



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

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Info about lectures: <https://home.cerge-ei.cz/pytlikova/LaborSpring16/>

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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
- Daniel Münich (DM), E-mail: daniel.munich@cerge-ei.cz,
- *Office:* MP 309, DM 303
- *Phone:* MP +420 - 739 211 312, DM +420 - 224 005 175;
- *Teaching assistant:* Liyousew G.Borga, E-mail: lborga@cerge-ei.cz
- *Office hours:* MP upon appointment (at CERGE on Mondays and Tuesdays, 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)*
- *Retirement and aging; Early retirement plans (MP)*
- *Labor supply over business and life-cycle (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. Perhaps empirical analyses (expert guidance by Liyew)
 5. Presentation at a mini-conference, getting feedback (and acting as a discussant for a fellow group's assignment)
 6. Final Assignment

Labor Economics II exercises

Responsible: Liyousew G.Borga, E-mail: lborga@cerge-ei.cz

Dates - info on the course website

Practical guide through:

- *Panel data models*
- *Identification 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/LaborSpring16/>

- *Main textbook*: Borjas: Labor Economics, 6e
- *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,
 - Bansak, Simpson and Zavodny (2015): The Economics of Immigration,
 - Bodvarsson, Ö. 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*
- Jeffrey M. Wooldridge: *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 next lecture tomorrow, Tuesday 12.1.2016:

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

Economics of migration

Main concepts

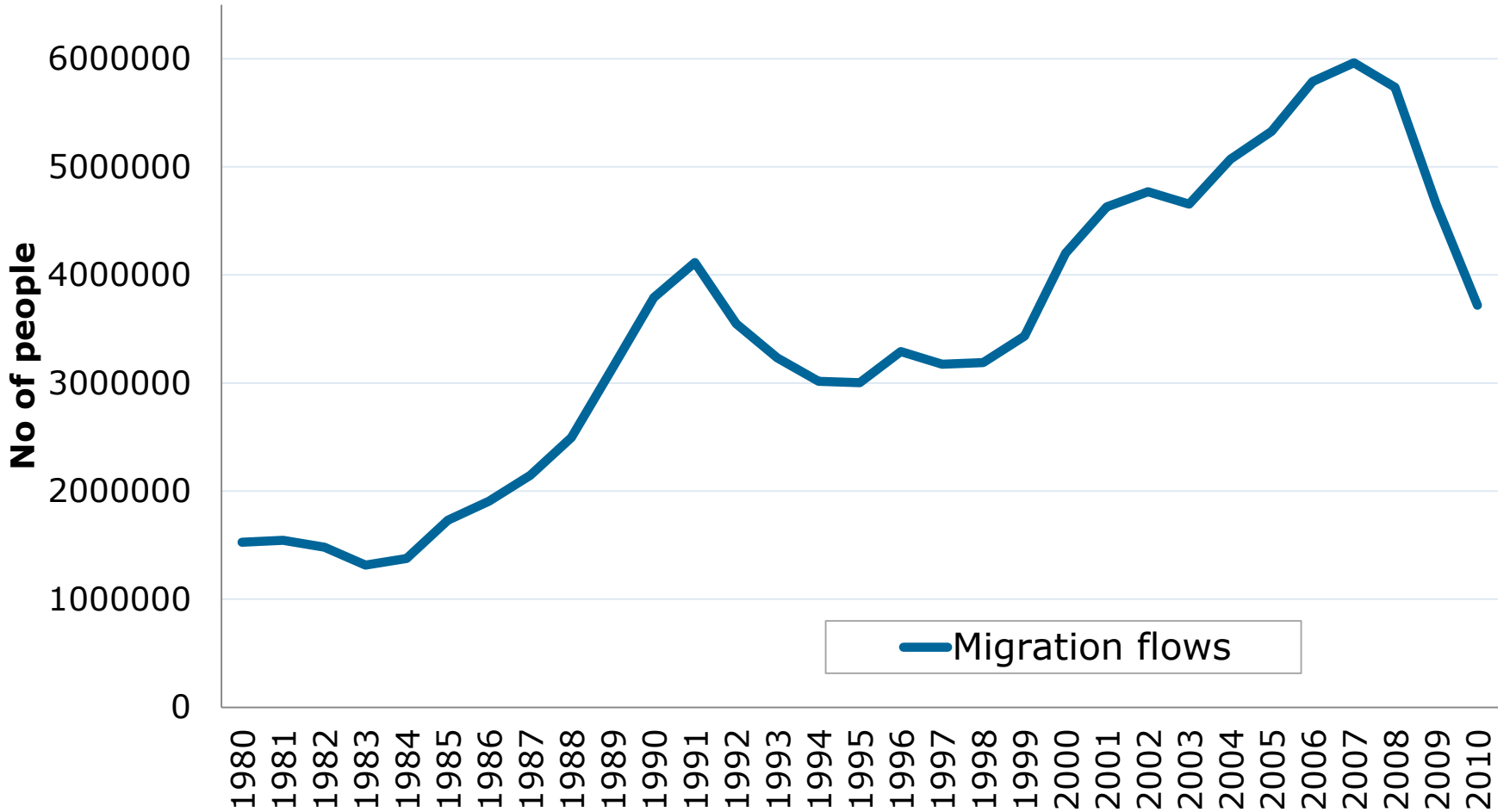
Some concepts of migrants and migration:

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

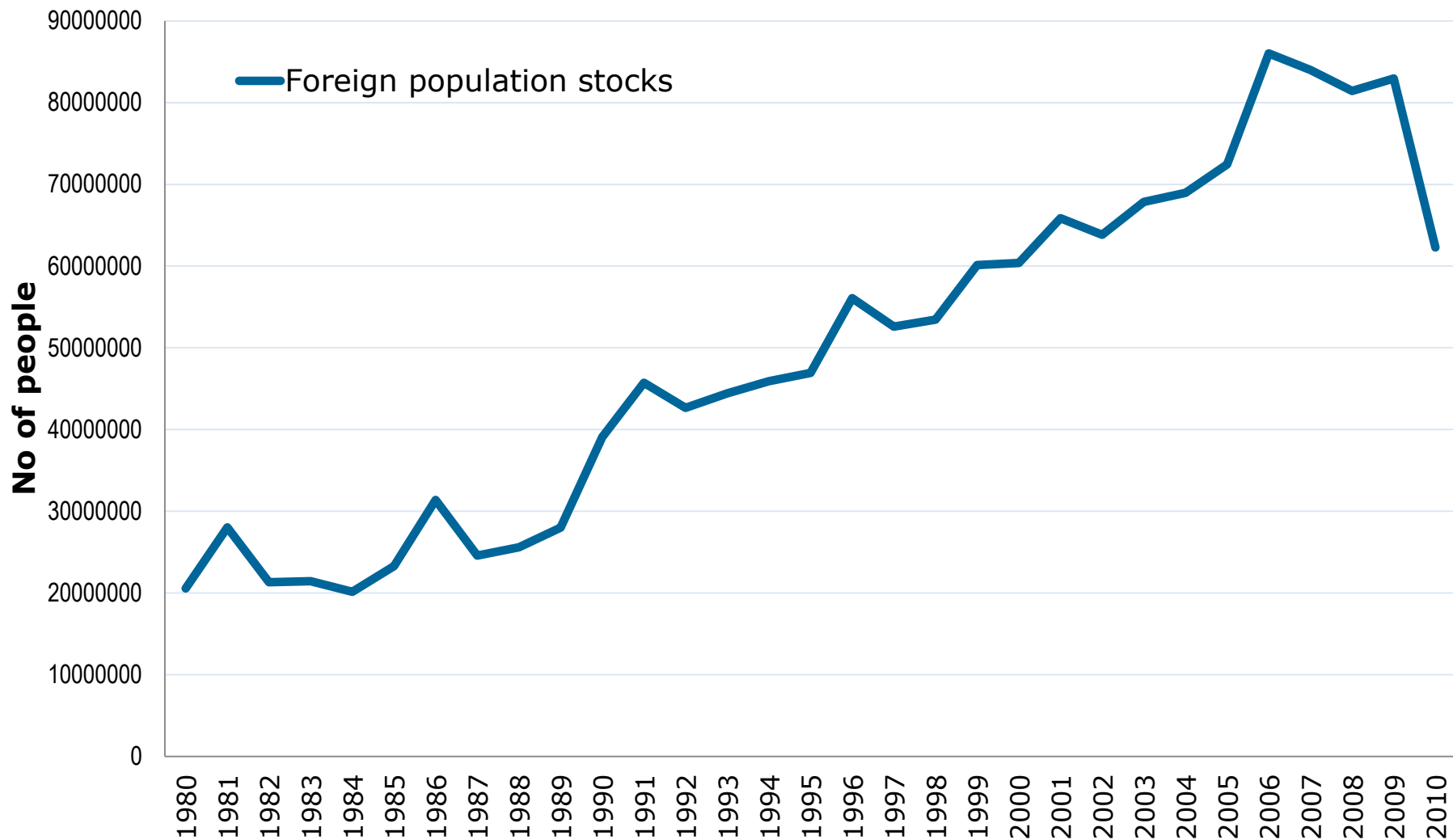
TRENDS IN INTERNATIONAL MIGRATION

- **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

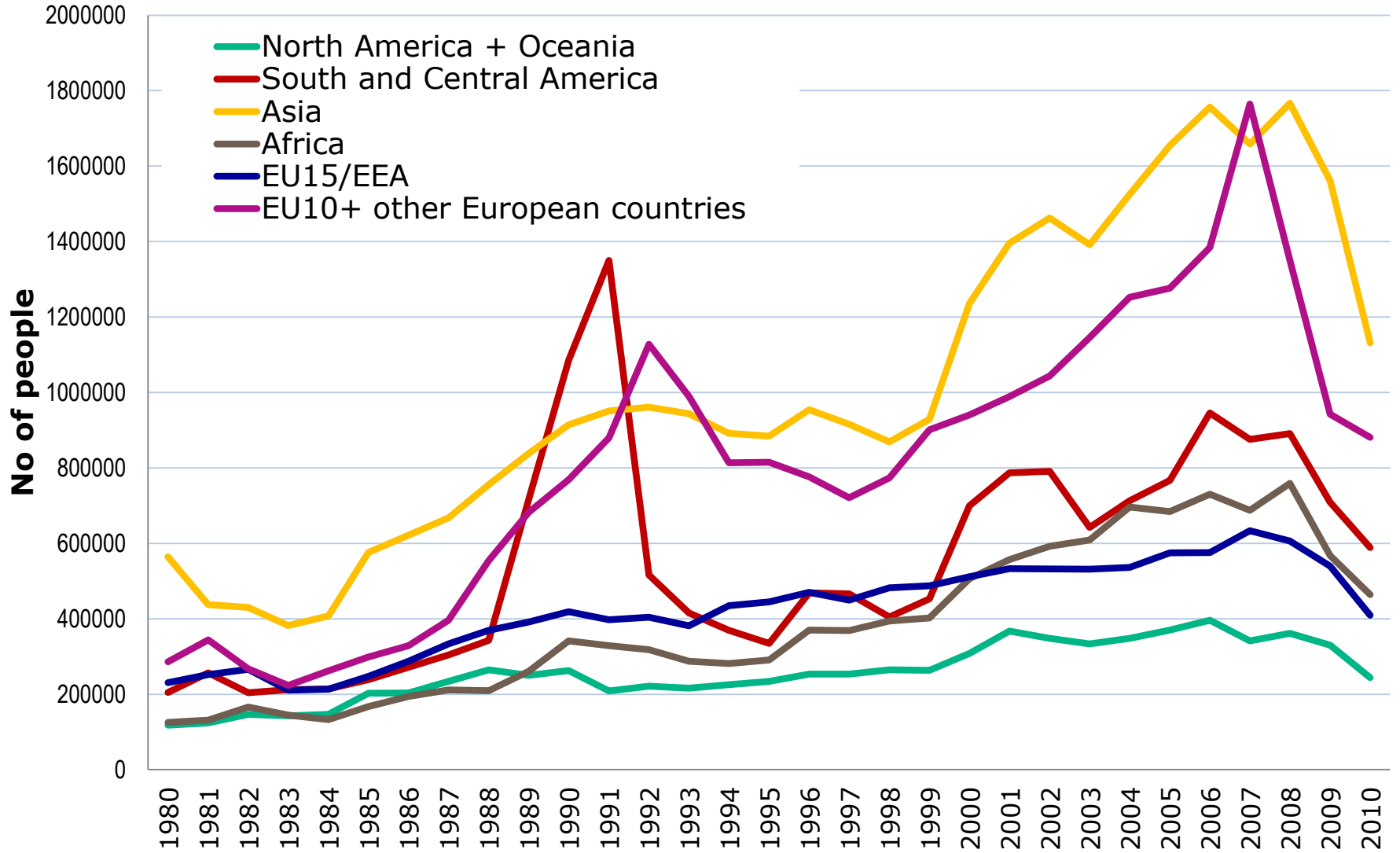
Trends in worldwide immigration flows 1980-2010



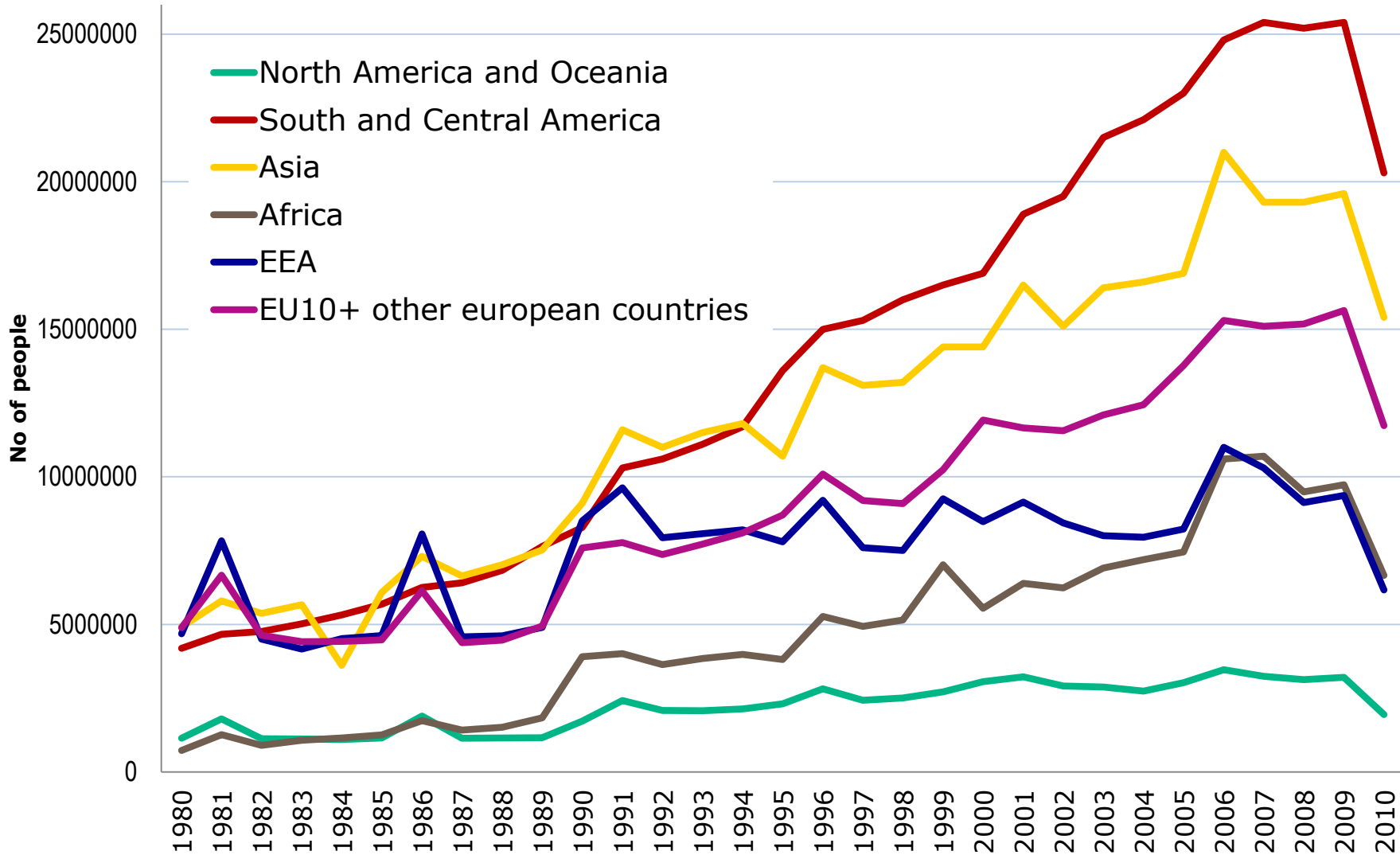
Development of foreign population 1980-2010



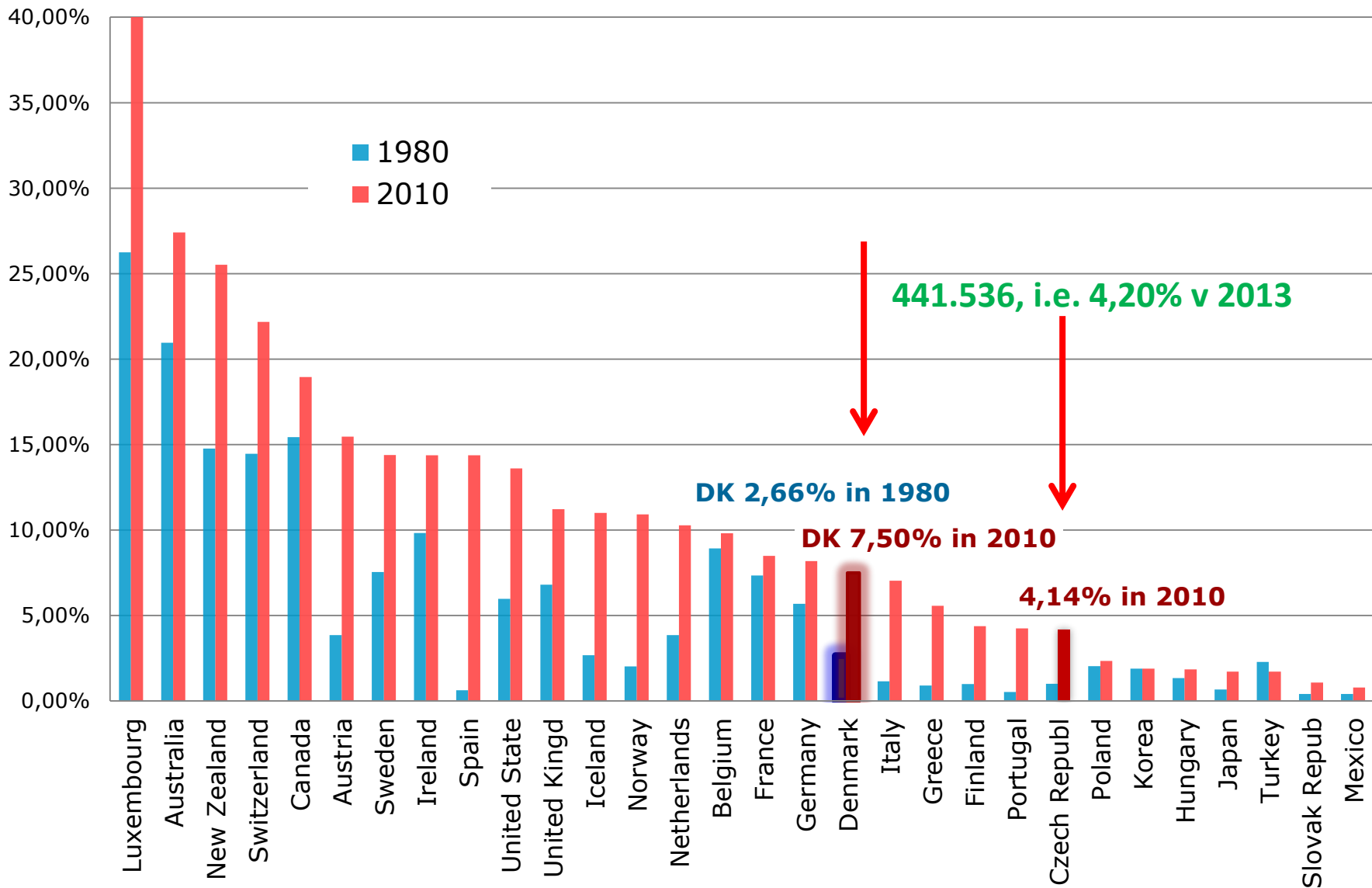
Division of immigration flows by regions of origin



Division of foreign population stocks by region of origin



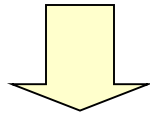
Foreign-born population as a percentage of destination country population



2 phenomena driving migration flows over the last decades:

Growing migration from less developed countries

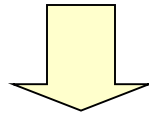
lower social mobility, skill transferability and skill acquisition



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
- 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:

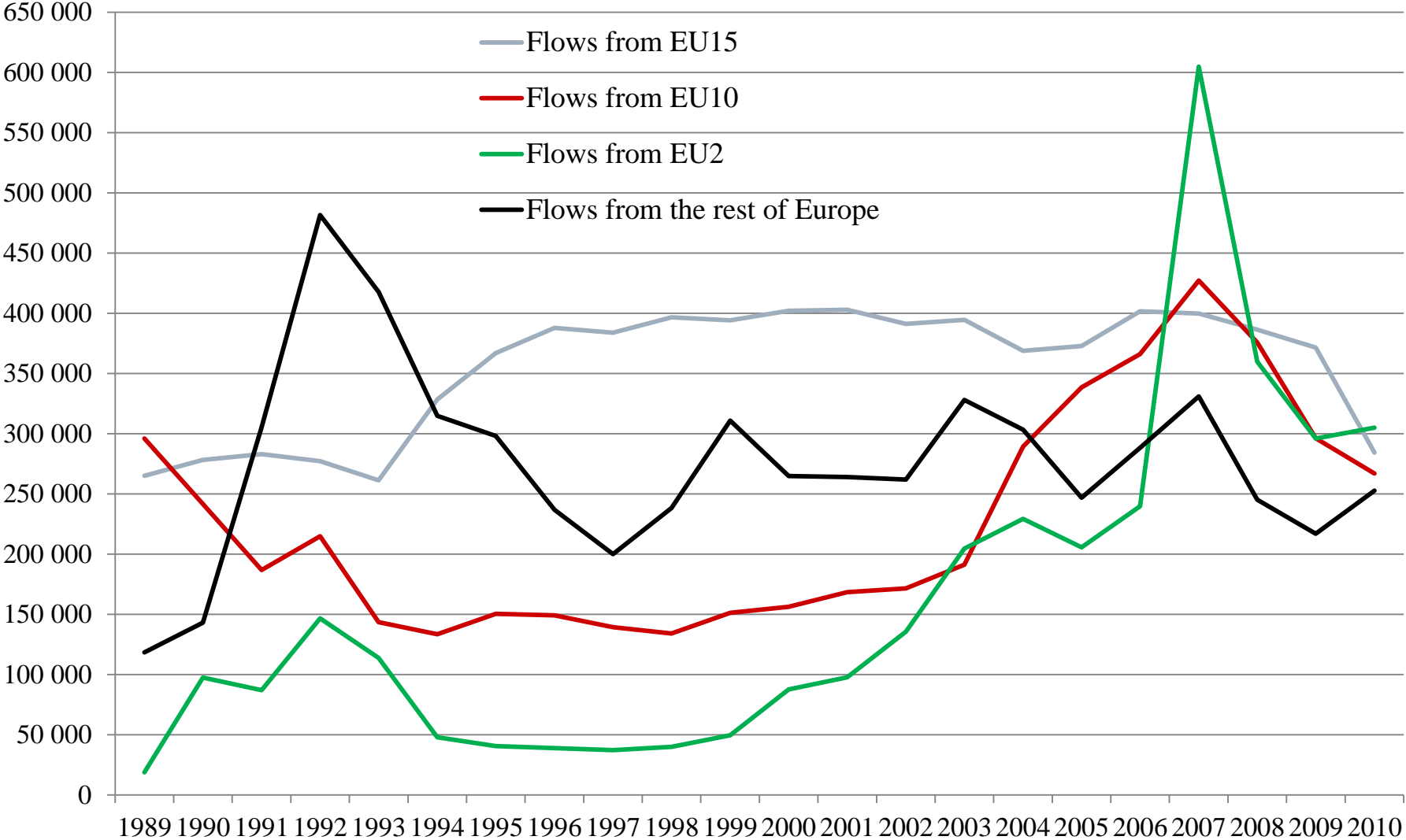
- UK, Ireland and Sweden have opened from day one of EU enlargement in May 2004, the rest of “old” EU members imposes restrictions to free movement of workers.
- 2006 - Spain, Portugal, Greece, Italy, Finland and Iceland
- 2007 – the Netherlands and Luxembourg
- July 2008 - France
- May 2009 – Belgium, 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

Migration flows to EU15 destination countries from Europe, by European regions of origin, 1989–2010



Source: National statistical offices; Own calculations.

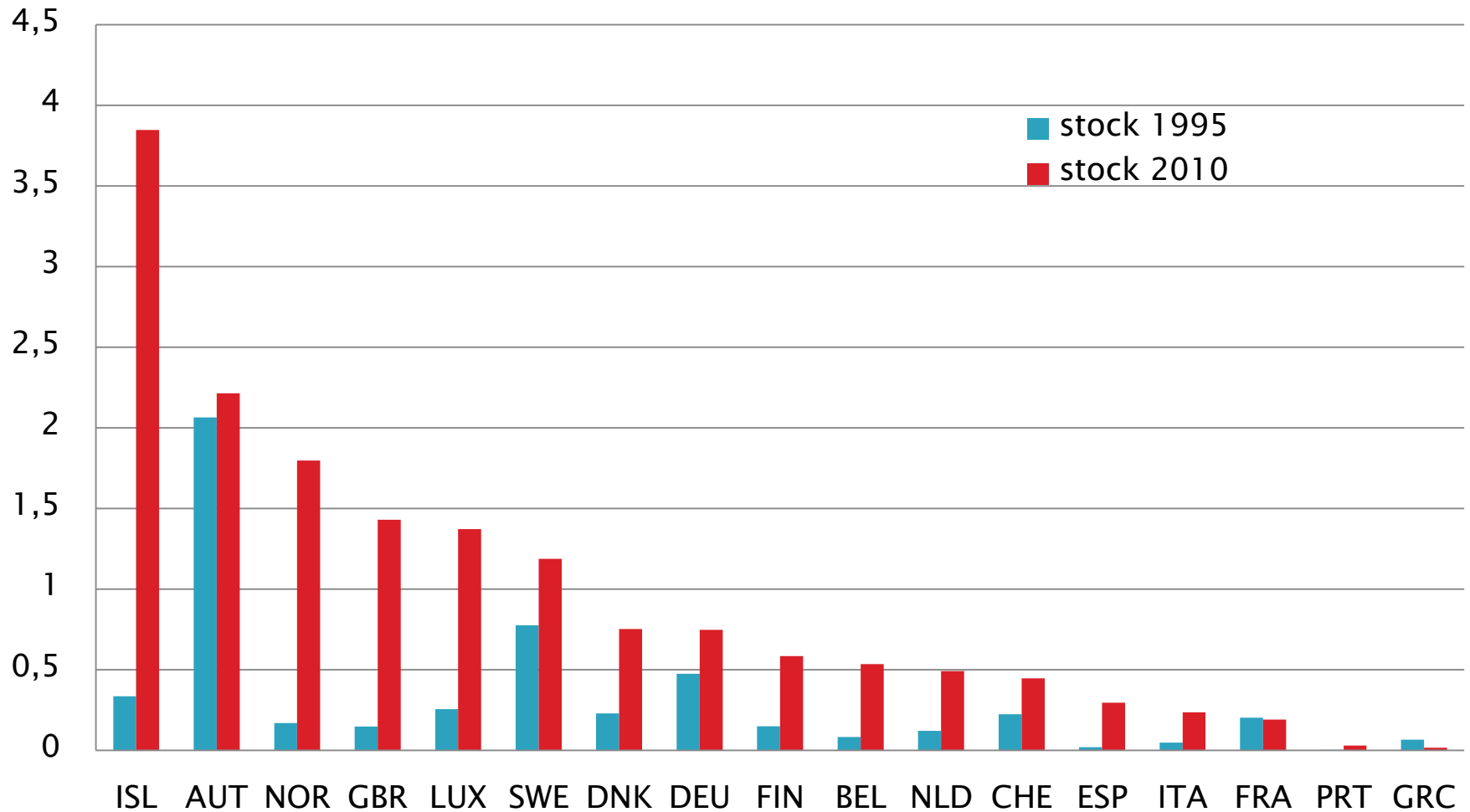
Where did CEE go? Main destinations, flows annual average 1989–2000

	CZECH REP.			HUNGARY			POLAND	
Germany	12.163	0,118	Germany	18.290	0,180	Germany	110.279	0,287
Austria	1.388	0,014	Austria	2.219	0,022	U.S.	17.104	0,045
Slovakia	942	0,009	U.S.	1.102	0,011	Canada	6.720	0,018
U.S.	570	0,006	Canada	644	0,006	Austria	4.416	0,012
Total	17.197	0,167	Total	24.359	0,239	Total	152.179	0,396
	SLOVAKIA			BULGARIA			ROMANIA	
Germany	7.827	0,146	Germany	11.606	0,139	Germany	42.593	0,189
Czech Rep.	3.835	0,072	Spain	2.168	0,026	Italy	10.185	0,045
Austria	1.756	0,033	U.S.	1.987	0,024	Hungary	9.958	0,044
U.S.	555	0,010	Greece	1.588	0,019	Spain	8.618	0,038
Total	15.626	0,291	Total	20.686	0,248	Total	86979	0,385
	ESTONIA			LATVIA			LITHUANIA	
Finland	1.307	0,094	Germany	2.182	0,090	Germany	2.652	0,075
Germany	1.230	0,089	U.S.	406	0,017	Spain	2.283	0,064
Sweden	176	0,013	Denmark	197	0,008	U.S.	574	0,016
Denmark	175	0,013	Sweden	80	0,003	Denmark	252	0,007
Total	3.331	0,240	Total	3.347	0,138	Total	6.587	0,185

Source: National statistical offices, Own calculations.

EU8 foreigners in EEA countries as a % of destination population. 1995 & 2010.

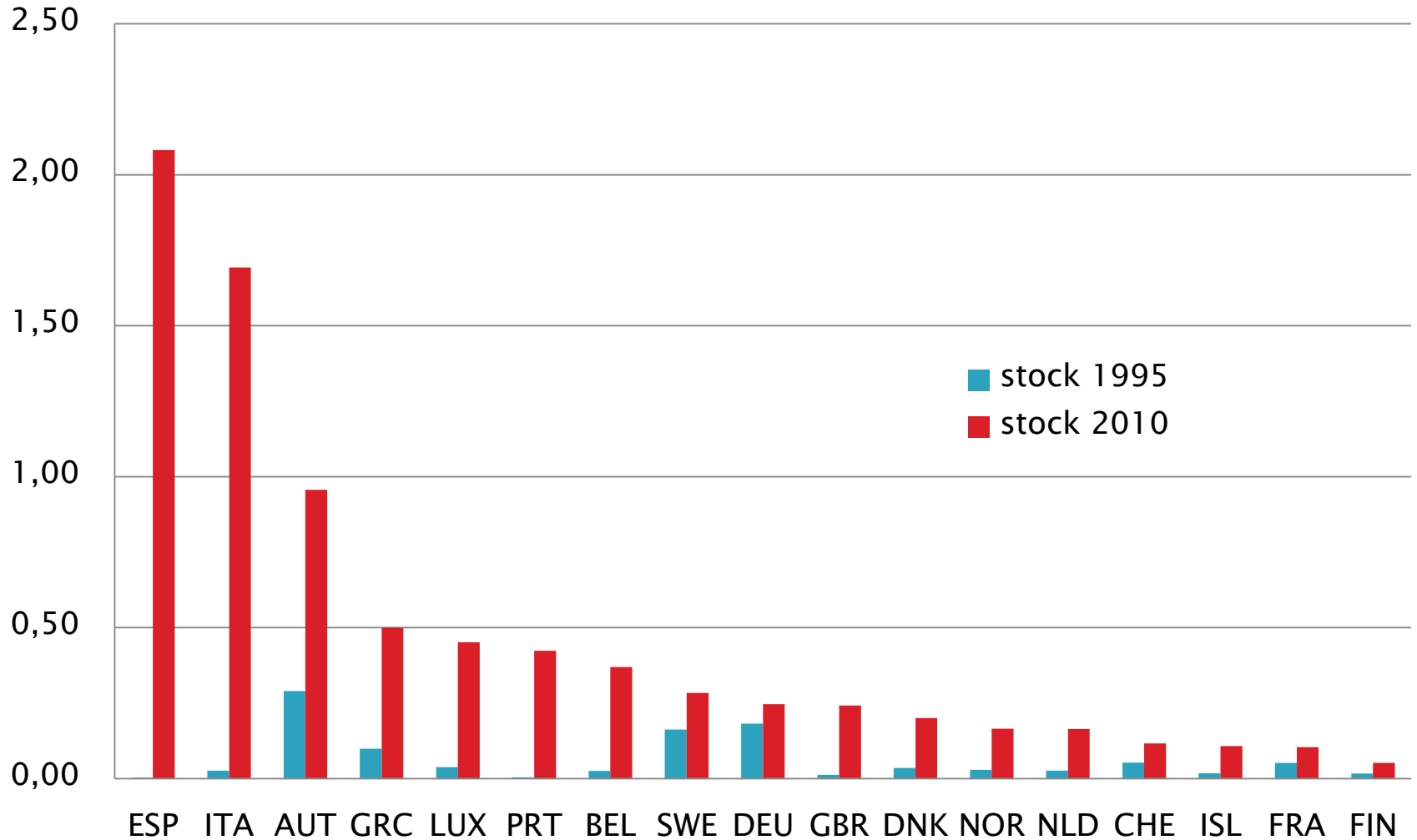
Migration stocks from EU-8 as % of population



Source: National statistical offices; Own calculations.

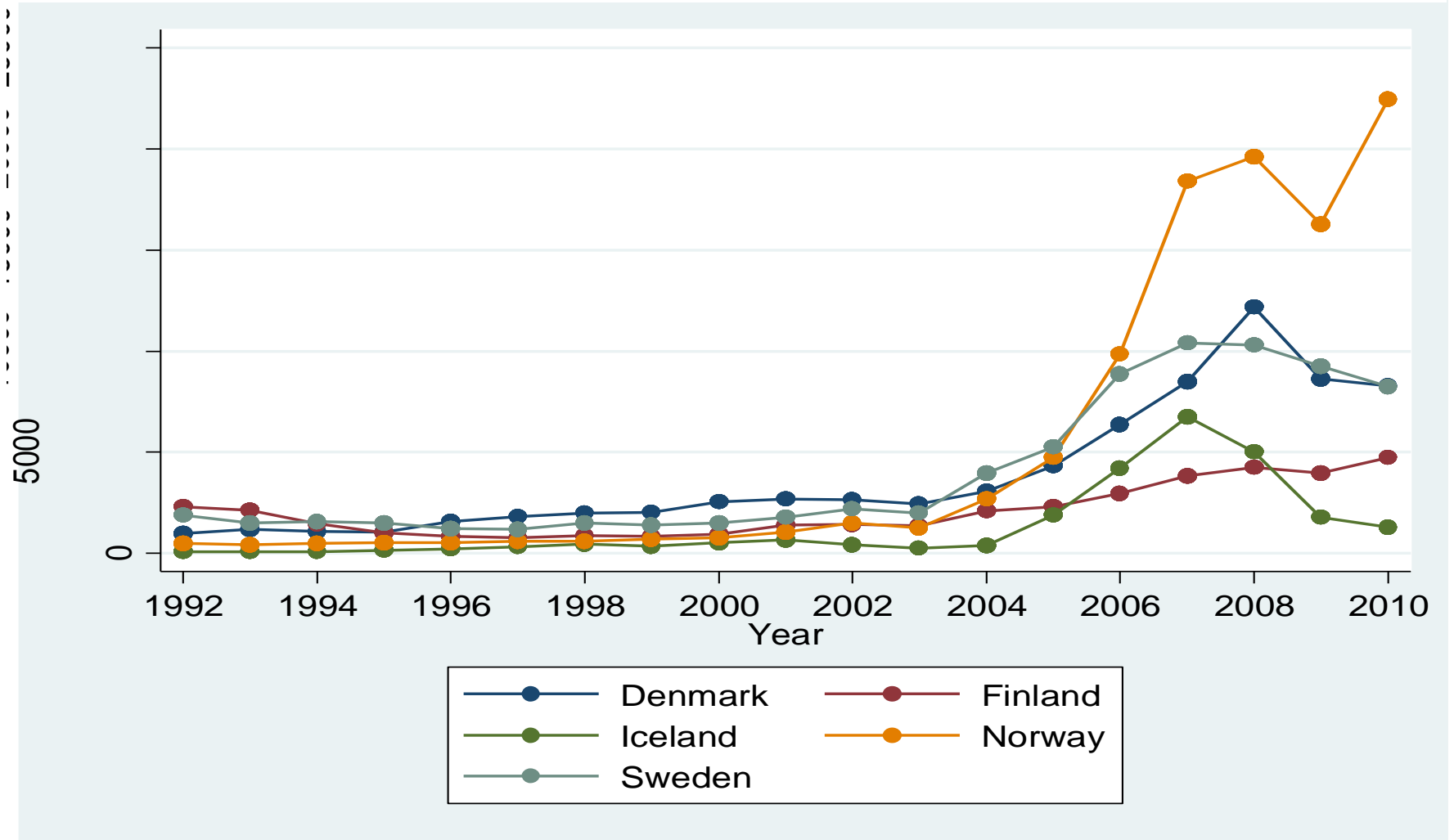
EU2 foreigners in EEA countries as a % of destination population. 95&2010.

Migration stocks from EU-2 as % of population

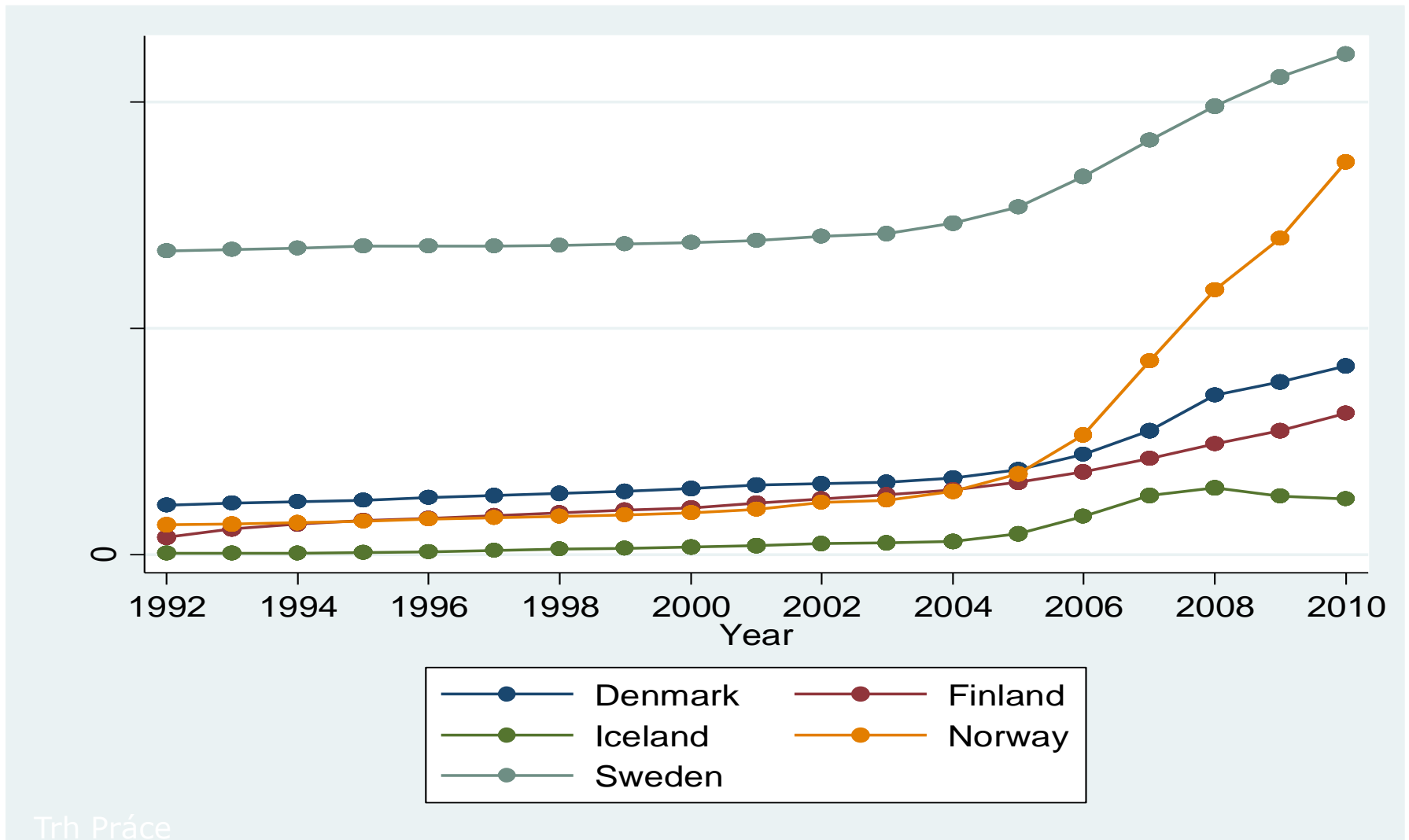


Source: National statistical offices; Own calculations.

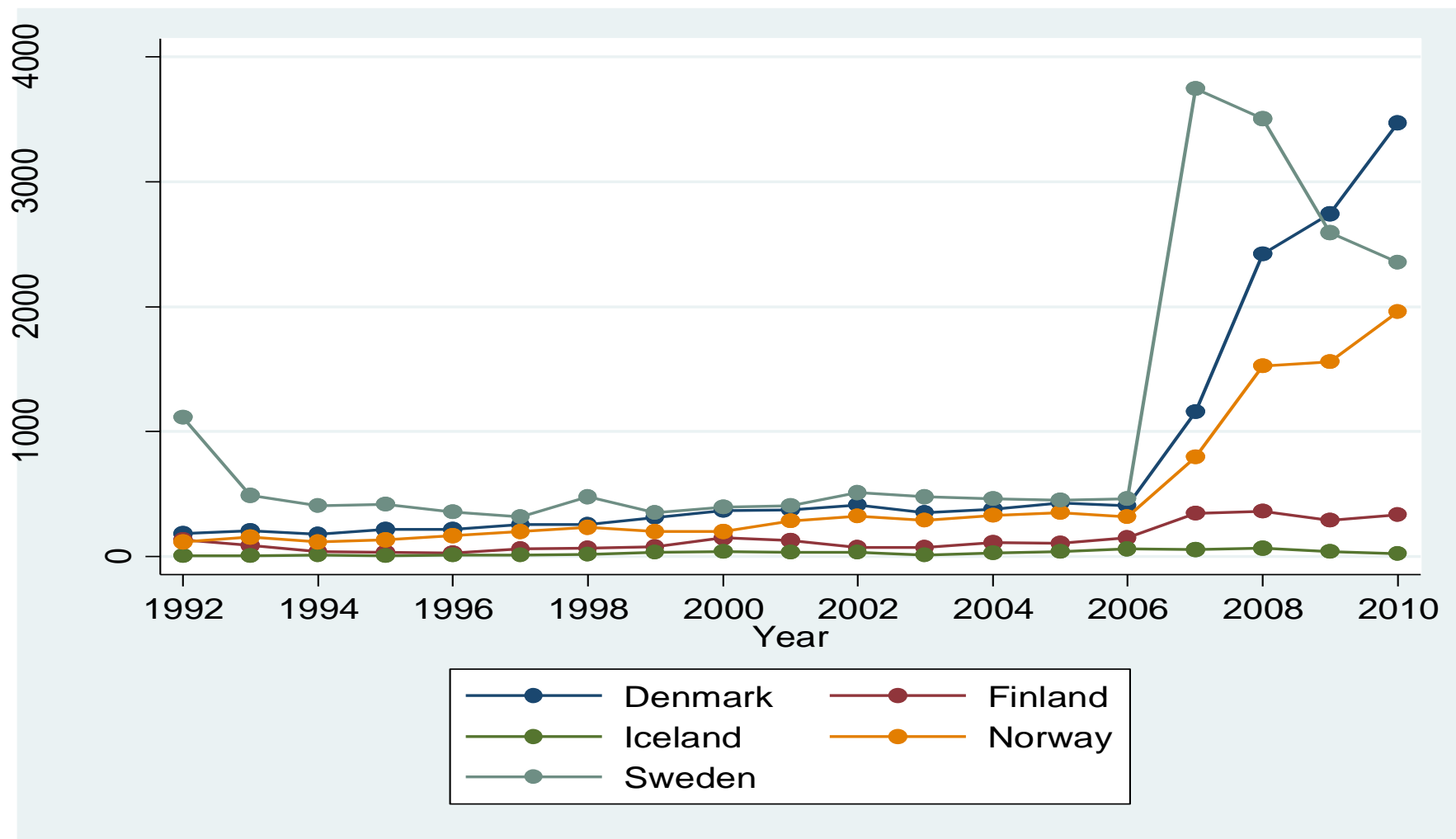
Immigration flows from Hungary, Poland, Slovenia, Czechia, Slovakia, Estonia, Latvia and Lithuania to 5 Nordic countries. 1992-2010



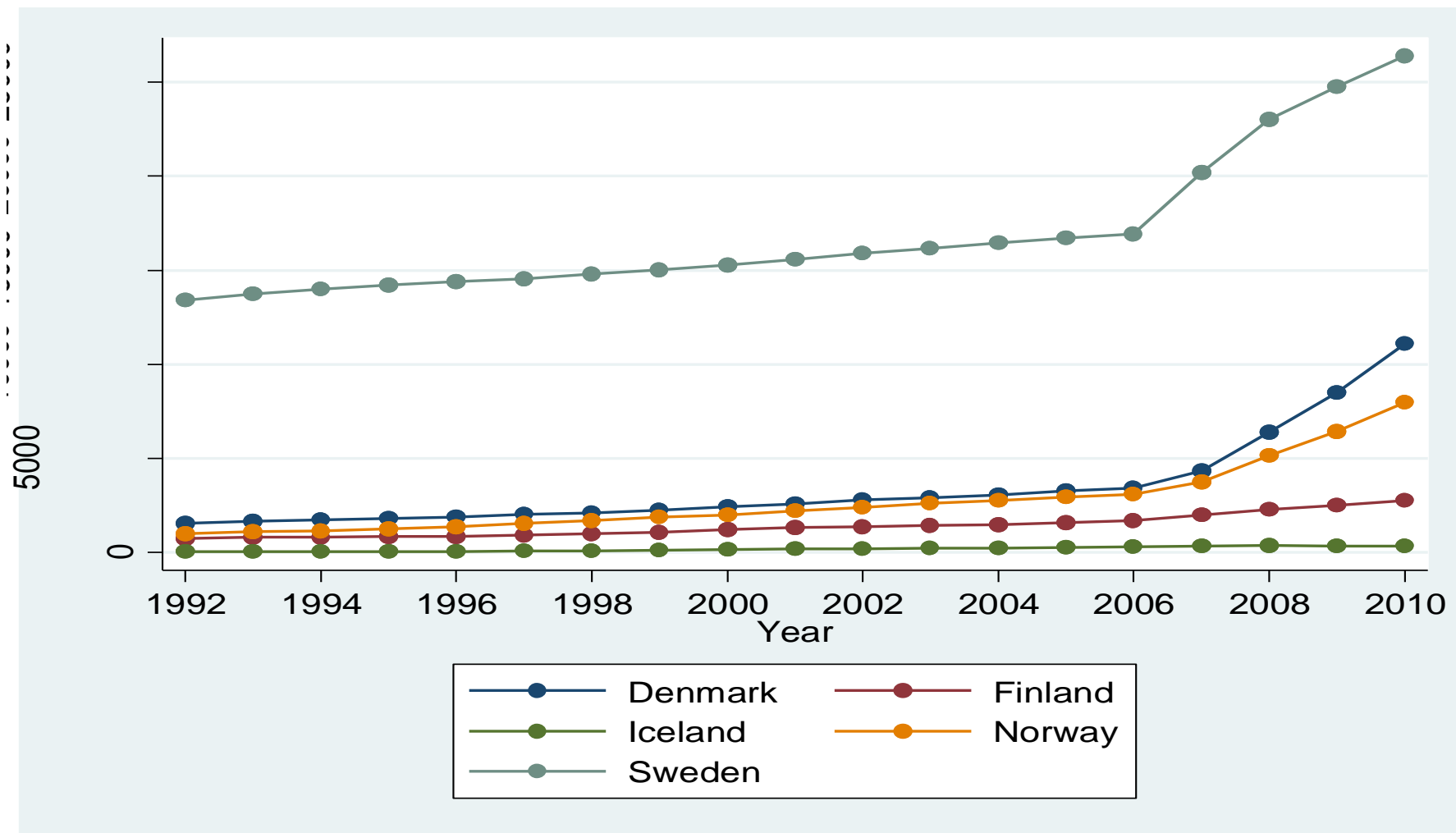
Foreign population from Hungary, Poland, Slovenia, Czechia, Slovakia, Estonia, Latvia and Lithuania living in 5 Nordic countries. 1992-2010



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*



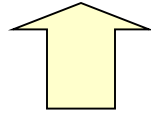
CEE stock of foreigners in Nordic countries as a % of destination population. 1990 and 2010.

<i>DESTINATIONS:</i>	DENMARK		FINLAND		ICELAND		NORWAY		SWEDEN	
<i>ORIGINS:</i>	1990	2010	1990	2010	1990	2010	1990	2010	1990	2010
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
Total 2004 EU Entrants	0,223	0,766	0,078	0,594	0,15	3,848	0,165	1,797	0,852	1,252
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
Total 2007 EU Entrants	0,024	0,201	0,008	0,052	0,007	0,108	0,021	0,165	0,126	0,284
TOTAL % of destination population	0,247	0,9672	0,086	0,6460	0,157	3,9550	0,186	1,9625	0,978	1,5354
TOTAL % of ALL IMMIGRANTS	3,690	7,7570	1,302	4,6481	3,794	10,8784	4,665	11,7898	9,235	14,8883

Source: National statistical offices; Own calculations.

TRENDS IN INTERNATIONAL MIGRATION

Migration pressures will continue in the future

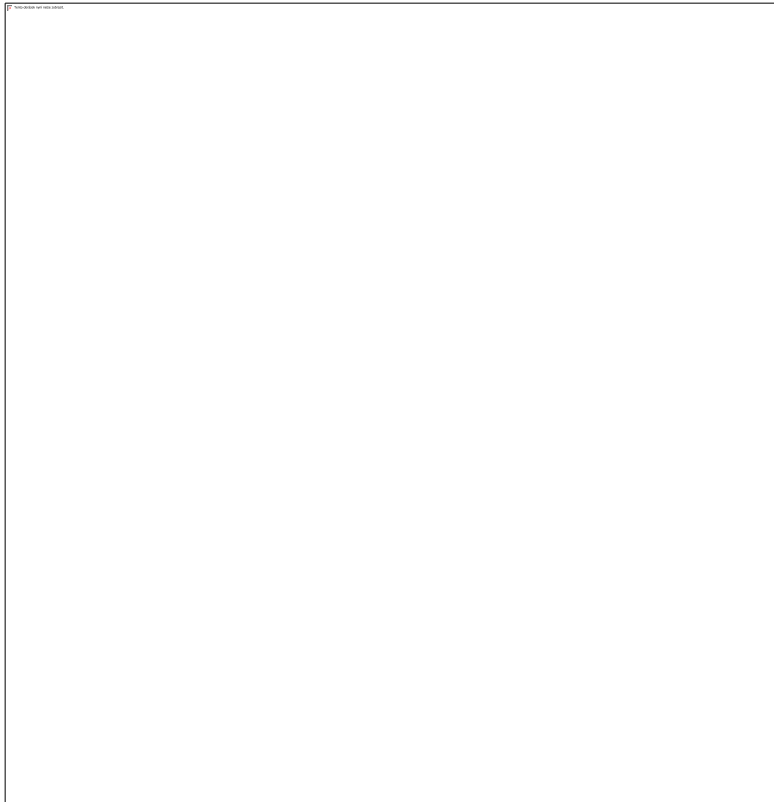


- Growing globalization – improvements in communication, Internet, transportations
- Demographic projections:
 - Aging of the populations in highly developed countries (fiscal burdens).
 - Young populations in LDCs.

Demographic projections – European Union

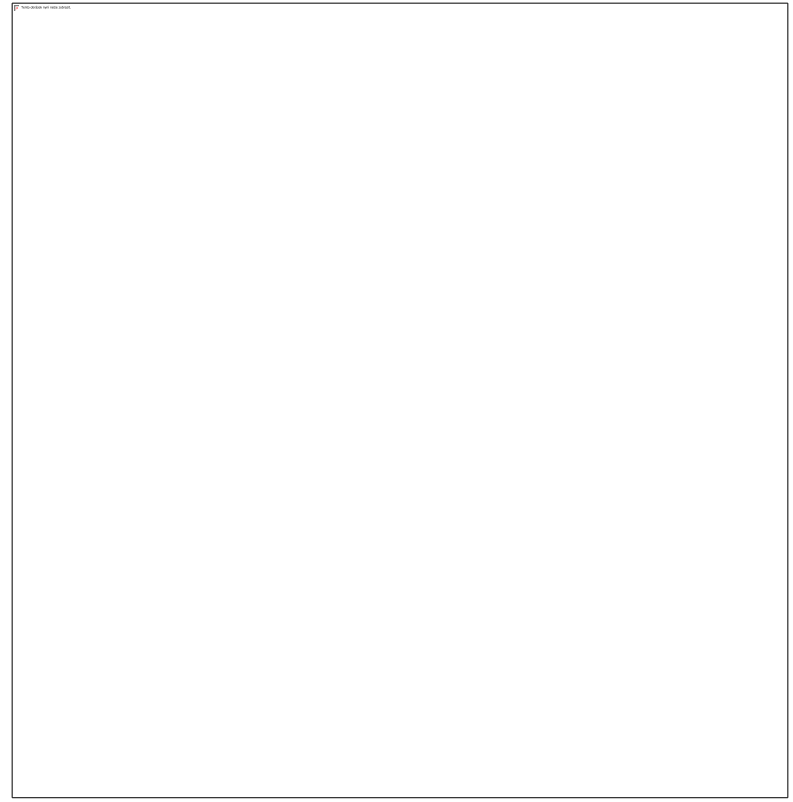
2000

(Population: 451.4 million)



2050

(Population: 401 million)

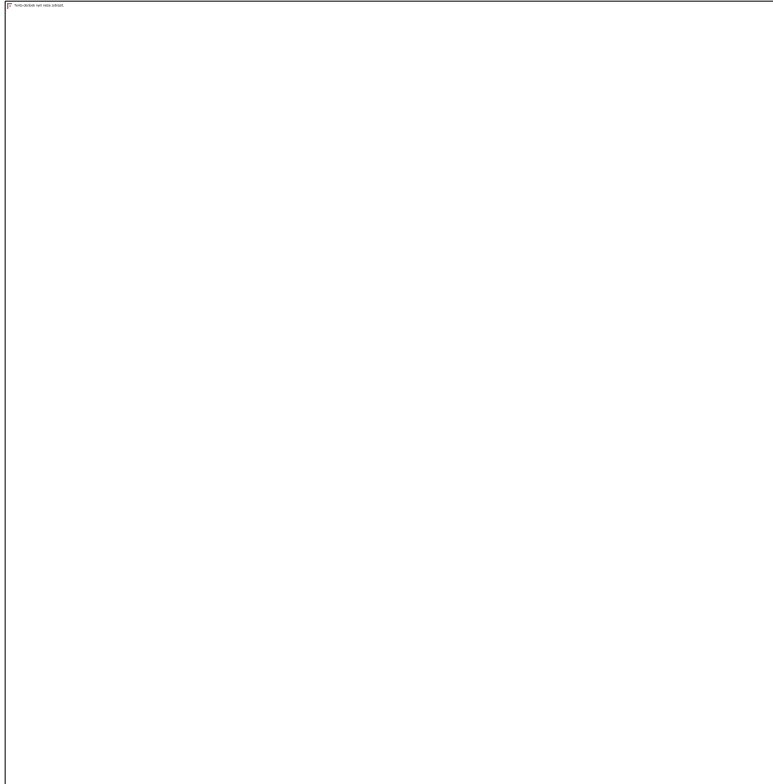


***Source:* Cohen (2003): Human Population: The Next Half Century**

Demographic projections – North Africa and West Asia

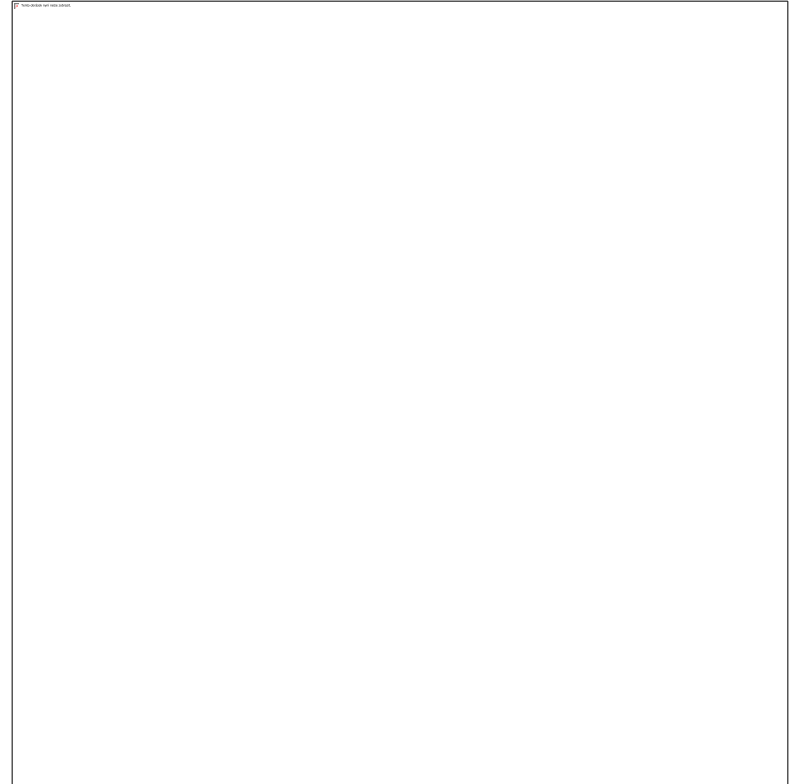
2000

(Population: 587.3 million)



2050

(Population: 1,298 million)



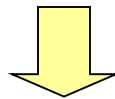
***Source:* Cohen (2003): Human Population: The Next Half Century**

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 – tomorrow, Tuesday 12.1.2016

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

THE 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*
- *Immigration policy*
- *Diversity - Impacts of workforce diversity on firms and economies*
- *Emigration and source countries; Brain drain and brain gain; Remittances*