

Labour Immigration policy in Europe? What kind?

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The paper brings into discussion two main issues that trigger the debates around labour immigration policies in Europe: the opportunity of immigration as phenomenon and policy, and the legitimacy and appropriateness of a specific policy design- temporary migrant worker schemes. Although migration may refer to few different types of cross-border movement of people, this study is concerned with labour immigration that stands for the inflow of foreign people into one country with the aim of taking up permanent or temporary jobs, both in the formal or informal economy. Labour migration is not a new phenomenon, nor is it a strictly European one, but recently it raised impressive global awareness and unprecedented heated debates in certain European states. Do European states need immigration? Do they actually have to do something about it? And, if so, what exactly should the goals of the immigration policy be and which instruments are most appropriate to carry them out.

Far from exhausting the field of immigration studies, the article provides an introduction to the immigration debate, unveils its focal points, clarifies and disseminates available policy solutions. I argue that immigration or no-immigration is not a real option for Europe and its policy makers. Demographic conditions and progressive decrease of European East-West migration due to economic growth in the East will press European states (within or outside the framework of the EU) to admit more people in order to fill the labour shortage. Rather than accepting immigration or rejecting it, the question is how to manage it, how to design proper policy frameworks to make full advantage of its benefits and to avoid its main risks. Although economists argue that immigration has negative effects, and even despite authoritative warnings for the need of additional labour force and the existence of a demographic imbalance (E.g. European Commission's Green Paper of 2004) the public outcry against immigration and immigrants in many Western European states proves how little real and informed debates exist within those societies and warns against the limited chances of success of any immigration policy, provided that further consensus is not reached. In this sense, the paper presents the main arguments circumventing the academic debate about the costs and the benefits of immigration. Finally, the framework policy of temporary migrant worker programs is brought under review. Although fundamental criticism has grown around it, the policy seems to remain referential for policy makers in Europe where shortages of low skilled labour are concerned.

More (labour) immigrants in Europe?

This is a title that may easily save the day for tabloids and even for newspapers of high repute around Europe. Media scapegoating of "Polish plumbers" invading the British market, public uproar against Romanians in the outskirts of Rome (after a series of crimes allegedly committed by members of that community), popular opposition to mosques being built in Cologne and petites revolutions in the Parisian suburbs are only a few examples of the

European immigration “problem”. The stories above show the miss-integration of immigrant population in Western Europe and they target two separate categories: new immigrants who arrived after the 1990s and descendants of postwar guestworkers. Is history repeating? And a more practical question: does Europe need immigration?

Migration is a global phenomenon. Estimations indicate about 190 million international migrants in the world (3% of the global population) of which 64 million are concentrated in Europe (8% of its population). More telling, one person of every thirty five is a migrant. And what is highly significant: up to 30- 40 million migrants of the world are illegal or unauthorized (15-20%), forming the so called group of ‘irregular’ migrants. A simple scenario demonstrates that rapid population growth in developing countries coupled with low economic growth pushes people to move, while low population growth and economic boost force developed countries to accept immigrants, while relocation of businesses proves insufficient. However, despite confronting harsh conditions of life, most people do not emigrate. Despite critical economic and demographic pressures, many states do not accept or stubbornly try to restrict immigration.

The above mentioned critical changes in demographical conditions of the developed states and particularly the Western European pose serious challenges to their economic sustainability and social equilibrium. According to UN estimates, by 2050, 32 countries will decrease their population, the most dramatic losses to be suffered by countries of Western Europe (plus Japan) and countries of transition (including Eastern Europe). The EU-27 population will decrease to 431 million from 452 million. Italy for example is expected to lose around 16 million from its current population of 57 million. What is worth noticing is that none of the traditional countries of immigration (Australia, Canada, USA and New Zealand) will face that challenge mostly because of their regular inflow of migrants. Although with a replacement rate of only 1.85 children per woman, the US will continue to increase its population due to regular immigration that is calculated to contribute to 80% of the population growth. Accordingly, the proportion of the working force (people between 15-64 years) will only decrease with 3% by 2050 (from 65% in 2000); to compare with Germany, which will decrease its working force with 11.2% in the same period (from 68.1% in 2000).

The IOM Report shows, that in 2003 almost half of the EU-27 countries had already an unsustainable replacement rate and irrespective of the fact that only a fifth of them did not benefit from migration inflows. The slight population growth in Austria, the Czech Republic, Italy, Germany, Greece, Slovenia and Slovakia was only due to immigration while in the EU-25 the 1.7 million of legal immigrants counted for 90% of the total population growth. In 2003 regular immigration in EU-15 counted for 18.7 million legal foreign residents, among which about 14 million were third country nationals (not from other Member State). Heated debates were related to the 2004/2007 EU enlargement, therefore transitional restrictions have been imposed on labour migrants from the area. However, freedom of movement and settlement inside the EU makes irregular labour migration even easier than before in the context of increasing demand for labour in certain sectors such as: agriculture, services, private households and home-care.

While recognizing the need of additional working force, many governments looked with assurance at the available supplies from the new member states. According to IOM, the total estimated immigration from CEE in the next 20 years cannot exceed 3-4 million. The experience offered by the previous enlargements (Greece, Ireland, Portugal and Spain) shows

that the migration flows are decreasing with the diminishing of economic disparities between the old and new members.

Who gets what out of immigration?

Classic economic theories of migration seem to find that everybody wins: the receiving countries (employers) fill up their labour shortage and secure low production costs, the sending countries reduce their unemployment, benefiting from remittances and know-how transfer, the immigrant workers accumulate incomes that they could not expect to gain at home. Nonetheless, the picture is more complex than that.

The simplistic and positive view on labour immigration is basically due to the fact that “benefits of migration tend to be immediate, measurable and concentrated, while the costs of migration, if any, tend to be diffuse, deferred and harder to measure”. While readjusting their labour shortage and re-invigorating their human stock, receiving countries may endanger their own employment security, since employers tend to prefer low cost (illegal) migrant workers to the local work force. In Europe today there are some sectors that fall short of labour in both low skilled and highly skilled areas (“3D”- dirty, difficult, dangerous, jobs in services, construction, tourism but also ICT). A basic but commonly ignored fact is that economies do not have a fixed number of jobs, so that the more people accepted, the fewer jobs for all. Immigration can actually create new jobs by increasing labour mobility, and generating growth. However, large and uncontrolled immigration in areas with rigid labour markets and low mobility of workers can nevertheless produce unemployment among local workers. The effect of immigration on wages is again controversial and depends on the category of workers. Studies from the US show that new migrant flows depress the wages of low skill workers (local or previous migrants) while increasing the rest of the wages.

The non-economic costs are also important and a quick look at the European postwar guestworker programs (the UK, France, Switzerland, and Belgium in the 1940s, followed by Germany, the Netherlands and Austria) is instructive in this sense. The need of economic reconstruction and the scarcity of labour force after the Second World War pushed certain Western states to adopt state-based programs for admitting temporary immigrants. The economic boom of the 1960s led to overburdening of the systems, state recruitment being partially replaced by individual insertion of both legal and illegal migrants on a ever expanding labour market. In the beginning of the 1970s when economic recession caused by the oil crisis forced the government to end the program many of the German industries were already dependent on the migrant labour. It became clear that “temporary workers were being recruited to meet permanent labour demand” and the rotation system was a break into the process. After thirty years of temporary migrant programs, Germany had to realized that many of the workers did not remained “temporarily”, but settled in the suburbs while establishing or bringing families in the new setting. Various social problems have been opened up: ethnic and residential segregation, social exclusion, unemployment, welfare system dependency. The assessment of costs and benefits depends also on the normative frame adopted. Other than aggregating numbers policy makers should also answer broader questions such as: “is more diversity a cost or a benefit, is educating migrants’ children a cost of migration or an investment?”

Immigration debates become more and more linked with those concerning development and globalization. It is argued that, despite the positive effect of capital transfer (remittances), outflow of people from developing countries, generate further deprivation due to alienation of large proportion of the highly skilled workers (brain drain theory). For example, in 2000 there were 4 times more Jamaicans with post-secondary education in the US than in Jamaica; also

12% of the entire Mexican workforce is concentrated in the US, and within this number rest 30% of all Mexicans holding a PhD . One way to tackle the problem is designing special policies for producing and exporting specialized labour force. For example, in 2001, the Philippines exported 10000 trained nurses, the remittance level for the same year counting for 9% of the GDP. There is also an attempt to replace the conventional brain drain paradigm with a transnational networking model according to which the sending countries may benefit from skilled emigration through the financial but also due to the strategic support provided by mobilized diaspora. Bilateral agreements with receiving countries may be a solution to obtain additional development support or at least guarantees regarding the respect of certain rights for the migrant workers.

Last, immigrants themselves are worth being considered as actors in immigration. Although immigrant workers eventually increase their relative wealth (higher incomes than those of their fellows back home), they usually have to trade off part of their rights (mobility, social assistance) while running the risk of being subject to exploitation and unfair treatment.

Even focusing on the state's interests regarding the management of immigration, the picture stays complex. In a recent study, Boswell identifies four "functional imperatives of the state" , that are challenged by immigration: security (state as a traditional provider of security), accumulation (provider of welfare), fairness (guarantor of a fair redistribution framework), and institutional legitimacy (promoter of general principles of justice and democracy). Although not all issues may be activated at the same time, there is a high chance that conflicting functional imperatives would be in place. When the four cannot be attained simultaneously, the state is left basically with two options: to weigh some issues to the detriment of others or to avoid taking a clear position. Combining the possible scenarios and state choices, Boswell identifies five ideal types of states: non-politicized- all criteria met (most of the receiving European states in the 50s-70s), elitist- sacrificing fairness (the UK before 70s), populist- sacrificing accumulation and institutional legitimacy (the Gulf States), non-transparent (sacrificing fairness (Germany after 1973) and uncontrolled (sacrificing security and institutional legitimacy (Italy after 1990).

Temporary immigration programs?

Temporary admission of immigrant workers has been the favourite policy on labour immigration in Western Europe after the Second World War. The Temporary Migrant Worker Programs (TMWPs) were based on a system that required recruitment by the state, rotating of workers, and limitation of rights for workers- little rights of settlement or family reunion . Despite their flexibility and efficiency in filling the gaps in the workforce, the TMWPs have led to serious unintended problems: settlement of workers, increasing costs for recruitment, administrating, and securing return, significant irregular immigration, social marginalization of the new settlers, social distress and xenophobia. The economic recession provoked by the oil crisis in the beginning of the 1970s caused most of the states to terminate the TMWPs but the policy consequences of more than two decades of "temporary" immigration remain visible until this day.

After the early 1990s, new waves of migration have affected Western Europe. Although many Western companies have started to move part of their production capacities on the new markets in order to benefit from cheap labour, most of the Western governments have remained reluctant, at least officially, to open their labour markets to newcomers. However, European economies have experienced the lack of workers and, despite public opposition,

many states have tacitly accepted immigrants by tolerating large informal economies and eventually by periodically regularizing the de facto immigrants (Spain, Italy).

Although in absence of a clear consensus about the opportunity of immigration, nowadays a parallel debate, triggered by the development of new TMWPs in Europe, is carried out with regard to what are the most suitable immigration policies. Are the new TMWPs considerably different from the post-war experiments? And, more importantly are these policy frameworks the most appropriate tools to solve the labour shortage of the European markets?

Castles argues that we are dealing with a different approach underpinning the new TMWPs: clear difference between low and high skilled migrants, variation in extent and duration, and emphasis on development. Why temporary workers programs and why limited? Most of all, it was believed that labour needs in Western Europe will be covered by the immigrants from the candidates/new members from CEE, therefore certain schemes for temporary or seasonal work were only for a limited number of workers (Belgium Germany, Greece, Ireland, Italy, the Netherlands, Norway, Spain, Sweden, the UK). This model is mainly based on encouraging high skilled workers and allowing limited access to low skilled workers. At the European level, the Commission's Green Paper on migration (2004) admitted the need for labour force in all sectors, but the Policy Plan (2005) provided for a general framework that took into consideration certain categories of migrant workers (highly skilled workers, seasonal workers, intra-corporate transferees and trainees) except the most problematic one: low skilled workers. The ambitious plan of the Commission was received with strong opposition by the Member States, partly due to significant public opposition against immigration and partly due to the belief that the new member states will be able to supply the necessary labour force. The demographic decline of the new members (including the controversial candidate- Turkey) and the economic growth pose serious challenges to this approach.

Much needs be done in order to improve the TMWPs: better assessment of local labour for immigrants admissions (size of shortage, mobility of local workforce, efficient vacancy tests), reshaping policy design (work permits tied to certain sectors or occupation and not to certain employer- avoiding exploitation; right incentives for employers- high fees, efficient market tests) and effective enforcement (procedures for the removal of illegal workers, clear penalties for non-complying employers). For this purpose, any settlement policy should be exceptional and preferably achieved through point-based programmes (e.g. Australia, Canada) that are able to assure certainty and measurability. By all means, there should be a general expectation of temporariness of employment and stay.

While Castles remains sceptical about the probability of new extended TMWPs without delegitimizing the policy framework, Plewa identifies a new advance of TMWPs in Europe after 1990 and warns about their inevitable failure. With an eye on Poland and the new immigration countries in CEE, Plewa recreates the policy cycle of temporary immigration and argues that the whole framework of temporary labour immigration is wrong. It is structural that employers will become dependent on cheap migrant workers, that they will try to avoid the rotation system and, despite increased unemployment, they will rely on immigrant and, most probably, illegal labour rather than engaging local labour. Finally, little government control (capacity or/and willingness) will lead to large irregular immigration and illegal settlement, that will inevitably lead to new ghettos.

Conclusion

Legal immigration cannot be simply disregarded by policy makers in Europe. The low replacement rate coupled with increasing longevity makes the developed countries “smaller and older” and raises huge social and economic implications, especially concerning labour. For example, by 2050, the percentage of people 65 or older in the EU-25 will increase with 8%. Immigration cannot be the grand solution of the European demographic problems, but as the example of traditional countries of immigration show, it may be part of it.

The widespread belief that the new EU countries will deliver the supplementary workforce for Western Europe is being challenged. The increase of job opportunities in the new members and the low or even negative population growth in the area will lead to a substantial falling in migration inflow from the new members to the old ones. Furthermore, economic growth will create extra demand for labour that will deepen rather than dismantle the labour shortage of Europe.

Despite much criticism towards temporary labour immigration schemes, there is little preference for alternative policies in Europe. Some governments are struggling to attract high skilled workers, there are recent proposals within the EU for a “blue card” that will encourage high skilled workers to migrate and eventually settle in Europe but there is no willingness to accept low skilled workers on a non-temporary policy basis. Neither the evidence from previous experiences, nor the actual limitations of the reformed TMWPs yet seem to influence policy makers in Europe to reconsider their immigration accounts.

Migration is a multidimensional phenomenon that involves many actors and produces discordant consequences at different sites (welfare, rights, social cohesion) and levels (individual, national, and international). Policy makers designing immigration policies should always bear in mind the inevitable trade-offs between different values and interests at stake. Rather than taking ad-hoc stances, they should do more to assess the available policy options, paying due attention to their multileveled costs and benefits. More extensive and informed debates should be encouraged in order to enhance the legitimacy of immigration policies.

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