



**INTRODUCTION TO THE COURSE;  
ECONOMICS OF MIGRATION, INTRODUCTION,  
TRENDS AND CONCEPTS**

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*Info about lectures:* <http://home.cerge-ei.cz/pytlikova/LaborSpring19/>

*Office hours:* Wednesdays 13.00-15.00

*Contact:*

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**Labor Economics II**

- Introduction to the course

- Economics of migration, introduction, trends and concepts

- Intro to the course:
  - course information, literature, lectures plan,
- Economics of migration
  - Introduction – main concepts, trends, lecture outline

## Course information

### Lecturers:

- Mariola Pytliková (MP), E-mail: [mariola.pytlikova@cerge-ei.cz](mailto:mariola.pytlikova@cerge-ei.cz)
- Daniel Münich (DM), E-mail: [daniel.munich@cerge-ei.cz](mailto:daniel.munich@cerge-ei.cz),
- *Office*: MP 310, DM 303
- *Phone*: MP +420 - 739 211 312, DM +420 - 224 005 175;
- *Teaching assistant*: Ekaterina Travova, E-mail: [Ekaterina.Travova@cerge-ei.cz](mailto:Ekaterina.Travova@cerge-ei.cz)
- *Office hours*: MP: Wed 1pm -3pm or upon appointment (please send me an email), DM: Tue 2-4pm (+ anytime if doors are open);

## Course information

Aims: introduction to the economic analysis of the labor markets, provision of fundamentals within the labor economics

Main goals:

- (i) to guide through current theoretical and empirical understanding of major issues in the broad field of labor economics,*
- (ii) to guide student's to own empirical research,*
- (iii) to make students familiar with common research resources, standards of practice and approaches in the field.*

*Focus on empirical approaches (data and econometric techniques / identification strategies) and actual policies.*

## Course information

### *Learning outcomes:*

1. *You will gain methodological skills by studying the link between the economic theory and empirical testing, and by applying empirical research.*
2. *You will learn how to work with data and how to conduct an empirical research*
3. *by writing the essay with critical literature review you will learn to write in a way that integrates the economic theory, the findings in the empirical literature and discussion of important economic policy and social issues*
4. *course will train you further in your oral presentation skills, since there will be presentations at a “mini-conference”*

## Course information – course outline, lectures

### *ECONOMICS OF MIGRATION*

- *Economics of migration, introduction, trends and concepts (MP)*
- *Why do people move? Determinants of migration (MP)*
- *Who moves? Selectivity in migration, models of migration and empirical evidence (MP)*
- *Immigrant performance and integration; the second generation (MP)*
- *Immigrants and innovation; International migration and globalization (MP)*
- *Impacts of immigration (MP)*
- *Immigration policy (MP)*
- *Diversity - Impacts of workforce diversity on firms and economies (MP)*
- *Emigration and source countries; Brain drain and brain gain; Remittances (MP)*

## Course information – course outline

### MODELS OF WAGE STRUCTURES

- *Pay & productivity-wage determination within the firm, incentive pay, efficiency wages (MP)*
- *Changes in wage structures, income inequality (MP)*
- *Social mobility (MP)*
- *Job turnover, matching and search, unemployment duration (DM)*

### LABOR SUPPLY

- *Family and work; Family policies (MP)*
- *Active labour market policies; Unemployment benefits (MP/DM/guest lecture?)*
- *Retirement and aging; Early retirement plans (MP)*
- *Labor supply over business and life-cycle (DM – to be confirmed)*
- *Duration analyses (DM– to be confirmed)*

### OTHER SPECIFIC ISSUES

- *Effects of international trade and FDI, Production sharing (MP/guest lecture?)*
- *Peer Effects (MP/guest lecture?)*

## Course information

### *Structure and grading:*

Combined performance in:

1. the final written exam (55%),
2. Assignment (45%) – max 3 students, international teams,
  1. choice of topic and dataset
  2. A short literature review
  3. Descriptive analyses
  4. Empirical analyses (expert guidance by TA Ekaterina Travova)
  5. Presentation at a mini-conference, getting feedback (and acting as a discussant for a fellow group's assignment (5%))
  6. Final Assignment (40%)

## Labor Economics II exercises

Responsible: Ekaterina Travova, E-mail: [Ekaterina.Travova@cerge-ei.cz](mailto:Ekaterina.Travova@cerge-ei.cz)

*Dates: watch out for an info on the course website*

*Practical guide through:*

- *Panel data models*
- *Identification strategy/methods*
- *(Intro to duration analyses)*

## Study Materials and Reading List

- Slides of the lectures (provided one day in advance or on the day of the class)
- All materials provided on :  
<https://home.cerge-ei.cz/pytlikova/LaborSpring19/>
- *Main textbook:*
  - Borjas: Labor Economics, 7e
  - Bansak, Simpson and Zavodny (2015): The Economics of Immigration
- *Complementary textbooks:*
  - Ehrenberg and Smith: Modern Labor Economics: Theory and Public Policy 12e,
  - Pierre Cahuc, Stephanie Carcillo and Andre Zylberberg: Labor Economics 2e,
  - HBLE Handbooks of Labor Economics,
  - Chiswick and Miller ed. Handbook of the Economics of International Migration,
  - Borjas (2014): Immigration Economics,
  - Bodvarsson, Ó. and H. van den Berg (2013): The Economics of Immigration – Theory and Policy
  - Boeri and van Ours (2013): The Economics of Imperfect Labor Markets, 2e.

### Study Materials and Reading List

- *Auxiliary reference texts:*
- Wooldridge, J. M.: *Econometric Analysis of Cross Section and Panel Data*;
- Baltagi: *Econometric Analysis of Panel Data*
- Angrist, Joshua and Jorn-Steffen Pischke (2009): *Mostly Harmless Econometrics: An Empiricist's Companion*
- Angrist, Joshua and Jorn-Steffen Pischke (2014): *Mastering Metrics: The Path from Cause to Effect*
- Jeffrey M. Wooldridge (2016): *Introductory Econometrics: A Modern Approach*

### Study Materials and Reading List

Additional literature based on *journal articles*

- Top field journals: [Labour Economics](#), [Journal of Labor Economics](#), [American Economic Journal: Applied Economics](#) and [Journal of Human Resources](#)

*Other sources:*

- Link to conferences' programs: [joint EALE/SOLE world meeting in Montreal](#), previous [EALE](#), [ESPE](#) and [SOLE](#) annual conferences, and [events organized by IZA in Bonn](#).
- Important websites with resources for labor economics and economics of migration:
  - [IZA Bonn - Institute for the Study of Labor](#),
  - [CReAM- Centre for Research & Analysis of Migration at UCL](#)
  - NORFACE Research Programme on Migration  
<http://www.norface-migration.org/>
  - IZA program on migration  
<http://www.iza.org/en/webcontent/research/ra3>

## **Economics of migration** **Introduction – lecture outline**

1. Main concepts
2. Trends in international migration

**!!!The lecture on Thursday CANCELLED, our next lecture is on Tuesday 15.1.2019!!!**

**Why do people migrate? Determinants of migration - theory and empirical evidence**

## **Economics of migration** **Main concepts**

**Some concepts of migrants and migration:**

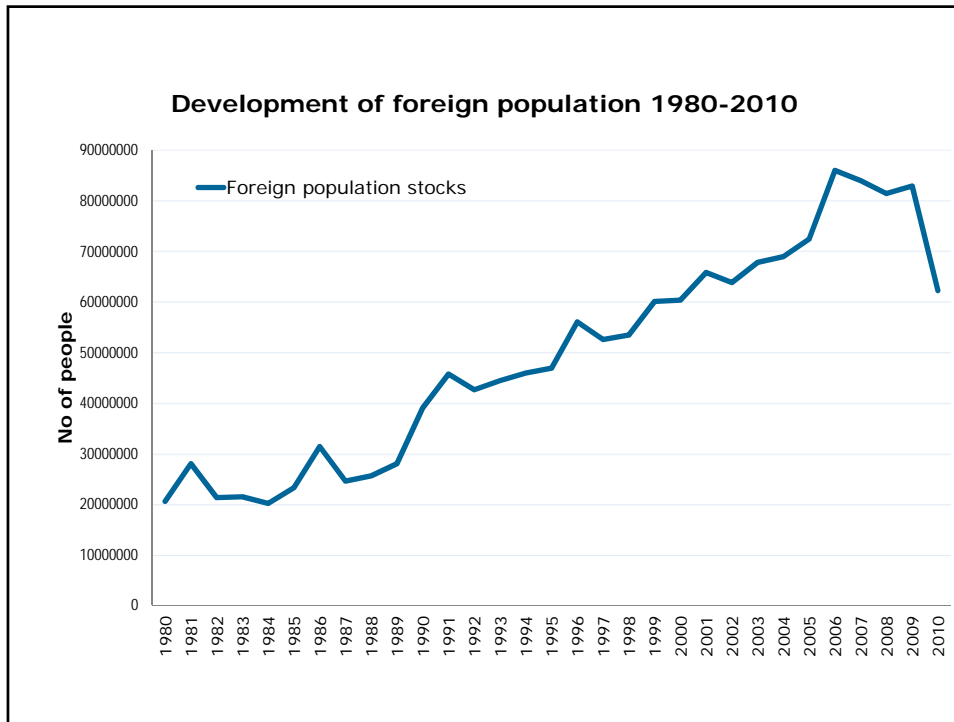
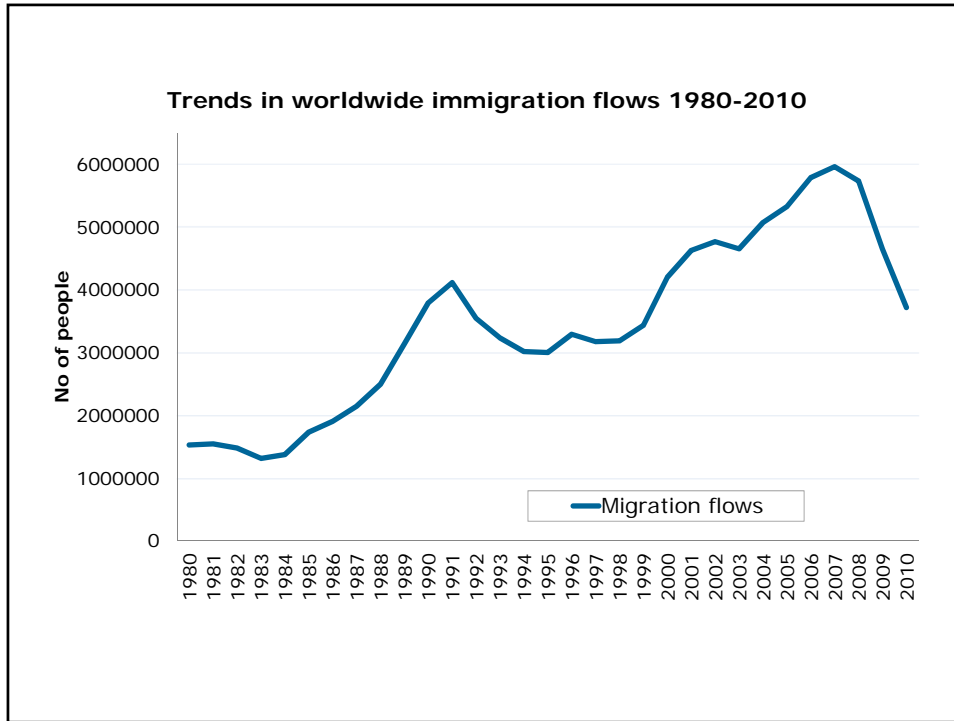
1. Emigration, immigration, migration, re-emigration, return migration
2. internal, international
3. Time dimension– long-term, temporary
4. Types – labor, business, family reunion, refugees/asylum seekers, students

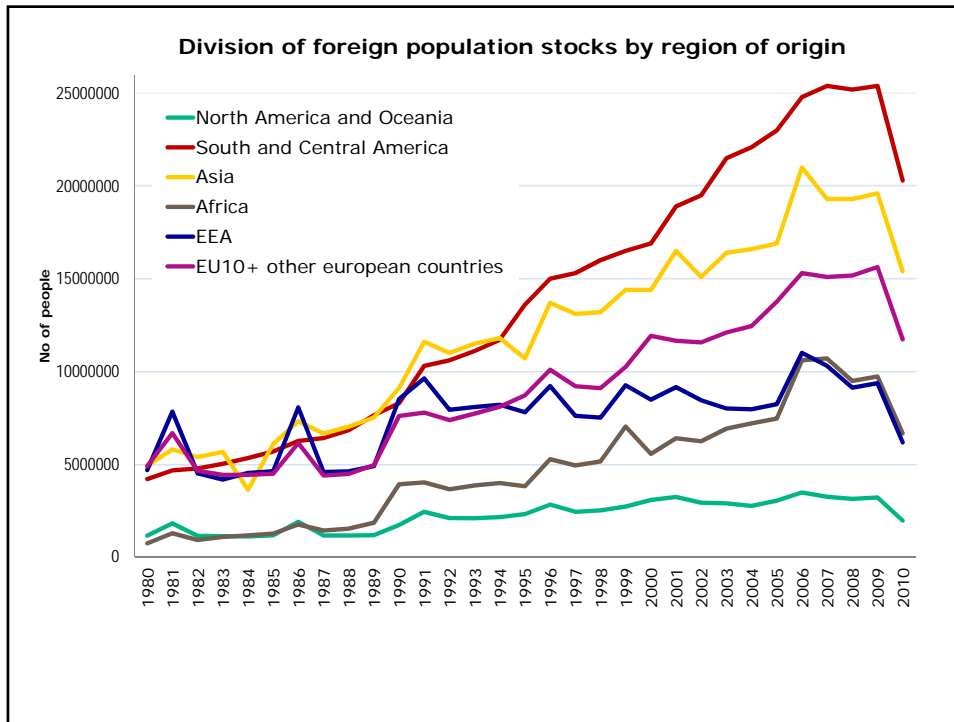
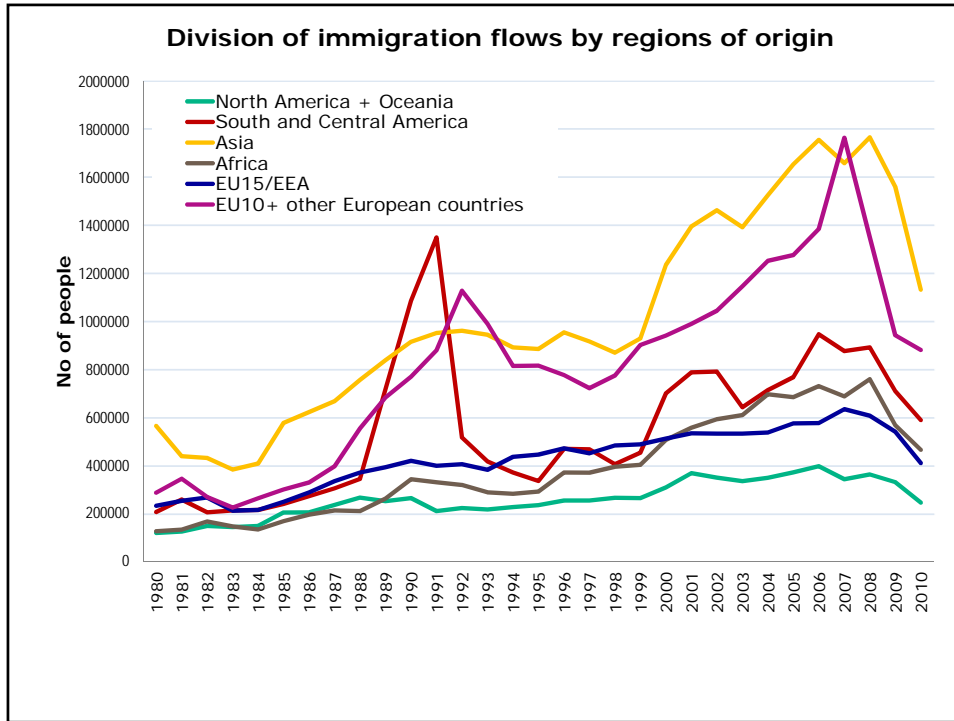
## TRENDS IN INTERNATIONAL MIGRATION

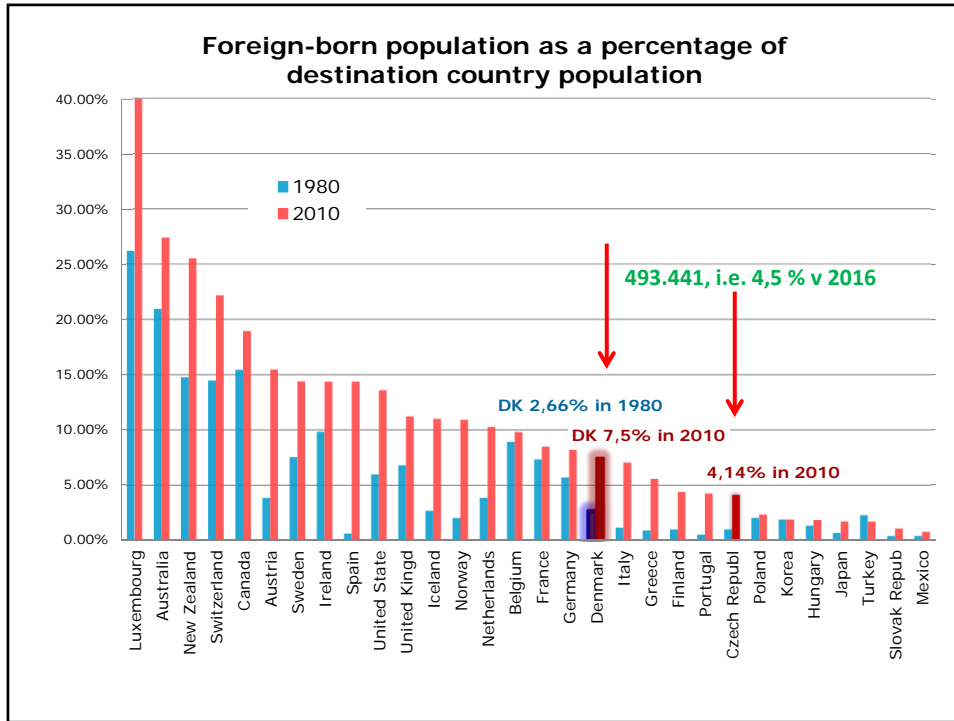
## TRENDS IN INTERNATIONAL MIGRATION

- **2 phenomena driving migration flows over the last decades:**
  - Growing migration from less developed countries
  - Fall of Iron Curtain, EU enlargements:
    - Fall of Iron Curtain
    - EU enlargements









**2 phenomena driving migration flows over the last decades:**

Growing migration from less developed countries

lower social mobility, skill transferability and skill acquisition



immigrants have difficulties to enter the destinations' labor markets and to integrate

### Emigration from Central and Eastern Europe

- After the Fall of Iron Curtain, 1989, CEECs became a new source of emigration



### Emigration from Central and Eastern Europe

- After the Fall of Iron Curtain, 1989, CEECs became a new source of emigration
- EU enlargements towards Central and Eastern European countries, 2004 and 2007



Given a geographical and cultural proximity and large economic differences - huge income gaps, high unemployment in CEECs, emigration restrictions before 1989 = feelings of freedom

=> **Western Europe fears a mass migration**

## Emigration from Central and Eastern Europe

### EU enlargement towards the East – 2004 enlargement:

- 10 new countries joined EU15 in May 2004;
- One of the Acquis: Free movement of people; Fear of mass migration; possibility of restrictions on mobility
- => "transition periods"; Rule 3+2+2 years
- All in all, the "old" EU/EEA countries could keep their labor markets restricted to the new members up to 7 years from the enlargement.

## Emigration from Central and Eastern Europe

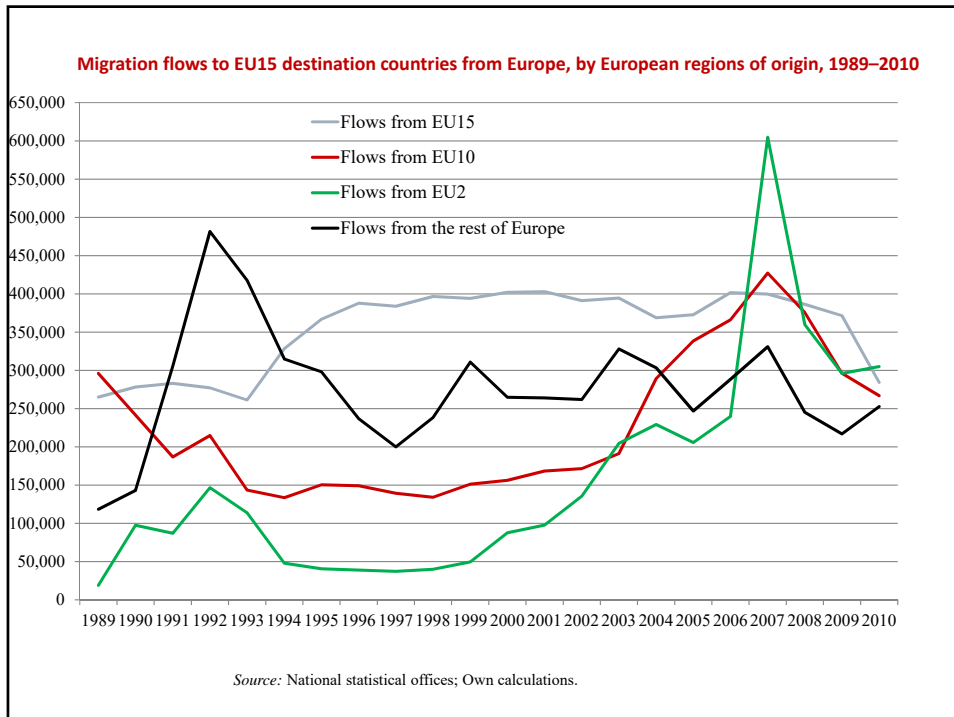
### EU enlargement towards the East – 2004 enlargement:

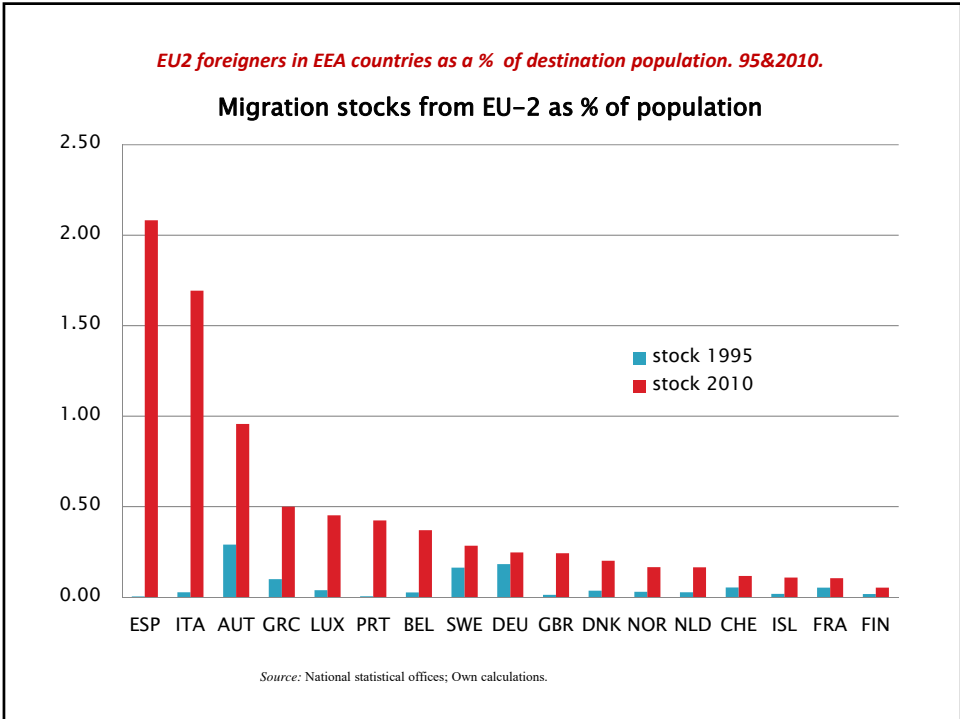
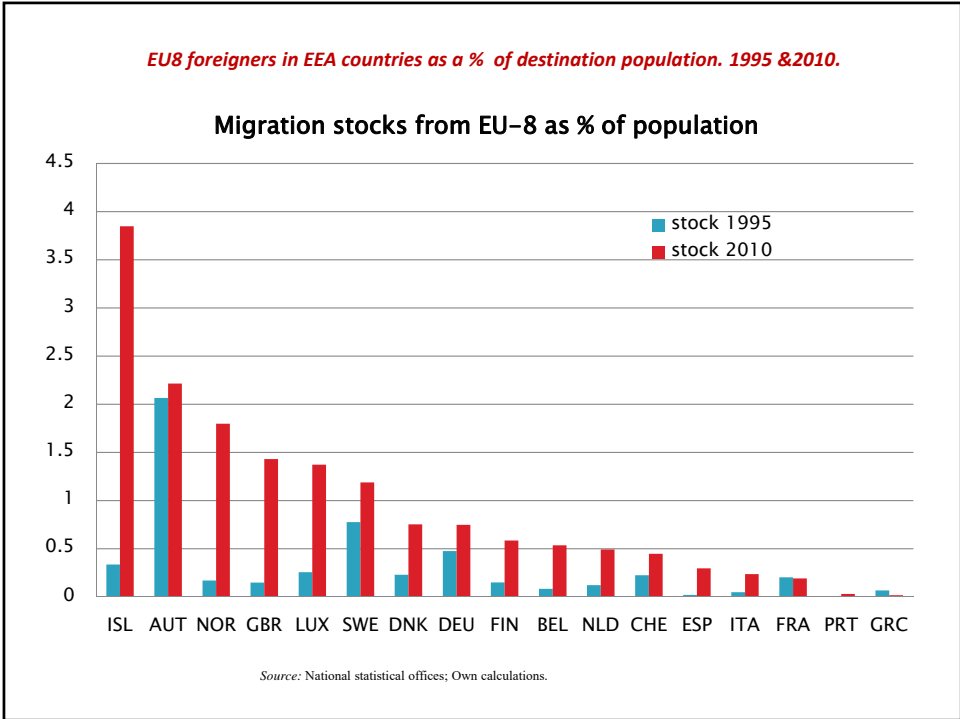
- UK, Ireland and Sweden have opened from day one of EU enlargement in May 2004, the rest of "old" EU members imposes restrictions to free movement of workers.
- 2006 - Spain, Portugal, Greece, Italy, Finland and Iceland
- 2007 – the Netherlands and Luxembourg
- July 2008 - France
- May 2009 – Belgium, Denmark and Norway
- May 2011: Austria, Germany and Switzerland hold a maximum period of restrictions.

### Emigration from Central and Eastern Europe

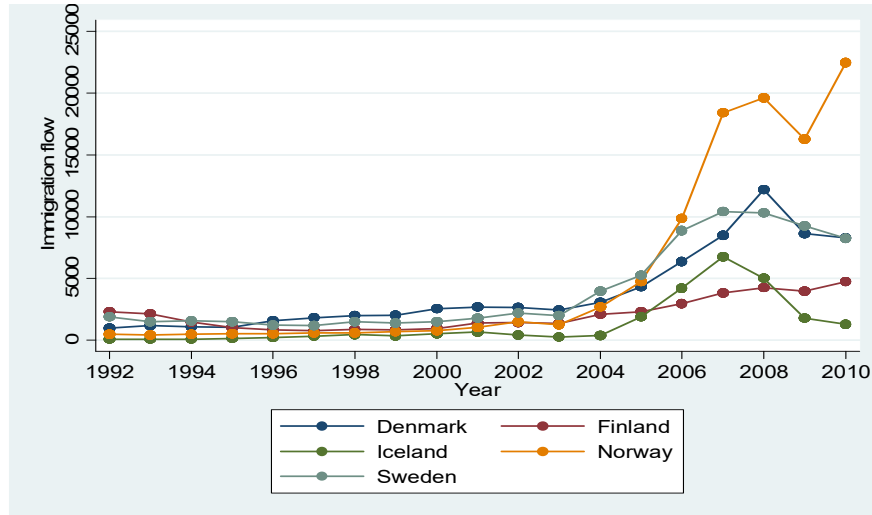
**EU enlargement towards the East – 2007 enlargement:**

- Bulgaria and Romania joined the EU on January 1, 2007.
- Restrictions on labour markets possible until 2014;
- **Open doors for 2007 entrants:**
  - 2007 - Finland, Sweden, Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia
  - 2009 - Denmark, Greece, Portugal, Spain
  - 2012 – Iceland, Italy
  - 2014 - the rest of EU holds a maximum period of restrictions and opens in January 2014

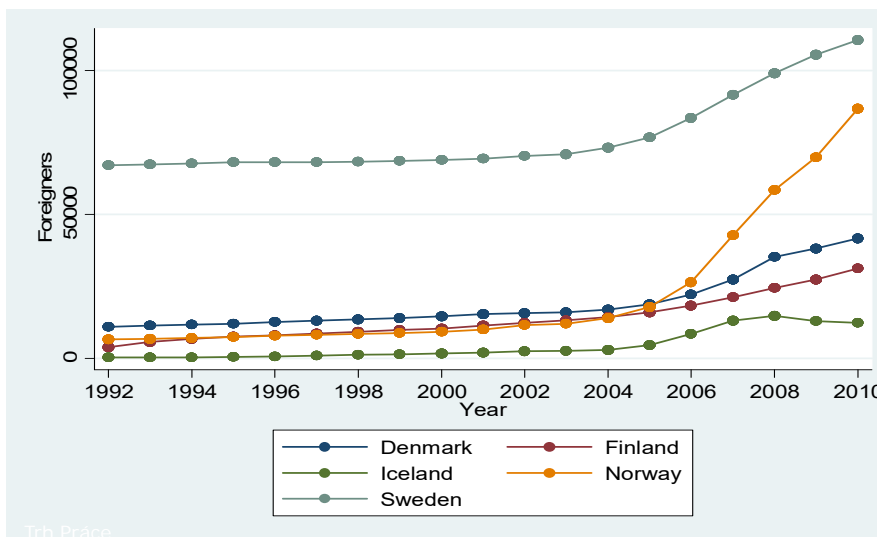




Immigration flows from Hungary, Poland, Slovenia, Czechia, Slovakia, Estonia, Latvia and Lithuania to 5 Nordic countries. 1992-2010



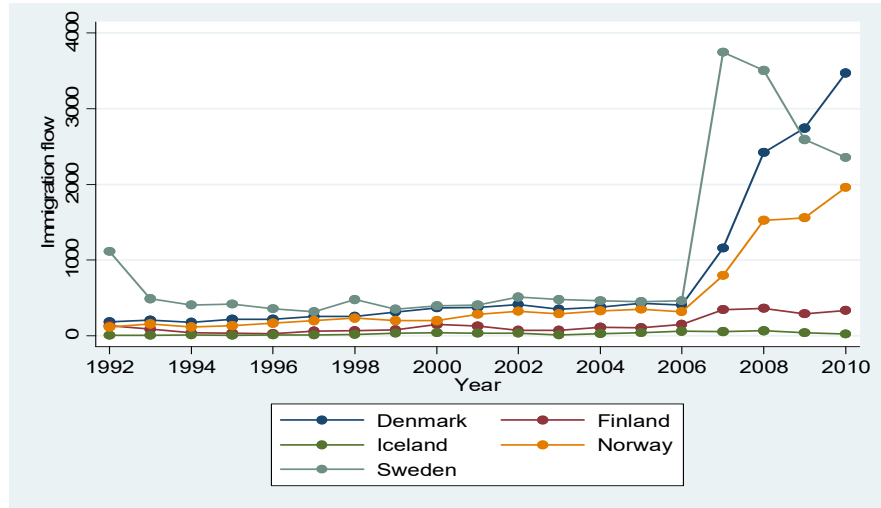
Foreign population from Hungary, Poland, Slovenia, Czechia, Slovakia, Estonia, Latvia and Lithuania living in 5 Nordic countries. 1992-2010



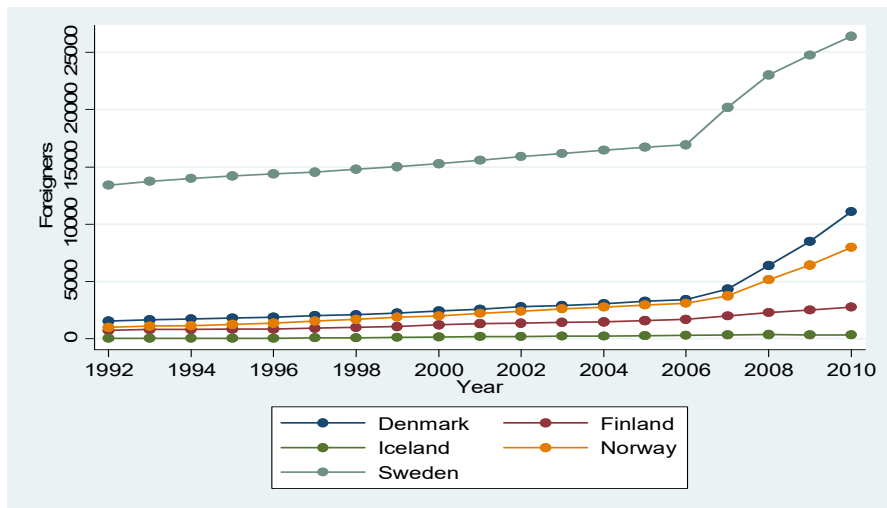
Trh Práce



*Immigration flows from new 2007 EU entrants Bulgaria and Romania to 5 Nordic countries. 1992-2010*



*Foreign population from new 2007 EU entrants Bulgaria and Romania living in 5 Nordic countries. 1992-2010*

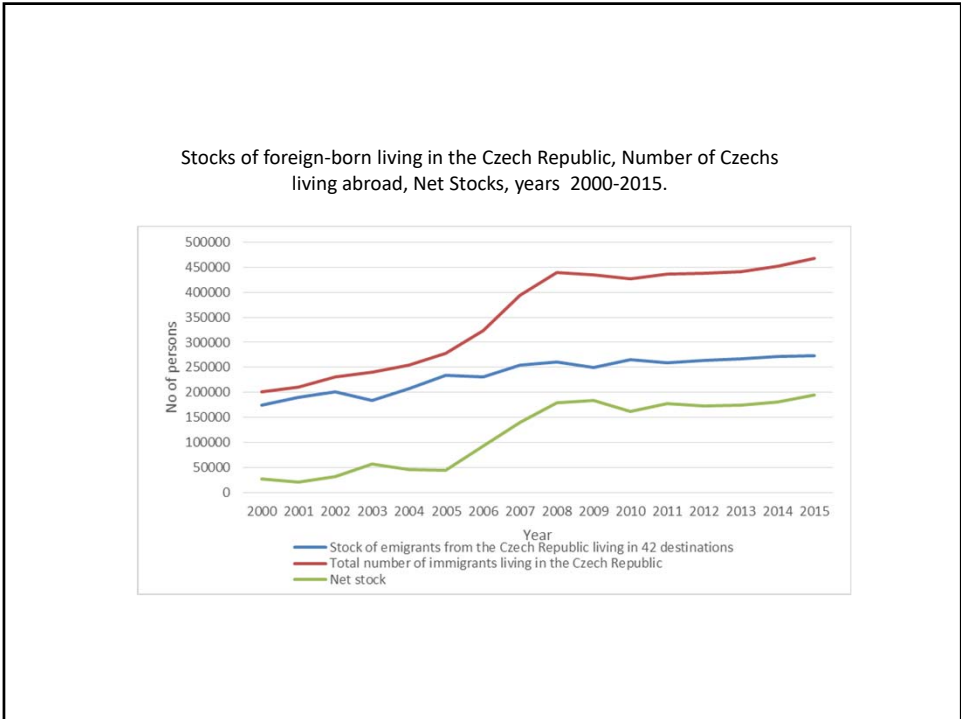
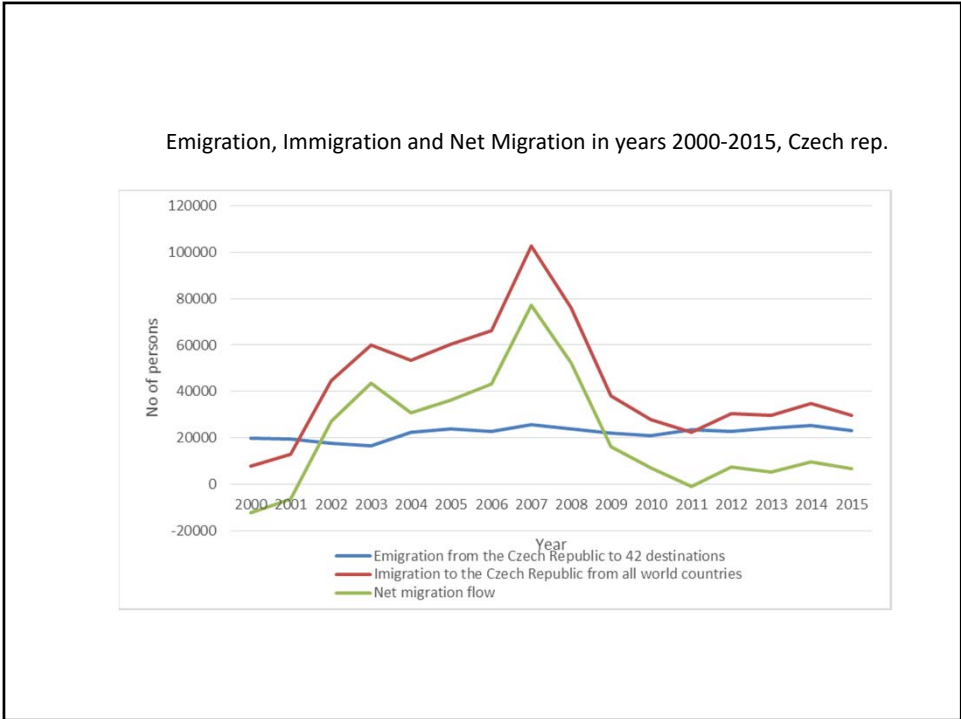


CEE stock of foreigners in Nordic countries as a % of destination population. 1990 and 2010.

DESTINATIONS:	DENMARK		FINLAND		ICELAND		NORWAY		SWEDEN	
	1990	2010	1990	2010	1990	2010	1990	2010	1990	2010
ORIGINS:										
CR and SR, CZECHO-SLOVAKIA	0,019	0,043	0,005	0,013	0,020	0,094	0,021	0,080	0,099	0,091
HUNGARY	0,026	0,047	0,010	0,029	0,015	0,050	0,032	0,051	0,176	0,165
POLAND	0,172	0,481	0,019	0,052	0,109	2,976	0,107	1,183	0,416	0,755
ESTONIA*	0,002	0,020	0,042	0,468	0,001	0,045	0,002	0,057	0,134	0,108
LATVIA*	0,002	0,058	0,001	0,020	0,003	0,207	0,002	0,100	0,023	0,050
LITHUANIA*	0,002	0,113	0,001	0,012	0,002	0,466	0,001	0,322	0,003	0,072
SLOVENIA*	0,00002	0,005	0,00002	0,000	-	0,010	0,00007	0,005	0,001	0,011
<b>Total 2004 EU Entrants</b>	<b>0,223</b>	<b>0,766</b>	<b>0,078</b>	<b>0,594</b>	<b>0,15</b>	<b>3,848</b>	<b>0,165</b>	<b>1,797</b>	<b>0,852</b>	<b>1,252</b>
BULGARIA	0,005	0,061	0,005	0,021	0,007	0,042	0,011	0,053	0,023	0,072
ROMANIA	0,019	0,140	0,003	0,031	0,0004	0,066	0,010	0,112	0,103	0,212
<b>Total 2007 EU Entrants</b>	<b>0,024</b>	<b>0,201</b>	<b>0,008</b>	<b>0,052</b>	<b>0,007</b>	<b>0,108</b>	<b>0,021</b>	<b>0,165</b>	<b>0,126</b>	<b>0,284</b>
<b>TOTAL % of destination population</b>	<b>0,247</b>	<b>0,9672</b>	<b>0,086</b>	<b>0,6460</b>	<b>0,157</b>	<b>3,9550</b>	<b>0,186</b>	<b>1,9625</b>	<b>0,978</b>	<b>1,5354</b>
<b>TOTAL % of ALL IMMIGRANTS</b>	<b>3,690</b>	<b>7,7570</b>	<b>1,302</b>	<b>4,6481</b>	<b>3,794</b>	<b>10,8784</b>	<b>4,665</b>	<b>11,7898</b>	<b>9,235</b>	<b>14,8883</b>

Source: National statistical offices; Own calculations.

## TRENDS IN MIGRATION FROM AND TO CZECH REPUBLIC



### TRENDS IN MIGRATION IN CZECH REP.

- In 2015 around 35,000 foreigners immigrated to Czech rep.
- In 2015 there were almost 468,000 foreigners in the Czech Republic, ie 4.4% of the population in the Czech Republic was born outside the Czech Republic. Most (58% of foreigners) come from non-EU countries (2.5% of the population), the remaining 48% (1.7% of the population in the CR) from EU27
- The most significant countries of origin of foreigners living in the Czech Republic (2015) are: Ukraine (106 thousand), Slovakia (102 thousand), Vietnam (57 thousand), Russia (35 thousand), Germany (21 thousand) (11 thousand), Romania (9 thousand), and the United States (7 thousand) = the largest number of immigrants from countries with Slavic languages = Population in the Czech Republic very homogeneous, although the diversity of origins is slowly growing.

### TRENDS IN MIGRATION IN CZECH REP.

Czech Rep.	2004	2015
Foreigners total	255 917	467 562
% females	40,26%	43,56%
% employed	67,68%	87%
Permanent residence	99 467	260 040
Total asylum	1 623	2 892
% female asylum	41,53%	41,70%

### TRENDS IN MIGRATION IN CZECH REP.

At the level of the formal education achieved, the Russians are above the Czech Republic (42.7% of the Russian nationality has university education), Ukrainians have roughly average values; on the contrary, almost half of Vietnamese have only basic education (43.5% of them).

The age structure of foreigners in the Czech Republic shows their high share (about 90%) of people in productive age (15-64 years) compared to Czechs (68.5%), the vast majority of them employed.

The highest number of inhabitants of these Czech nationalities is in Prague. The Vietnamese community is also significant in Karlovy Vary and Ústí n Labem.

### TRENDS IN MIGRATION IN CZECH REP.

Approx. 18 thousand people leave the Czech Republic annually, since 1993 emigrated about 390 thousand Czechs and there are currently about 273 thousand Czechs living abroad, ie about 2.3% of the Czech population lives abroad.  
A large number of them are highly qualified.

According to the CZSO, on average, less than 2 thousand Czechs return on average.

Since 2002, the Czech Republic has changed from a country typically on the receiving country, ie with a net increase in population due to immigration.

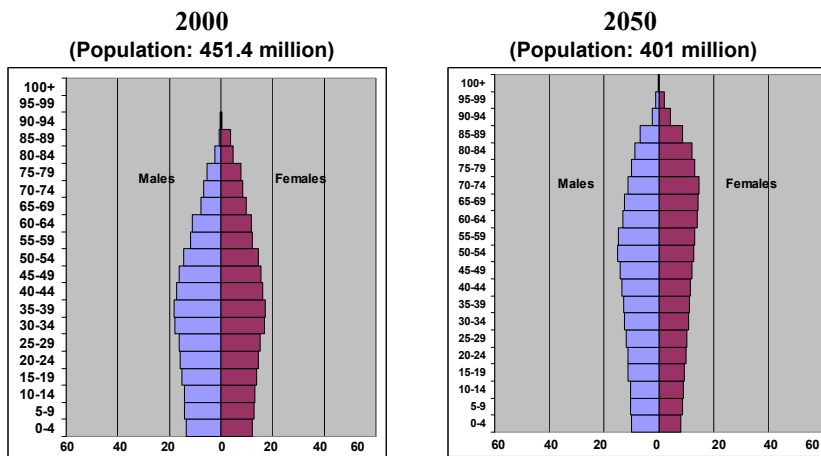
## TRENDS IN INTERNATIONAL MIGRATION

Migration pressures will continue in the future



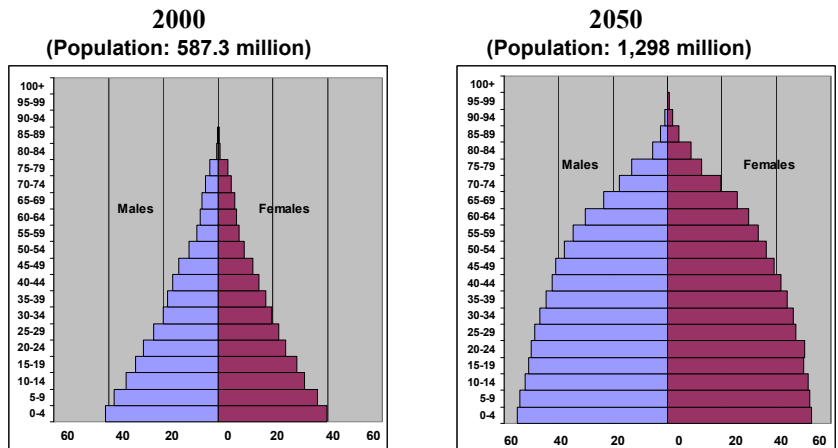
- Growing globalization – improvements in communication, Internet, transportations
- Demographic projections:
  - Aging of the populations in highly developed countries (fiscal burdens).
  - Young populations in LDCs.

## Demographic projections – European Union



*Source: Cohen (2003): Human Population: The Next Half Century*

### Demographic projections – North Africa and West Asia



Source: Cohen (2003): Human Population: The Next Half Century

### TRENDS IN INTERNATIONAL MIGRATION

Migration pressures will continue in the future



Immigration policy must adjust to the migration pressures and to the aging populations.



**ANALYSES OF MIGRATION DETERMINANTS, SELECTIVITY, ADJUSTMENT OF IMMIGRANTS and THEIR IMPACT ON ECONOMY and SOCIETY - IMPORTANT FOR POLICY MAKERS OF DESTINATION**

**ANALYSES OF EFFECTS OF EMIGRATION – IMPORTANT FOR POLICY MAKERS OF SENDING COUNTRIES**

**OUR NEXT LECTURE is the next week Tuesday 15.1.2019!!**

- **Why do people migrate? Determinants of migration - theory and empirical evidence**

**NEXT LECTURES**

- *Selectivity in migration, models of migration and empirical evidence*
- *Immigrant performance and integration; the second generation*
- *Immigrants and innovation; International migration and globalization*
- *Impacts of immigration*
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- *Diversity - Impacts of workforce diversity on firms and economies*
- *Emigration and source countries; Brain drain and brain gain; Remittances*