SOLIDARITY VS. EQUAL OPPORTUNITIES IN THE CONTEXT OF LABOUR MOBILITY IN THE EUROPEAN CULTURAL AREA

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Abstract
This paper deals with the correlation between the labour market conditions in some countries or regions and the migration effects, both the real and the perceived ones, as follows: The impact of migration on employment, with regard to equal opportunities and to what extent foreign workers add to or compete with resident workers; How wages are influenced by immigration waves in the country of destination and the correlation between the wages of the existing workers and those of the new immigrants; The extent to which the hypothesis that immigrants benefit by public social assistance and social services without contributing to them is valid; How the immigration policy influences the immigrants’ conduct and what factors determine the modeling of the immigrants’ conduct.

Keywords migration, cultural identity, immigrants’ impact, equal opportunities

JEL classification: J1; J3; J4; J6; J8

1. Introduction
Economic reasons themselves do not determine the migration policies. But the economic arguments regarding the migration costs and benefits may play a leading role in setting migration policies. The present information of the migration costs and benefits, including the equal opportunities, is often unavailable and confused and, therefore, helps the people who politicize debates, thus causing a vicious circle.

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The huge amount of literature dealing with this topic shows how complex and diverse international migration effects are. This insight is based on part of this literature, including the available empiric evidence in order to define the major economic effects from the perspective of the equal opportunities of migration.

At first sight, classic and neoclassic theories of economic migration seem to provide simple answers regarding the utility of theoretical models. According to this theory, migration is an absolute effect beneficial to anyone, or almost all people directly involved, and contributes to the promotion of equal opportunities.

The country of destination (supposed to lack in workforce) may win as migration diminishes the labour deficit, facilitates professional mobility and reduces the inflation pressure put by wages, thus ensuring a full use of the productive capital, export rise and economic growth. As for the country of origin, emigration may help to reduce unemployment and stimulate economic growth by easier access to strategic information, remittances and return competences.

Migrants, in turn, may benefit by higher wages and productivity in the country of destination with more capital. These theories suggest that once wages rise in the country of origin and decrease in the country of destination, the factor costs are finally balanced and the migration between the two countries ceases.

But when the resistance to migration increases, such opinions showing only the benefits of migration cannot be very credible. But there is some historical evidence in support of the two theories.

2. Solidarity vs. equal opportunities

According to some specialists in the field, trans-Atlantic massive migration in the 19th century, for example, stimulated both the openness of the United States with their vast potential resources and the diminution in poverty and pressure put by the population of the European countries of origin.

The economic conditions of the workers in poorer countries like Ireland, Italy, Norway and Sweden improved after the migrants had left both in absolute terms and in relation to those in the United Kingdom and France, in Europe, and in the USA (Williamson, 1996). In 1882, Knut Wicksell, a Swedish economist, argued in favor of emigration to reduce the number of
poor people in the country, since poverty is a consequence of labour surplus and land shortage.

In 1984, Hamilton and Whalley assessed the effectiveness of possible earnings by a simple method for determining the differences in the marginal productivity of labour between countries and regions because of the obstacles to labour mobility (Hamilton & Whalley, 1984). They thought that once these obstacles have been eliminated, the gains in productivity could double the world incomes.

Recently, some people consider that once the differences in wages earned by skilled workers in developed and developing countries are substantial (reaching a coefficient of 10 or even more, unlike goods and financial assets that rarely exceed a 1:2 ratio), the gains after the full opening of the borders could be huge, about 25 times the gains from the liberalization of goods and capital circulation (Rodrik, 2002). These theoretical models and analyses show the positive effects of migration in certain circumstances, but they fail to deal with costs or weaknesses of migration.

The huge incomings of foreigners may require a considerable effort on the part of the public authorities for developing the country’s infrastructure, public services, social housing, transport systems, schools and medical services. The costs of integration could be higher when the ethnic, cultural and religious origins of the migrants differ considerably from that of the resident population. When they exceed the general capacity of the destination society to integrate them beyond the margin of tolerance for foreigners, tensions or even conflicts may endanger economic growth and social stability.

Also, these theoretical models face another type of limitation. They are based on a set of fixed assumptions, such as: the migrating labour force is homogeneous; there is perfect competition and mobility in the labour market; full employment prevails in all countries; the state does not intervene in migration. But often, reality is different.

There are other theories of economic migration that cannot provide a better framework for comprising the complex effects of migration in various contexts. Those based on the general hypothesis that migration constantly takes place between regions that are economically and politically unequal (for example, the centre-periphery theory or the theory of conflict) are too rigid, while those based on the limited economic features of migration (for example, the new economy of migration) does not cover the complexity of the general situation.
While there are many empiric studies on migration, they were generally designed as micro-projects, limited to certain zones and periods. Besides the methodological differences, the multitude of approaches led to divergent conclusions. The examples they provide are real and, therefore, valuable, but they do not form a real base for reasonable generalization of migration costs and benefits. But the present empiric and analytical studies have more shortcomings. For example, in 2000 less than 40% of all world migrants lived in developing countries.

Although the incomings exceed outgoings in number, the latter (especially in developing countries) are still significant. Besides the Gulf oil countries hosting millions of contract-based migrant workers, several developing countries such as Gabon, Malaysia and Singapore received a relatively large number of migrant workers, and others, such as Argentina, the Ivory Coast and Venezuela experienced it earlier. But we know little about the impact of migration on these countries and other developing countries, since the empiric studies have focused so far on developed countries, especially Australia, Canada, Germany and the USA.

In case of using a rigid classification of the countries of ”emigration” and ”immigration” for analysing the migration effects, this shows major shortcomings of information on these countries significantly affected both by emigration and immigration at the same time. A 1994 ILO survey of about 100 countries reveals that about 25% are now included in this category (ILO 1994; 1999) and the numbers are increasing. For assessing the consequences of the migration flows, specialists usually use net migration as indicator. But since the entry and departure are not necessarily the same, the method is unable to reveal the interactive effects, such as simultaneous flows of immigrations and emigration.

For example, while according to the 1994 ILO study Italy had about 500,000 economically active non-residents in the country and 600,000 economically active citizens abroad, can we say the two flows were fully independent? Or, the two flows interacted in a way or other; if they did, what were the repercussions on Italy’s labour market and economy?

Besides the migration flows both ways (when both are significant) it seems important to examine the migration effects on other economic flows of a country, such as trade. A study made by the University of Columbia revealed that in the United States the gains from the increasing productivity of the migrant labour in 1998 were accompanied by a trade deterioration of 0.9% of
the GDP, i.e. USD 80 million, but only 90% (USD 72 million) was caused by workers born in the USA. These findings could be rejected, but the study focuses on the fact that the effects of labour migration can be fully assessed only in correlation with other economic flows, such as trade and foreign investment.

The above opinions provide a broader analysis framework for migration assessment. But it is important that this framework should also be sensitive to global changes affecting migration. Globalisation, especially the interaction of the markets and economies, added new dimensions to the older issues of migration; just as they deeply influenced both the context and the consequences of the contemporary migration.

For example, the conventional idea of trade-off between remittances and brain drain is now mostly replaced with new models of transnational networks. According to these models, migration and migrant return are less and less considered discreet events, but part of a broader process of world mobility and international exchanges.

Similarly, temporary free circulation of the people rendering skilled and knowledge-based services, as provided by the GATS, helped us to transform the “brain drain” into “brain gain”.

May we consider the assessment of the migration effects obsolete because of the lack of comprehensive and strong, theoretical or analytical framework? There is ample evidence that migration produces benefits and costs to the countries of origin and destination, which are often perceived differently from the perspective of the group – workers and employers/capital owners, skilled/unskilled workers and groups of consumers in those countries. The amount, the qualification diversity and other characteristics of the migration flows influence the way the groups perceive the migration effects. Similarly, other context circumstances may influence the way migration is perceived, including here labour market conditions and trends, population profile, strategy, economic growth and development rates in every country. Here are other important factors:

a) for the country of destination, the socio-cultural capacity to accept and integrate new immigrants;

b) for the country of origin, the readiness to respond to new economic stimuli, such as remittances and trust in the future of the economy.

As regards the distribution of gains and losses caused by migration, a key aspect related to equal opportunities is whether and to what extent the
immigrants add to or compete with the local workers. We should notice that the workforce is not homogeneous inside or outside a country. When foreign unskilled workers compete directly with similar workers from the country of destination, all being equal, the latter may lose because of the possible pressure to reduce jobs and wages.

On the other hand, the employers/company owners involved in the intensive production of the workforce, as consumer of their products, and the immigrants themselves, could win. But this could be the case of skilled workers, when the immigrating unskilled workers would add to them. A 1995 study made in Germany reveals that a 1 percent rise in the foreign workers quota produced a 0.2 percent rise in the workers’ wage and a 1.3% rise in the intellectuals’ wages (Haisken-DeNew & Zimmermann, 1995). Also, when an economy is open and flexible, with an elastic demand for its tradable goods in the foreign markets, with intensive labour, diminishing wages for unskilled workers could make the employers extend their production. This may result both in a change in wages and the employment of the relatively stable workforce.

For the country of origin, there are contrary effects, in principle. The departure of unskilled workers could cause losses to companies because of wage rises. But this is not achieved automatically. In a typical country with labour in excess, the unskilled workers’ departure may not necessarily cause a general wage rise, considering the large number of unskilled workers, many of them being unemployed or part-time employed.

In a country with abundant unskilled workforce, the skilled immigrants may also add to unskilled workers. The latter may help to create new opportunities and better use of labour and other resources.

It is less clear when the skills of the immigrants help to innovate and create jobs. Even in an advanced economy, this may have a positive effect on the skilled workers even in an extremely advanced economy. In the USA, The Cypress Semiconductor Corporation reported in 1997 that about 40 percent of the R&D jobs were taken by immigrants and each job helped to create other nine jobs (Migration News, 1997).

Another important aspect is that even inside the same qualification category, the workforce cannot be fully homogeneous among countries. Immigrating workers can be replaced with local workers but only partially. When Mexican workers come to the USA, they cannot be used at the same productivity level, just as the local workers are, although they may partain to
the same qualification category. It is possible that the immigrants earn higher wages than in Mexico, but if they are paid less than the American workers they replace, the earnings are consequently smaller.

Finally the question of contextual circumstances is considered. Just as the composition and the qualification level of the migrant flows change over time, the same happens to the labour market conditions in some countries or regions and the interactive conditions of the world economy. These changes may further modify the migration effects, both the real ones and the perceived ones. This can be seen in the change in the international migration policies after World War II.

In the early 1950s there was a severe labour deficit in the industrialized countries, especially in the western part of Europe devastated by war, which strongly involved in reconstruction with massive support in capital from the USA. There were wide-scale demand for liberalization of the workers’ circulation to the benefit of the countries of reception and the countries of origin as well.

The official declarations of the international organisations, such as ILO in 1949, OEEC (now OECD) in 1953 and the EEC (now EU) in 1970, resumed the appeals. (Ghosh, 1992) The appeals continued to the early 1970s, when Western European countries confronted with the first oil crisis and suffered from the wide-scale recession and high unemployment, thus being forced to give up the liberalisation of the labour circulation. Also, there was a feeling that the social costs of migration were quickly rising.

In Western Europe the labour immigration was actually stopped until 1973-1974, and the international organizations revealed the economic and social costs of migration. It was no longer considered a global development factor. This led to further appeals in 1976 for a new division of labour in commerce, which would “bring the work place to the workers’ place” and would reduce the pressure on emigration while promoting economic growth and welfare of rich countries and poor countries alike.

But by the mid 1980’s, because of a quick deterioration of the world trade and the business environment, it was obvious that the slogan saying “trading instead of migration” was not successful. Once again the international migration policy changed. Reducing migration was another main objective, but the stress was shifted from a new international division of labour to wider economic cooperation between the countries of origin and the countries of destination in order to achieve this objective. (Ghosh, 1992)
Circumstances may seriously influence the real effects of migration and the form it is perceived. In many countries of destination, perceiving immigration as a phenomenon out of control, most of the public has a negative perception of the migration effects. This is expressed through three interconnected viewpoints: migrants take the jobs of the local population; immigration causes wage diminution; immigrants are a heavy burden on a country’s social assistance system.

Western European studies show that the immigrants’ impact on employment, including equal opportunities, is weak or undefined. (Brücker & Herbert, 2002) As shown above, the essential question is if and to what extent foreign workers add to or compete with resident workers. In Western Europe there are at least three categories of jobs which avoid the direct competition between foreign and local workers and barely deals with job movement.

First, many jobs are that dirty, difficult and dangerous (so-called 3D) are increasingly avoided by local workers in the industrialized countries. (Migration News, 1996) Second, the present way of living of many Europeans is supported by a wide range of jobs in services – child care, home cleaning, pizza delivery, etc. – rendered by foreigners who cannot be easily replaced. (In 1997, The World Bank reported (based on OECD data) that over 70% of the recent migrants from the developing countries are active in unskilled labour sectors avoided by local workers (World Bank, World Development Indicators, 1997). In Spain, in February 2000, at a high unemployment rate, the Ministry of Labour said that ”we need people to take the jobs the Spanish no longer want” (The Economist, May 6, 2000))

Third, immigrants respond to another type of unsatisfied but distorted demand for jobs – low-skilled jobs in underground economy, which in the EU countries involves now 10 to 20 million workers, many of them illegal immigrants. (Ghosh, 1998)

Besides, there are jobs that are traditionally taken by immigrants, in sectors such as agriculture, road repair and constructions, hotels, restaurants and other tourism services, which (although not thoroughly rejected by locals) are short of seasonal labour. In the EU and the USA, generous export subsidies, domestic support and import protection increase production and consequently the demand for agricultural labour. Far from taking jobs from local workers, actually the immigrants balance the labour deficit and help such companies to be successful during the peak seasons.
There is a struggle for additional skills to develop new technologies, to improve competitiveness and to create new jobs. At the Stockholm Meeting of the European Council on 23rd March, 2001, Romano Prodi, the President of the EU Commission, warned that the EU needed 1.7 million skilled workers in the technology sector, only (The Economist, 29th March, 2001). The UK Working Group for National Skills said, in 2000, that it would generate additional GBP 50 billion in a decade (DIEE, 1998; Financial Times, 6th September, 2000) and then launched the Programme for High-Skilled Migrants, similar to Australia’s and Canada’s assessment methods.

Thus, for a wide range of jobs in Western Europe there is no direct competition between immigrants and local workers. In the USA, even when the low-skilled immigrants do not compete with resident workers, they actually compete with immigrants having similar skills. Several econometric studies show that the Hispanic immigrants’ impact (many of them had come between 1975 and 1980, illegally) on wages and employment is insignificant for native workers. (DeFreitas, 1986.)

I wrote above that in some cases, migration may create jobs or stimulate the creation of jobs. Many think and tacitly agree that there is a fixed number of jobs in an economy.

This notion is not correct. Considering the above-mentioned, it is not surprising that recent studies have not found any correlation between migration and unemployment. For example, OECD conducted a study on five countries to find out if increasing immigration had determined a rise in unemployment. Out of the five countries which faced a substantial increase in immigration between 1984-1989 (USA, Germany, Japan, Switzerland and France), unemployment decreased only in one, slightly increased in three and remained the same in the fifth one. (OECD) Spain has a migrant stock of about 3.2% of its population and a net annual immigration rate below 0.9%, but unemployment was over 18%.

Contrary to that, Switzerland, with a migratory stock over 22% and a net annual migration over 0.6% saw an employment rate of about 4%. This does not mean immigration has no effect on employment. When there is a high concentration of foreign workers in certain sectors or geographic zones, this may put pressure on the jobs and the working conditions of the local workforce. For example, in Germany, in constructions (employing a large number of legal and illegal foreign workers) the trade unions said that the situation endangers the employment of German legal workers. The problem is
worsened by a rigid labour market and low mobility of the German workers who do not travel far from the immigration zones, competing directly along with their home. In the USA the situation is a little different, where the labour market is less rigid and the white workers have a higher mobility (4-6 times higher than in Western Europe). The new immigration of low-skilled (and especially illegal) Mexicans could push away some resident workers, but this happens among earlier migrants, with whom they compete directly, and not among the native workers or high-skilled workers. (Ghosh, 1998)

What about wages? There is a largely accepted opinion that even if immigrants do not “steal” jobs, they cause wage diminution. The findings of many studies made in Europe and the USA provide a more complex picture. Some European studies revealed small negative effects influencing wages, varying from -0.3 to -0.8%, while other studies suggested that local wages, especially those for high-skilled work, increased to a small extent. (Hanson, Sheve et al. & Boeri, Hanson, McCormick, 2002)

In the United Kingdom, a recent study suggested that the wages of the existing workers were not affected; what happened was actually a rise (Dustmann, 2004; The Economist, 28th February, 2004). An American study concluded that a 10% rise in number of immigrants in a region diminished the non-migrants’ wages by almost nil (0.2%). (Brücker & Epstein et al., 2002)

Not surprisingly, in 1997 the US National Research Council concluded that the American workers gained something from immigration, but the wages of poorly (no high school) educated workers decreased – a conclusion in accordance with the President’s Report of 1994. Also, it was confirmed that the most affected people were the earlier immigrants earning lower wages, to whom the new immigrants were competitors. A more recent study confirmed that the most affected by the 2000 immigrants were the resident immigrants. Also the American less educated young workers were affected. (Sum, 2003)

To complete the picture of the effects in the labour market, in most of the Western European countries there is a high probability that the immigrants become unemployed rather than the local workforce and they are the first to be laid off in case of recession; these assumptions are also confirmed by EU27 data. Both in Western Europe and in the USA, they earn less than the native born workers, although they have the same type of job and work equally. This may be partly caused by low levels of education and qualification, but there is
enough evidence suggesting that this is a consequence of the discrimination against the immigrants.

The host communities often consider that immigrants take advantage of the social services. This opinion is based on the fact that immigrants enjoy public social assistance and social services without contributing to the related budget. In the USA, as well as in Western Europe, this assumption is widely used to restrict immigration or to delay the social benefits for some categories of immigrants. The fear of being “a magnet of social assistance” is the reason why countries such as Ireland and the United Kingdom delayed such payments to immigrants from EU new member countries, just when they were opening the borders for them. Once again, the evidence from existing empiric studies demonstrates that reality is more complex and further analysis is required.

In the United Kingdom, a study conducted by the Home Office reveals that in 1999-2000 the migrants contributed to the social insurance budget GBP 2.5 billion (USD 4 billion) more than what they received as benefits. (Gott & Johnston, 2002) Another study pointed pot that the population of foreign origin contributed to the public incomes about 10% more than what they received as benefits, and that, in their absence, it would be necessary either to cut public services or to increase taxes. (ILO, 2004)

Similarly, in Germany, some say that without that contribution from immigrants arriving between 1988 and 1991, the German social assistance system would have collapsed. (UNHCR, 1992) In the United States, a study conducted by the Rice University pointed out that legal and illegal migrants coming since 1970 costed the country USD 42.5 billion in 1992. But the Urban Institute Research revealed that instead of a net cost of 42.5 billion, there was a net benefit for the USA over the same period. A critical element in these estimates of costs is the level of dependence of the immigrants on the public assistance. But again things are ambiguous.

In Western European countries (Austria, Belgium, Denmark, France, the Netherlands and Switzerland), immigrants seems to be more dependent on social assistance than the local population. On the other hand, in other countries (Germany, Greece, Portugal, Spain and the United Kingdom) the dependence of migrants on social assistance is similar to or below that of the EU citizens. (Brückner, 2002) In Canada, a 1993 study reveals that the immigrants’ households are less dependent on social assistance than the non-migrants’ households. (Baker & Benjamin, 1993) There is a general belief that illegal immigrants do not pay taxes. But trying to hide their identity, many of
them do not seek social assistance benefits. US studies show that a large proportion pays for social security and incomes through the automatic system of paying at source. In 1984, the average immigrant worker in the USA paid over 1,000 dollars yearly as federal income taxes and social security payments. (Simon, 1989) Between 1990 and 1998, employers paid to the American Government up to USD 20 billion as social contributions to illegal immigrant workers they hired. But they did it by means of fake cards of social security. As these cards cannot be related to legally registered names, no expense was made for the immigrants’ benefits. (ILO, 2004)

The contradictory results of the above studies are produced by the methodology used. For example, the two American studies, made by the Urban Institute and the Rice University, when the Urban Institute treated social security in relation to the employee’s taxation at source (in accordance with the Federal Government’s practice), while the Rice University did not. It excluded 15% of the incomes of each worker paid as contribution to social security for the reason that they could be compensated by anticipated benefits to be returned at retirement. Also, in federal states (like the USA), when the assessment is confined to a town or zone, this might produce distorted results. It is obvious that for a global assessment of the net cost of social assistance we have to consider all contributions made and benefits received by immigrants from public authorities. Prudence is required when calculating the value of the services provided. We may say that only the marginal costs should be taken into account for the services which the host country will keep even if there are no immigrants. Also, the marginal cost could be lower than the average cost, provided that the migrants use only the capacity surplus of the existing services.

If we ignore the methodology, the main issue becomes the level of social services utilization by immigrants and their families. Even this, once more, depends on the features of the immigration flows in a certain period. Qualification and education, age, marital status and cultural background, as well as the early reason of migration influence the migrants’ attitude towards public assistance. American studies show that the immigrants coming between 1965 and 1969 resorted to social assistance less that those coming between 1985 and 1989. It can be partly explained by the difference in competence and education between the two groups. (Borjas, 1994) Similarly, the National Research Institute found out that the new-comers with less education used public services more than the taxes they paid. Australia’s and Canada’s
experience shows that the qualified immigrants are not quite willing to use public assistance services. (Ghosh, 1998)

Also, age and marital status are important factors: young, active, extremely motivated and often single, most migrants are in the beginning less dependent on social assistance. The importance of age was approached in a German study showing that if someone emigrated at the age of thirty, he or she would contribute 110,000 euro during his/her lifespan. But a person immigrating before his/her first birthday would produce a net burden of 60,000 euro on public finance.

Since 78% of the immigrants in Germany are at the working age, an average immigrant makes a net positive contribution of 50,000 euro in his/her life. (ILO, 2004) The US National Academy of Sciences concludes that immigrants generate integration and education costs in the beginning, but later every immigrant paying taxes would make a net positive contribution of 80,000 dollars to the US budget.

Another important factor which models the immigrants’ attitude towards the public assistance is the integration policy of the host society. What counts is the opportunity to have access to training and entrepreneurship as well as to mobility programmes and the recognition of the competence for advancing in career. And policy or practice based on exclusion or discrimination is useless because they perpetuate poverty and dependence on public assistance services.

3. Conclusions

The title of the paper was set following the debates at the Scientific Session on “Equal opportunities in the European cultural space”, within the Project “The Romanian culture and European cultural models: research, synchronization, durability”. In the context of the crisis caused by Greece’s sovereign debts, the question of solidarity in European context was discussed.

Considering the size of the theme, an analysis of the impact of Greece’s situation on the Community Architecture and possible solutions will be treated in the final research work within this project.

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