

Refugee and Migrant Labor Market Integration: Europe in Need of a New Policy Agenda

Klaus F. Zimmermann

Princeton University and UNU-MERIT

Draft: September 29, 2016

To be presented at the EUI Conference on the Integration of Migrants and Refugees, 29 -30 September 2016.

1. Introduction

Up until recently, many Europeans have seen images of large refugee camps and desperate families trying to cross borders only on TV screens. The unprecedented influx of refugees into Europe over the last two years, the largest since World War II,¹ has rendered refugee scenes into a reality in many European neighborhoods. Feelings of empathy and shock were increasingly joined by worries about the consequences the refugee crisis will have on society, welfare institutions and labor markets. In practically all EU member-states these worries primarily drove public opinion and political action, causing temporary closings of Schengen borders and resistance against a fair allocation of refugees across Europe.

The refugee crisis soon became a political crisis that gave rise to populist parties. The topic was more and more mixed up with other migration issues, economic or educational migration, welfare migration and even internal EU labor mobility. Brexit, the surprising vote of the British to move out of the European Union was another unforeseen act fueled by miscommunicated migration concerns. The migration topic suddenly is determining elections in member-states and causing large disagreements about possible European approaches to solve the crisis. Hence, the migration issue acts like a catalyst in an endgame of the European Union, although it is only misused in the face of weak political structures. The current crisis can be seen as a crisis of Europe and its institutions, and not one of European migration. Refugees and internal labor mobility have not been the cause of the crisis, although for some it is a most welcome byproduct.

To the contrary, scientific evidence proves that most of the current worries are unfounded. For example, various recent empirical studies (Kahanec and Zimmermann 2009 & 2016;

¹ See <http://www.hurriyetdailynews.com/global-migration-hits-highest-level-since-world-war-ii.aspx>.

Zimmermann, 2014a; Blau and Mackie 2016;) point to the economic opportunities of immigration and on this basis suggest ideas of how Europe could achieve a fair and effective allocation of migrants that preserves European principles and European unity. These empirical findings should be taken into account in the vein of evidence-based policymaking by European policymakers in their efforts to establish a functioning integration policy.

The following considerations will therefore put the so-called European migration or refugee crisis into perspective. On the one hand, there are undoubtedly enormous challenges, and many of the issues affect core values of the European Union that are the basis of the European idea. But on the other hand, the current crisis also involves great opportunities for a shrinking and aging Europe – especially in terms of enhanced labor mobility as a basis for future growth and welfare. The analysis will focus mainly on the employment aspect of migration. To what extent are migrants, whether workers or refugees, able to find jobs or become self-employed and finance their living and contribute to the economic success of their host country? Do they harm or are they beneficial for the native workers? And what policies foster and manage the inflow in an effective way?

The paper first investigates in Section 2 the challenges (and opportunities) of migrant and refugee inflows. Section 3 then reviews some of the labor market effects for the mobile and those of the natives. Section 4 studies major policy approaches to ensure the best performance of the host labor markets in Europe.

2. Challenges to face: At present, and those to come²

Who has to be taken care of? From a legal, political and social viewpoint, work migrants, family migrants, educational migrants, asylum seekers and refugees are quite different categories. However, all of them have or may have a strong interest to seek work, either through employment or self-employment at least at some time. Hence, neither can one rule out economic motives for any type of migrant, nor is it an argument for excluding them from a debate about optimal integration into the labor markets. The current practice in many countries to limit the local labor market access of asylum seekers and refugees at least before official recognition is problematic. Labor mobility is also restricted between EU member countries since all member states have their own migration policy.

Why is labor mobility economically beneficial? Labor mobility contributes to an optimal allocation of resources, and therefore generates higher and better output and more welfare. It supports a fast adjustment of labor markets in particular after asymmetric regional shocks, and hence reduces

² See also Hinte et al. (2015); Zimmermann (2014a).

unemployment. European visionary leaders have been pushing for a long time to complete the Single European Labor Market, which is still incomplete.

Free labor mobility represents a core value of the European Union, as established in 1993 with the Maastricht Treaty. Already in 1951 the Treaty of Paris allowed for free movement of workers in the coal and steel industries. And in 1957 the Treaty of Rome established the right for the free movement of workers throughout the European Economic Community. Since then the consensus in the European Union has been that by fostering growth through a more efficient allocation of labor between countries with labor surpluses and those with labor shortages, the free movement of labor can create higher economic welfare, and it can increase the European social-cultural integration and strengthen the European identity.

However, recent developments clearly demonstrate that this consensus is in imminent danger if it has not already broken into pieces. Even before the current situation, EU states tended to view any large-scale international migration as a threat to the sovereignty of their national and regional borders, their economies and their societies. Most member states have reacted in a backward looking way to the influx of refugees by tightening controls on irregular access to their territories and, in some cases, on legal channels. But as one should have expected, these increased restrictions have not been effective in avoiding or controlling the influx of refugees and other migrants; instead, they have resulted in migrants' increased efforts to reach Europe, which in turn exposes vulnerable migrants to even greater physical and other risks, and abuse.

The rising concerns about mobility in the political debates before and after the Brexit vote in many European member states exhibits a low understanding of the high benefits of migration for the performance of the economy and a convoluted understanding about the value of the European Union of 28 member-states. Despite the refugee crisis, it is still not too much labor migration, but too little mobility of workers that is the core of the European migration challenge. Both migration across regions within a country and between countries within Europe has been on the decline in some periods over the last decades. Interregional migration has played a much smaller role in adjustment in Europe than in the United States, where it has been an important component of the relative success of the American economy for many years. It is only recently, that Europe has become more flexible while the United States' labor market became less flexible. This has been partly a consequence of the EU Eastern enlargements and, more recently, a consequence of the economic divergence of European countries during and after the Great Recession. Migrants from outside the EU are typically more mobile and they play also a significant role in the internal EU mobility (Jauer et al. 2016). Workers in Euro-zone countries have become more mobile than those from countries not in this zone (Arpaia et al., 2014). Nonetheless, internal mobility in the EU is far below what can be achieved.

Migration reacts to economic differences, namely wages and unemployment, but hardly to welfare benefits. Ethnic networks play a dominant role, however. The most important cause of immobility is lack of foreign language skills. Other major causes are rising female labor market participation and less mobile double-income households, an increase in the homeownership rate, still existing barriers to the transferability of social security entitlements, insufficient recognition of formal qualifications, insufficient transparency of the European job market and online search engines, persistent long-term unemployment which leads to increased relevance of social networks for the individual and cultural barriers.

A further European challenge is its demography and the skill-shift in the demand for labor from low-skilled to high-skilled workers. An estimated 3% of the world's population is currently considered to be international migrants – that number has been very stable over decades. But all developed economies face a strong and increasing excess demand for skilled labor. This is brought about by technological change, population aging and, in the case of Europe, by a substantial decline in the future native European workforce.

Europe as a whole is thus more and more drawn into a competition to provide the institutional settings for its companies to attract international skilled labor to fill the gaps. However, unlike traditional immigration countries such as the United States, Canada or Australia, Europe has no standing in the international labor market for high-skilled people. Concepts like migration, return migration, onward migration and circular migration are the new challenges and phenomena Europe will rapidly need to learn to deal with in this phase of the internationalization of the labor market. And how do refugees fit into this picture? Indeed, refugees can help alleviate Europe's demographic disruptions, at least in the long run.

Can we manage migration and control our borders effectively? The best guess for an educated answer is probably "Not really!" The potential level of migration is huge. For instance, about 86% of the 14 million refugees of 2014 live in developing countries (World Bank 2016); only few have so far migrated to developing countries. One obvious approach is to impose immigration restrictions through legal measures, tightened border controls or even building fences or walls. Or, a better approach would be to reach collaboration agreements about monitoring and managing migration flows with neighboring states. Such measures are also discussed in the context of protecting the borders in the South of Europe. Political reality and geography however suggest that it will be difficult to control the borders sufficiently in the long-run if the sources of the migration pressures persist.

Further, a common empirical finding for many countries is that imposing immigration restrictions often has exactly the opposite outcome (more or different migrants) to the intended

outcome (fewer or other migrants).³ This is because immigrants' efforts to enter the country illegally will increase: If it is difficult to enter legally, workers who are highly motivated by push or pull factors will come illegally. In addition, once in the country, workers will tend to stay or stay longer because returning is so difficult. As a result, return and onward migration collapse. And migrants who cannot easily move in and out of the host country are more likely to bring family members with them when they migrate or later.

There are numerous examples of immigration restrictions that have backfired. A prominent example in the United States is the Bracero program. Under this program of free labor mobility that began in 1942, workers from Mexico, mainly men, could travel into three US states along the border for temporary jobs – working primarily for growers in California and agricultural employers in Texas. Immigrants relied heavily on social networks that connected workers in Mexico with employers in the US. Although the program was an effective system of circular labor migration based on temporary work intentions, it was officially terminated in 1964, amidst the rising movement of civil rights. As a result (and due to other restrictive immigration and border policies), Mexican workers and families started their “illegal” migration to the US. The massive and costly increase in border enforcement had little effect on the likelihood of initiating undocumented migration. On the contrary, return migration fell because militarization of the border increased the costs and risks for Mexican migrants, so that they stayed longer once they managed to cross the border. In addition, they brought their families and began settling permanently throughout the US. Thus, barriers installed to reduce labor migration from Mexico to the US backfired, transforming a successful temporary migration scheme into a flow of largely the same number of migrants, but this time migrants who were undocumented and who became de facto permanent residents in the US without proper entry papers.

More recent research confirms these earlier findings. For example, a study looking at the time after the US Congress had passed the Immigration Reform and Control Act in 1986 finds that for every million-dollar increase in the border patrol's budget, the odds a migrant would return home to Mexico in any given year dropped by 89%. So border enforcement policies have backfired, resulting in a net increase in undocumented migrants in the US.

As Zimmermann (2014b) has shown, similar effects could be observed in the phase of ending the guestworker recruitment 1973. Turks, unlike most of the other recruited ethnicities (e.g. members of the European Union), were not exposed to free mobility. While for other guestworkers whose countries became EU-members the stock of immigrants decreased or stagnated, the size of Turkish

³ For an analysis of border control issues see Massey and Pren (2012), Orrenius (2014), Massey et al. (2016) and Zimmermann (2014b).

nationals rose substantially. How? Because the guestworkers stayed, they brought their families to Germany, and they had high fertility.

The global perspective brings additional challenges in the long-run: With the inescapable progress of globalization, and in particular given the advances in the human mobility, labor markets are bound to become more integrated. The impending demographic disruptions will set in with full force in the coming years in many countries. Climate change, natural disasters and the rise of the BIC countries (Brazil, India and China) will pose additional labor market challenges. Ethnic diversity will continue to grow in importance. The rise of resources available to the developing world and the strong increase in human capital will generate more opportunities for global mobility. All of these factors will eventually require a global reallocation of resources. This will force international and domestic labor markets to undergo major adjustment processes. The strong demand for skilled workers – along with the fight against extreme economic inequality, the creation of “good” jobs, as well as the increased employment of specific groups (such as the young, older, female, low-skilled and ethnic minority workers) will need scientific monitoring and evaluation and a rising interest of policymakers.

3. The work integration experiences

There is now a large literature about the labor market consequences of immigration for all parts of the world including Europe. It cannot be all detailed here, but I provide a focused overview. The topics of interest are: How do migrants integrate into the labor force and how fast do they perform in the educational and economic systems of the host country? Do they affect jobs, wages and educational chances of the natives? And what is their welfare take-up?

Some state of the art is covered in the handbooks of Chiswick and Miller (2015) and Constant and Zimmermann (2013). Assimilation to the economic status of the natives has been shown to be very slow, and sometimes is not even achieved by the 2nd generation. Although theoretically possible, migrants typically do not take jobs away (Constant 2014), do not depress the wages of the natives (Peri 2014) or abuse the welfare system (Giulietti 2014); see also the literature cited in these reviews. The "natural experiment" of the EU East enlargement has confirmed these findings broadly as documented, for instance, in the studies collected in Kahanec and Zimmermann (2009, 2016). The migrants from the new member states were mostly taking up work and had no relevant negative impact on the labor market outcome of the natives. In spite of the negative public migration debate in the context of the Brexit campaign, these findings were also confirmed for the UK. The EU enlargement induced labor migration has also been beneficial for this country (Wadsworth et al. 2016), just because it has received a large inflow of migrant workers after enlargement and a free

open mobility. The newly published report of a high-ranked commission of the National Academies of the US (Blau and Mackie 2016) also confirms the positive outcome: Migrants are in general good for the US economy and seldom harm the natives.

And how do refugees fit into this picture? A number of studies have investigated the labor market integration issues of refugees or have compared the chances across different types of entry categories. A selection includes Constant and Zimmermann (2005a, 2005b) for Denmark and Germany, who looked at entry categories and also studied self-employment; Devoretz et al. (2005) for Canada; Cobb-Clark (2006) for Australia; Aydemir (2011) for Canada; Bevelander and Pendakur (2009) for Sweden; Hartog and Zorlu (2009) for The Netherlands; Foged and Peri (2016) for Denmark; Ceritoglu et al. (2015) and Balkan and Tumen (2016) for Turkey. Hatton (2013) and Tumen (2015) have provided insightful literature reviews dealing with some of these studies.

Asylum seekers and refugees may be young and stronger motivated than other non-economic migrants; but they integrate slow, are more difficult to employ, have more difficulties to organize self-employment and hence suffer also from lower earnings. This results mainly from insufficient or missing education and low host country language proficiency. A recent OECD (2016) report on refugees using the pre-crisis 2014 Ad Hoc Module of the European Labour Force Survey supports this general picture for 25 EU countries and provide relatively fresh figures. According to the report, 80% of all refugees are clustering in four member states (Germany, the UK, Sweden and France). A respectable 20% of the working-age refugees have tertiary education, but their allocation varies a lot across Europe and the size of this group has decreased with recent cohorts. Nevertheless, "refugees represent one of the most vulnerable groups of migrants on the labor market.... It takes refugees up to 20 years to have a similar employment rate as the native-born." (OECD 2016, pp. 5-6)

Refugee/asylum seekers often perform comparably to those migrants who came with family reunification status, but in general they perform worse than them. Immigration through a work status exhibit a mostly superior integration path thereafter. These findings suggest that there are long-lasting effects of the legal status at entry into the country on the labor market potential of immigrants (Constant and Zimmermann, 2005a, 2005b). Hence, a selective immigration policy might be helpful in ensuring the attraction of individuals who could be more successful in the labor market. Such a selection might be possible even for asylum seekers and refugees when executed in a European context, see section 4 of this paper.

The allocation issue of migrants and refugees within a country and among the EU member states is an issue of large concern. Countries like Germany have for a long time now an internal quota system to allocate refugees and asylum seekers across states ("Länder"), a strategy also applied in other countries like Austria, Belgium, Denmark, The Netherlands, Sweden and the UK (Hatton 2013).

Refugees are then often placed outside major cities in local areas, which may cause social tensions and keep migrants away from attractive labor markets and ethnic networks. These regulations implied no work permit until recognition as refugee or asylum seeker. As a consequence the mid-term employability of refugees was likely to be affected negatively, since major integration mechanisms were excluded.

Only recently these policies came into question and were somewhat relaxed. More concerned early acting integration policies should be able to ensure a much better labor market integration and refugees. Such policies need to also deal with the fact that many refugees by the very nature of their fate are at first only temporary migrants and may wish to return to their home country after the situation there has improved or move to another country for family or labor market reasons. Also refugees move in ethnic networks and in family context as well as they have economic interests in searching a place to stay. The chance is then to mobilize diaspora for integration. Therefore, also refugees can help to moderate Europe's demographic disruptions and meet the needs for mobile workers. But this is much more difficult to achieve than sometimes suggested in the public debates and will take much more time and integration efforts. Their main advantages are that they are typically young and highly motivated.

Given the slow labor market integration of refugees it is already unlikely per se that they are a great competition to the native workers. At best, it is the group of the low-skilled natives and other migrants in this category that has to expect a negative impact. Tumen (2015) has studied some of the major literature on the labor market consequences of refugee inflows in the context of the concept of "natural experiments". The argument is that unlike normal labor demand - driven migration that is endogenous and selective, a strong, fast and unexpected inflow of refugees may be considered as exogenous and hence can more convincingly identify the true impact of migratory movements on the labor market outcomes of native workers. A counter - argument is that refugees may not be close enough in profile and reactions to labor migrants to be able to learn too much for the general topic. Typically the key empirical studies find no effects on wages and a negative but small effect on employment, largely in the unskilled sector (Card 1990 for Cuba to the US; Hunt 1992 for Algeria to France; Carrington and Lima, 1996 for Angola and Mozambique to Portugal; Friedberg 2001 for the Soviet Union to Israel; Maystadt and Verwimp 2014 for Burundi and Rwanda to Tanzania; Fogel and Peri 2016 for Denmark; and Ceritoglu et al. 2015 for Turkey).⁴ See also Borjas and Monras

The actual impacts of large refugee inflows depend on the local institutional settings. For example, a study analyzing the effects of the recent inflow of Syrian refugees into Southeast Turkey

⁴ See Borjas and Monras (2016) for a confirmation of these findings.

shows that while wage levels were unaffected, the influx did in fact increase unemployment among the Turkish residents (Ceritoglu et al. 2015). But a closer look reveals that the locals who lost their jobs mainly worked in Turkey's large informal sector. Here, the refugee inflows reduced the informal employment ratio by approximately 2.2%. The authors conclude that the prevalence of informal employment in Turkey has amplified the negative impact of Syrian refugee inflows on natives' labor market outcomes. For refugees, the informal sector is the only place they can find work, as the Turkish government did not provide working permits to refugees.

The Turkish case therefore shows the importance and necessity of considering granting immigrants access to local labor markets. Many have usable skills and professional qualifications, and are committed to work. But until recently, they have been effectively barred from seeking employment, which has however changed recently. Similarly, Germany has also recently eased the restrictions on labor market access for refugees. This gives them a chance to earn their own living, to develop their professional skills further, and to achieve social integration.

Foged and Peri (2016) have taken up another important aspect of the refugee-native relationship. They studied the massive influx of refugees to Denmark during the period 1991-2008 and what was impacted for the labor market outcomes of low-skilled Danes. Contrary to popular belief, the researchers did not find an increase in the probability of unemployment for the unskilled Danish population. Instead, the findings suggest that the immigrants, who were mainly refugees from Former Yugoslavia, Somalia, Afghanistan and Iraq, caused an “occupational upgrading and specialization” of native Danish employees.

The story behind their results is quite similar to what happened in Germany when the “guest workers” arrived in the 1960s (Zimmermann 1996): While immigrants are initially restricted to occupations and jobs consisting of manual tasks due to their language problems, natives leave these jobs by specializing in more complex occupations with a primarily interactive task content. Accordingly, the influx of guestworkers had a positive effect on wages and mobility of native low-skilled population, who climbed the job ladder.

4. Policy approaches

The above review has shown that according to global evidence migration is largely beneficial, although there may be significant differences between different types of immigration channels. Roughly speaking, economic migrants, in particular when they are screened by immigration policies, are naturally easier to integrate into the labor market than refugees and asylum seekers, who are forced to migrate abruptly. But this is not a simple choice. International laws and the Geneva or Refugee Convention of 1951 (signed by 144 nations) specify humanitarian obligations to take a fair share of

the international challenge. It outlines the obligations of the host countries to protect the refugees and provides for the non-refoulement, meaning that refugees should not be returned to a country in which they fear persecution. Foreign policy needs to achieve an earlier and better allocation between Europe and the world and within the EU. This is obviously not an easy task. A closed border policy for real refugees and asylum seekers is not only inhuman but also largely impossible to impose. It will only create misery, illegal migration and substantial economic and social costs. Similarly, there might be better policy approaches than simple border controls against illegal economic migration.

Given the substantial potential migration has, the large resistance against human mobility results from a misunderstanding of the facts, ignorance or misuse of the topic for political purposes. Scientists certainly have the duty to share their knowledge with the broader public, the media and policymakers. Reports of Academies of Sciences like the National Academies of the United States (Blau and Mackie 2016) are important for the debate. Those who understand have to communicate and stand against political pressures using the media properly. Here one has to deal with attitudes against migrants and refugees. Negative attitudes are often concentrated in parts of a country or in countries where there are not too many migrants or refugees, or among people who are misjudging the true impacts on the labor market and the economy (Bauer et al. 2000; Dustmann 2007; van Noort 2016). Communication strategies to inform the public about those impacts and to profile successful individuals or contexts might help to moderate those attitudes. The inability of the political class to execute such a strategy is partly responsible for the currently perceived refugee or migration crisis. It is more a crisis of political leadership.

To manage migration is a rather difficult task. Economic research has shown that limiting labor migration does not necessarily stop immigration, in particular circular migration, as the experiences (US-Mexico, Europe after 1973) have shown. It may even result in more migration due to a decline in return migration and induced family and social migration, which changes the nature of the process. In general, the relevance of emigration is typically misunderstood and underestimated in public debates. Labor migrants mostly return or move on, when jobs are no longer available or better alternatives come in sight. Similar may happen with refugees, who can either return if the situation in the home country improves or move further when other opportunities come up. Point systems provide transparency for migrants and the host country and have been shown to be effective to screen and guide mobility. Criteria for achieving may include explicitly integration indicators like education, language proficiency, job characteristics and social activities. Even better, although more controversial, is the labor market as a filter for migration. Those who have a job offer, can come and stay, as long as the work relationship persists. Those who do no longer find a job have to leave, at least after a transition period, if they have not gotten a permanent residence permit. Circular migration

contracts between countries may ease such relationships that are very useful to meet flexibility demands in host countries. Those who illegally stay may lose their right to return when a new job offer arrives. After a transition period, a world-wide regime of free labor mobility would probably only result in a modest increase in labor mobility as the migration experiences suggest. Offering successful students the option to stay if they find a job after some transition period is a most effective long-term immigration policy.

As has been discussed in the previous section, immigration regulations for asylum seekers and refugees are partly responsible for their weak performance in the labor market. A refugee or asylum seeker could receive the right to move to the employment channel as soon as she/he gets a decent job offer. They should be allowed to work as fast as possible and be not restricted to a particular region or even EU member state (the latter after some transition period). This would improve their long-term labor market attachment. Like it is well-known from research about the long-term unemployed, being out of the job is detrimental for the re-entry into regular employment; this also holds for refugees and asylum seekers.

Profiling of refugees and asylum seekers in special arrival centers at the gates of Europe organized and financed by the European Union directly would take the heat out of the public debate and define a special role for countries like Greece, Italy or Spain. The profiling known from the work of labor offices can help to better predict the opportunities and potentials for migrants and potential host countries in particular for the labor market. Profiling and integration need new institutions and procedures. To allocate already at the borders, one needs an initial and temporary quota system across European member states guaranteeing a balanced distribution of asylum-seekers across EU member states following acceptable criteria like population size, GDP, unemployment rates, and existing related diaspora (Rinne and Zimmermann 2015). European solidarity has still to develop, either through such a quota system or by compensation payments. Countries like Sweden and Germany have accepted above-average numbers of asylum applications over the past years, while other countries including France and the UK have been rather reluctant.

As an alternative to such quotas, Moraga and Rapoport (2015) recently proposed an EU-wide market for tradable refugee quotas. Offering asylum to refugees with valid claims is considered an international public good, but for the particular receiving country it constitutes a significant financial burden. A market mechanism could efficiently distribute immigrants to the country with the lowest costs, including direct costs of accommodation and administration as well as social and political distress. Furthermore, a market mechanism could be designed to take into account preferences of the asylum seekers themselves – for example, in terms of cultural and linguistic proximity. The resulting solution could therefore lead to a fair distribution of costs and may also increase public acceptance.

Integration tests and language classes need to be given early attention, if possible already in the phase of profiling. Free mobility before recognition as refugee or asylum seeker within the quota country should be made possible; after recognition mobility should be free across member countries provided that there is a concrete work contract. Like all migrants, also refugees migrate largely in ethnic networks. This offers the opportunity to mobilize diaspora for integration.

Another strategy involves neighborhood policies, like they are discussed for instance with Turkey, Egypt and Libya. Circular labor migration contracts of the EU with African countries (like Spain has with Morocco) could also be effective. And in the long-run, a re-vitalization of the EU-Mediterranean Economic Partnership concept could create a buffer zone of prosperity that filters the migration pressure.

5. Conclusions

The current events clearly indicate that Europe in general and the European Union in particular have arrived at a crucial stage in their history. The refugee crisis serves as a catalyst to reveal that the “old continent” is truly at a crossroads. There will be either more integration, coordination, and common responsibility – or the European Union could break apart.

At this stage of European life, the answer to any crisis must be “more Europe”. Recent developments have clearly shown that not less, but more integration is needed to address the economic, social and demographic problems of our time. If anything, the refugee crisis gives Europeans another opportunity to bond its members closer, evolve, progress and modernize. Europe must certainly revisit its overall immigration policy; nevertheless it must not lose its democratic ideals and European idea.

The free movement of EU citizens and workers within the European Union is one of the cornerstones of European integration. It is enshrined in the European Treaties. In a free and integrated Europe, there is no place for first and second-class citizens. Any intentions to restrict the free movement of labor as a fundamental right stand against Europeans’ well-understood interests for a dynamic and prosperous economy. Free labor mobility serves as a means to better allocate shrinking human capital capacities within the EU. In short, the free movement of labor can lift all boats, promote economic growth and advance competitiveness.

Europe therefore needs joint forces to expand the European dream, rather than to stifle it or narrow it down well before it has reached its real potential. Currently it seems that many EU member-states want a “free ride”, but the benefits of the EU have a price. The current refugee crisis can therefore mark the dawn of a new era, but it also has the potential to mark the end the European idea. Europe must now jointly act and seize the chance to reinvent itself to ultimately become the “United

States of Europe”. Only this model will put Europe on a level playing field with the US and China in the long term.

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