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The refugee crisis in the European Union (EU), with more than 700,000 people arriving this year, has added to the migratory “pressure” of recent decades and produced both negative reactions – because of its cumulative effects and a labour market that is stretched by low levels of job creation – and positive – relating to the need and obligation to offer asylum to the victims of political persecution in their countries of origin. The number of refugees in countries outside the EU is much greater. Turkey has received more than two million from Syria and more than 300,000 from Afghanistan, Iraq and Pakistan. Lebanon has taken in more than a million Syrians, and Jordan more than 600,000. This disproportion has varying effects on labour markets, depending on the country, and also effects other markets such as housing and food. Because of its size, demography and economy the EU’s absorption capacity as a whole is very different to that of both the countries outside the EU taking the first impact and those EU countries with external borders and less solid economies.

Taking the case of the EU, from the point of view of the costs and benefits of immigration, we may consider the entry of both migrants and refugees to the labour market in practically the same way (below we will highlight some of the differences arising from entry regulations). First of all, there is a significant difference between people who migrate and those seeking refuge from economic impacts. In the case of refugees, the impacts may be felt more in the social field, as the perception of citizens can equate the arrival of refugees to increased “competition” for social allowances and benefits. Second, another difference is that the migrants are usually young men with training and entrepreneurship, although subsequent family reunification may later lead to a better balance. Refugees, on the other hand, are whole families, with members of all ages and a level of income that enables them to reach the countries they have chosen beforehand, and about whom it may therefore be deduced that, in general, they have a high level of human capital. Despite this difference, in the end it is very difficult to make a distinction between migrants for economic reasons and refugees when it comes to the impact on the labour market.

The most important thing to highlight on this point is that, despite the fear of the negative impact of the entry of migrant and refugee workers to the labour market, numerous studies have shown the economic benefits of migrants for host countries. In a study on the impacts of immigration in Europe, various authors point out that, contrary to popular beliefs, the effects on average salaries are positive and wage inequality among native workers is reduced.<sup>1</sup> From a technical point of view, Georges J. Borjas has demonstrated that unrestricted cross-border migration increases efficiency and, just as with free trade, the free movement of people is necessary to increase global GDP.<sup>2</sup> With emigration the balances are restored, diminishing labour surpluses in countries of origin at the same time as meeting the demand in host countries. Thus, the allocation of resources in the labour markets is improved.

So far, briefly, goes the theory. Nevertheless, the perception of the consequences in host countries is normally negative, protectionist attitudes arise along with demands for protection in terms of free trade. The perception of workers in host countries is that salaries may fall and they will have more competition and may even lose their job. At the same time, the unemployed feel that they may have to wait longer to find work if the new arrivals in the labour market compete for the same job. This is another of the perceptions that goes beyond the labour market and affects competition for social services and their possible decline in quality due to the arrival of new beneficiaries.

Although the EU labour market provides a degree of unity, in particular for resident and regular migrant workers because of the possibilities for free movement in the Schengen space, the same does not apply to people who have been granted asylum status, as their movement outside the host country is restricted. For this reason, a number of distortions and imbalances may arise because of the lack of a European refugee visa that permits this movement. If this visa existed, the labour market would be closer to a matching market or one of bilateral pairing of types in labour and academic markets in which, for example, students look for the best university and universities the best student, or medical interns look for the best hospital for their training and hospitals look for the best medical intern candidates.

This situation also applies in the case of refugees if the host country can welcome the “best” candidates (level of training or age) and the refugees can seek the “best” country for their goals (better chances of qualified work, higher salaries, education for their children). Once the refugee has received asylum in a country, although they may have incentives to move to another, they would not have permission to do so given their refugee status. This situation could generate distortions in the labour market, in the sense that the “best” countries could attract the “best” refugees, and the countries with fewer possibilities would attract the refugees that had not found their best job. Thus, divergences may result between countries in the availability of human capital and levels of labour productivity, something that is of particular concern in the EU where labour movement is already heavily affected by cultural and linguistic issues. Although the possibility of seeking the best opportunity also applies in the migrant labour market, the absence of restrictions on movement allows for a more balanced market in the short and medium term.

1. Frédéric Docquier, Çalar Özden and Giovanni Peri. “The wage effects of immigration and emigration”. *NBER Working Paper Series*, no.16646 (December 2010).
2. Georges J. Borjas. “Immigrant and emigrant earnings: a longitudinal study”. *Economic Inquiry*, vol. xxvii (January 1989).