investment to cover the needs of population. Increased investment leads to the creation of new jobs, with positive implications on salaries, budget revenues from income tax and social security contributions.

Migration and unemployment rate are influenced by economic, political and social factors both from the migrant's country of origin and the country of its destination.

As demonstrated by the recent crisis, unemployment has been influenced to a greater degree by economic and financial conditions and not by the number of migrants, fact illustrated by the dynamics unemployment in the countries of the European Union.

Table No. 1. The dynamics of unemployment rate in the countries of the European Union in the period 2008-2015

EU countries	2008	2009	2010	2011	2012	2013	2014	2015
Austria	4.1	5.3	4.8	4.6	4.9	5.4	5.6	5.7
Belgium	7.0	7.9	8.3	7.2	7.6	8.4	8.5	8.5
Bulgaria	5.6	6.8	10.3	11.3	12.3	13.0	11.4	9.2
Croatia	8.6	9.2	11.7	13.7	16.0	17.3	17.3	16.3
Cyprus	3.7	5.4	6.3	7.9	11.9	15.9	16.1	15.1
Czech Republic	4.4	6.7	7.3	6.7	7.0	7.0	6.1	5.1
Denmark	3.4	6.0	7.5	7.6	7.5	7.0	6.6	6.2
Estonia	5.5	13.5	16.7	12.3	10.0	8.6	7.4	6.2
Finland	6.4	8.2	8.4	7.8	7.7	8.2	8.7	9.4
France	7.4	9.1	9.3	9.2	9.8	10.3	10.3	10.4
Germany	7.4	7.6	7.0	5.8	5.4	5.2	5.0	4.6
Greece	7.8	9.6	12.7	17.9	24.5	27.5	26.5	24.9
Hungary	7.8	10.0	11.2	11.0	11.0	10.2	7.7	6.8
Ireland	6.4	12.0	13.9	14.7	14.7	13.1	11.3	9.4
Italy	6.7	7.7	8.4	8.4	10.7	12.1	12.7	11.9
Latvia	7.7	17.5	19.5	16.2	15.0	11.9	10.8	9.9
Lithuania	5.8	13.8	17.8	15.4	13.4	11.8	10.7	9.1
Luxembourg	4.9	5.1	4.6	4.8	5.1	5.9	6.0	6.4
Malta	6.0	6.9	6.9	6.4	6.3	6.4	5.8	5.4
Netherlands	3.7	4.4	5.0	5.0	5.8	7.3	7.4	6.9
Poland	7.1	8.1	9.7	9.7	10.1	10.3	9.0	7.5
Portugal	8.8	10.7	12.0	12.9	15.8	16.4	14.1	12.6
Romania	5.6	6.5	7.0	7.2	6.8	7.1	6.8	6.8
Slovak Republic	9.6	12.1	14.5	13.7	14.0	14.2	13.2	11.5
Slovenia	4.4	5.9	7.3	8.2	8.9	10.1	9.7	9.0

Spain	11.3	17.9	19.9	21.4	24.8	26.1	24.5	22.1
Sweden	6.2	8.3	8.6	7.8	8.0	8.0	7.9	7.4
United Kingdom	5.6	7.6	7.8	8.1	7.9	7.6	6.1	5.3

Source: Developed by the author based on statistics of the European Union [10]

Migrants prefer countries with strong economic growth and increased demand in the labor market, migration flows resulting in dynamic economic life, with no pressure on the labor market.

Destination countries are involved in the migration process in order to avoid an excessive flow of workers.

Combating discrimination against workers in some member states and removing bottlenecks in the labor market in the European Union are the main objectives of the "EU Directive 54/2014 on measures to facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers ", given the major challenges they face regarding access to employment, working conditions and remuneration. At the same time it aims to facilitate labor mobility.

From an EU perspective, labor migration helps reduce labor shortages in certain sectors, low-paid or requiring a high level of qualification, at acquiring new knowledge in the workplace, to the rejuvenation of supply in the labor market given that migrants are people aged 18-40 years, without taking into account the impact on the unemployment rate, wage distortions, illegal employment, mass emigration of qualified labor ("brain drain") capable of creating added value.

There is a correlation between the number of migrants and the unemployment rate, both in the countries of destination and countries of origin.

Studies of migration shows that migration flows were directed towards industrialized countries (Germany, Spain, Italy, United Kingdom, France) with a rate of over 77% of all migrants within the EU.

More than 40% of them are citizens of the new Member States such as Romania, Poland and Bulgaria.

The dynamics of unemployment in the European Union seems to be influenced by migration, as shown in the figure below.

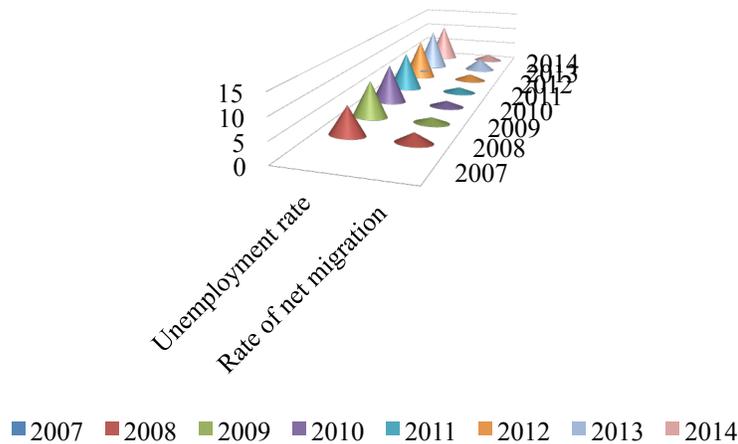


Figure No.1. The dynamics of unemployment and net migration at EU level in the period 2007-2014

Source: Developed by the author based on statistics of the European Union [10]

Thus, during the peak of the financial crisis, the unemployment rate in the European Union reached the threshold of 10.9%, while net migration rate was 3.3 / 1000 population, a level higher than in the previous year when was 1.7 / 1,000 inhabitants.

3. Modelling the impact of migration on unemployment rate in EU

The method applied to explain the impact of migration on unemployment rate in EU is regression, data used in the analysis were provided by Eurostat, for the period 2007-2014.

The considered dependent variable is unemployment rate, and explanatory variable was rate of net migration.

Table No.2 Estimated fixed panel data model for unemployment rate in EU

Explanatory Variable	Coefficient	P-value
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Rate of net migration	3,938797	0,000375
R Square	0,853156	

The value of R Square shows that 85.31% of the variation in unemployment rate in EU is due to the variation of the abovementioned explanatory variable.

For materiality level $\alpha = 0.05$ we can reject the null hypothesis of the coefficient α_1 (0.000375 is smaller than 0.05).

The variable Rate of net migration has a positive estimated coefficient. More specifically, increasing rate of net migration will lead to higher unemployment.

Regarding the correlation coefficient that measures the direction and degree of association between two variables, without implying a causal relationship, its value which is -0.24027 shows a weak correlation between the unemployment rate and net migration rate.

Table No.3 The coefficient of correlation between the unemployment rate and net migration rate

	Unemployment rate	Rate of net migration
Unemployment rate	1	
Rate of net migration	-0,24027	1

Poor correlation between the unemployment rate and net migration rate is illustrated by the point cloud distribution in figure number 2.

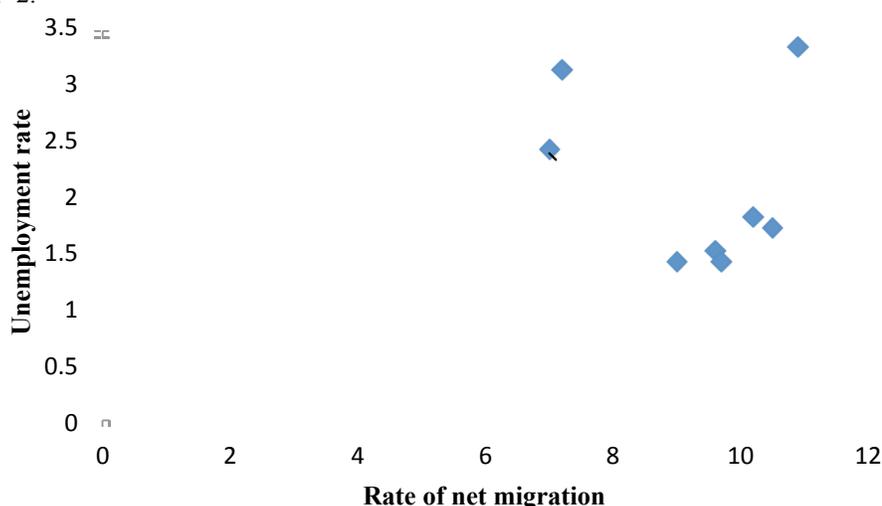


Figure No.2. Bivariate distribution graph

4. Conclusions

Increased migration within the European Union should lead to a rethinking of policies for the reception of migrants and a common approach to migration management issues.

The EU should develop an efficient migration policy, based on solidarity and responsibility in line with the needs of the member countries and the migrants, by helping them to return to their countries of origin, by providing funds to enable their integration into the labor market.

Addressing migration from the perspective of member countries must be channeled to their economic and financial interests, rather than earning political capital by policymakers in response to the opinions of citizens who perceive this as being negative.

Experience shows that economic crises, technological progress, international trade, level of education and low birth rates have a much bigger impact on the labor market than migration. Competition in the labor market it is in favor of workers in the host country, because most jobs involve language and communication skills that many migrants do not have. In addition, immigrants with similar education levels to natives receive a much lower salary. Migrants accept jobs that

natives refuse them. That means politicians can not ignore the role that migrants have on the labor market. An effective integration policy can help improve public confidence in the immigration system.

Reality has shown that in countries of destination of migrants, their contribution to GDP growth was significant, which is due to increase productivity in certain fields such as agriculture, construction, retail, manufacturing where most migrants find a job .

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