

Migration in OECD Countries: Labour Market Impact and Integration Issues

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Background and motivation

- Increasing share of immigrants among unskilled: concerns about labour market consequences
 - Labour market integration of immigrants problematic
 - Questions about broader integration of “second-generation immigrants”
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- Cross-country perspective, investigating the role of LM and PM policies (despite data limitations)
 - Survey role of migration policy and migrant-specific policies

Labour market impact: Focus

- Evidence on wages (US):
 - Immigration changes natives' relative wages
 - No or positive effect on real wages after a few years
- Empirical analysis in the paper focuses on unemployment

Labour market impact: Assessment

- Disaggregated level (influence of more immigration in a given worker category, compared to other categories)
 - Limited but persistent increase in unemployment relative to other categories (by $\sim 1/10$ to $1/5$ of net immig flow)
- Aggregate level
 - Immigration *could* increase aggregate unemployment in the SR, but no effect in the LR

Labour market impact: The role of policies

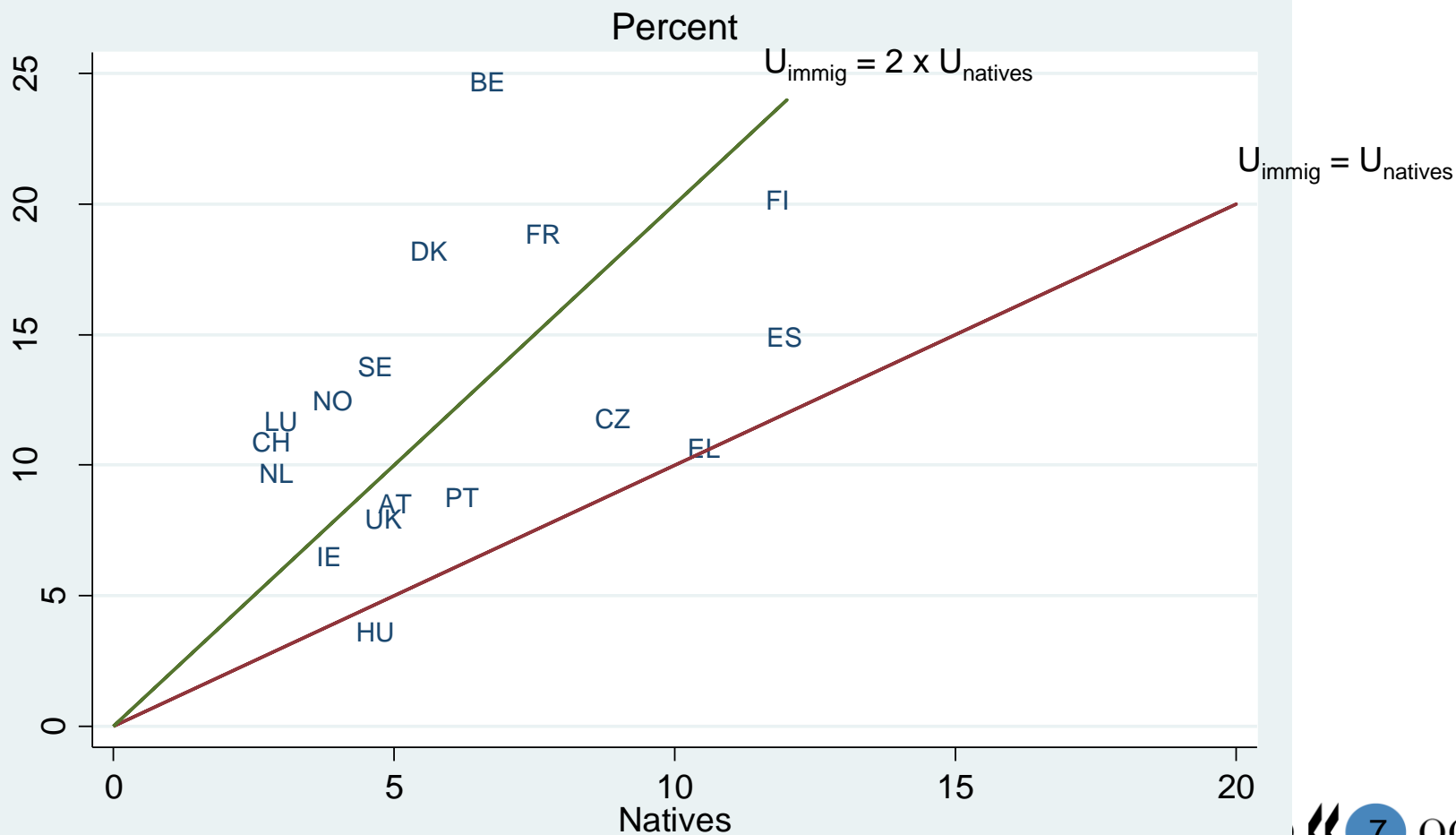
- Protection (EPL, PMR) limits category-specific impacts
- Higher tax rate/UB *can* reinforce category-specific impacts
- At the aggregate level, LM policies influence adjustment but no interaction specific to immigration

Integration: Approach

- Focus on non-EU immigrants in the EU, and on immigrants from non-English-speaking OECD country in the US, AUS and CAN
- How do immigrants compare to natives with similar characteristics in terms of wages, employment and activity?

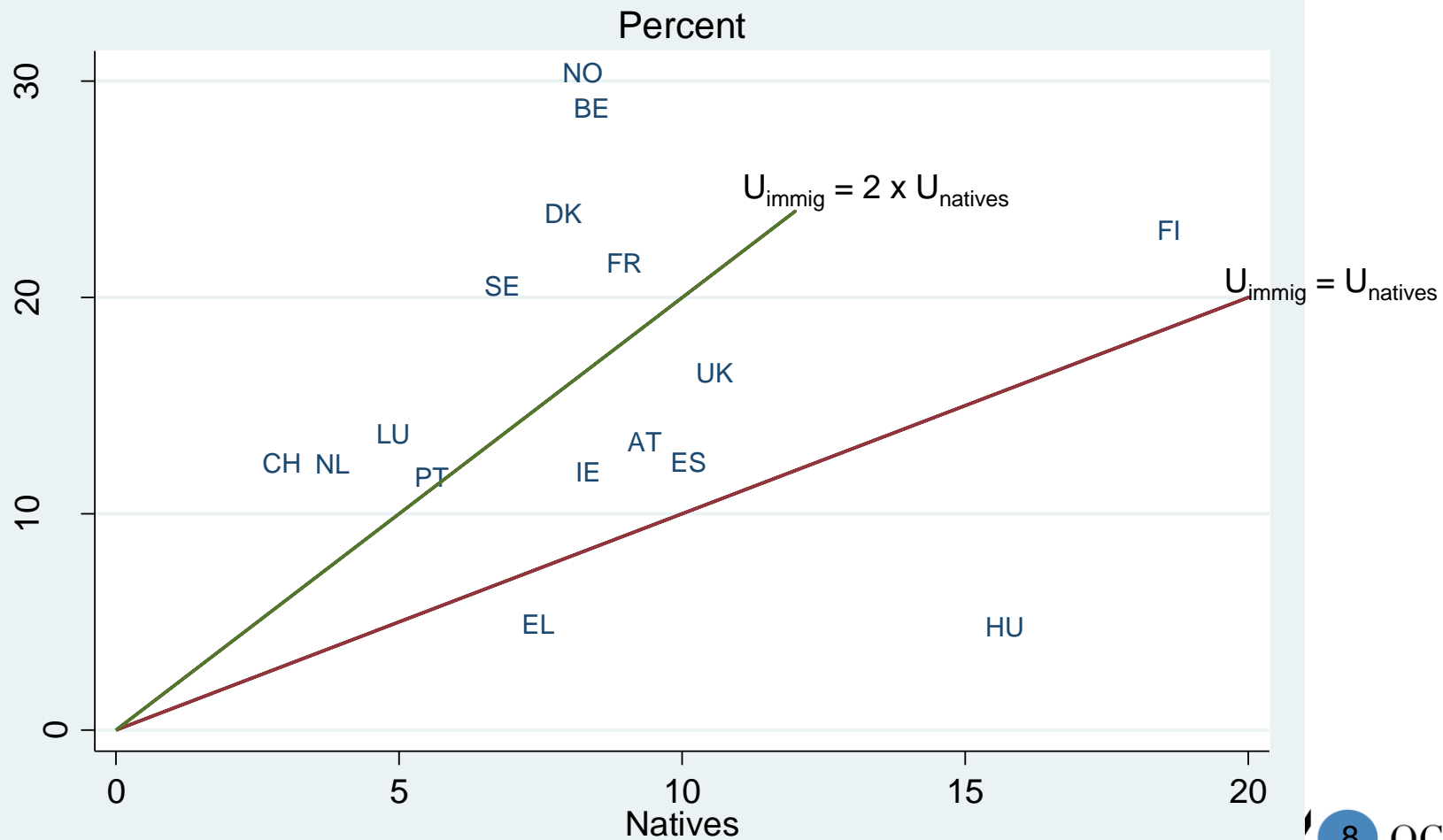
Unemployment is higher among immigrants than among natives....

Overall unemployment rates 2003



... even when computed for low skilled males only

Male low-skilled unemployment rates 2003

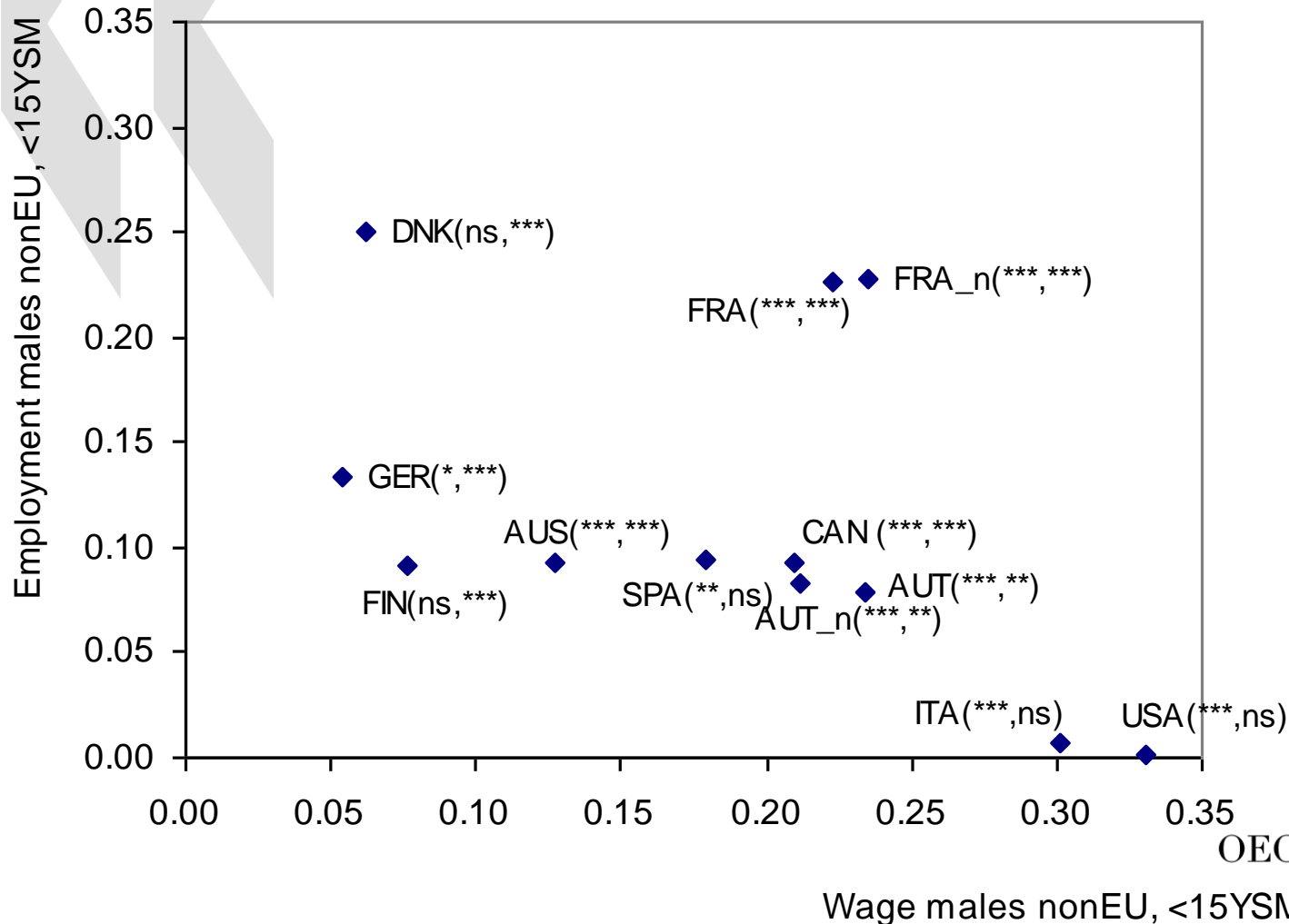


Integration: Assessment

- Significant wage and/or employment gap for “recent” immigrants found in all countries
 - More pronounced on wages in the US and ITA, on employment in Northern Europe
- For immigrants installed longer ago, gaps far less pronounced
 - Employment gaps seem more persistent than wage gaps

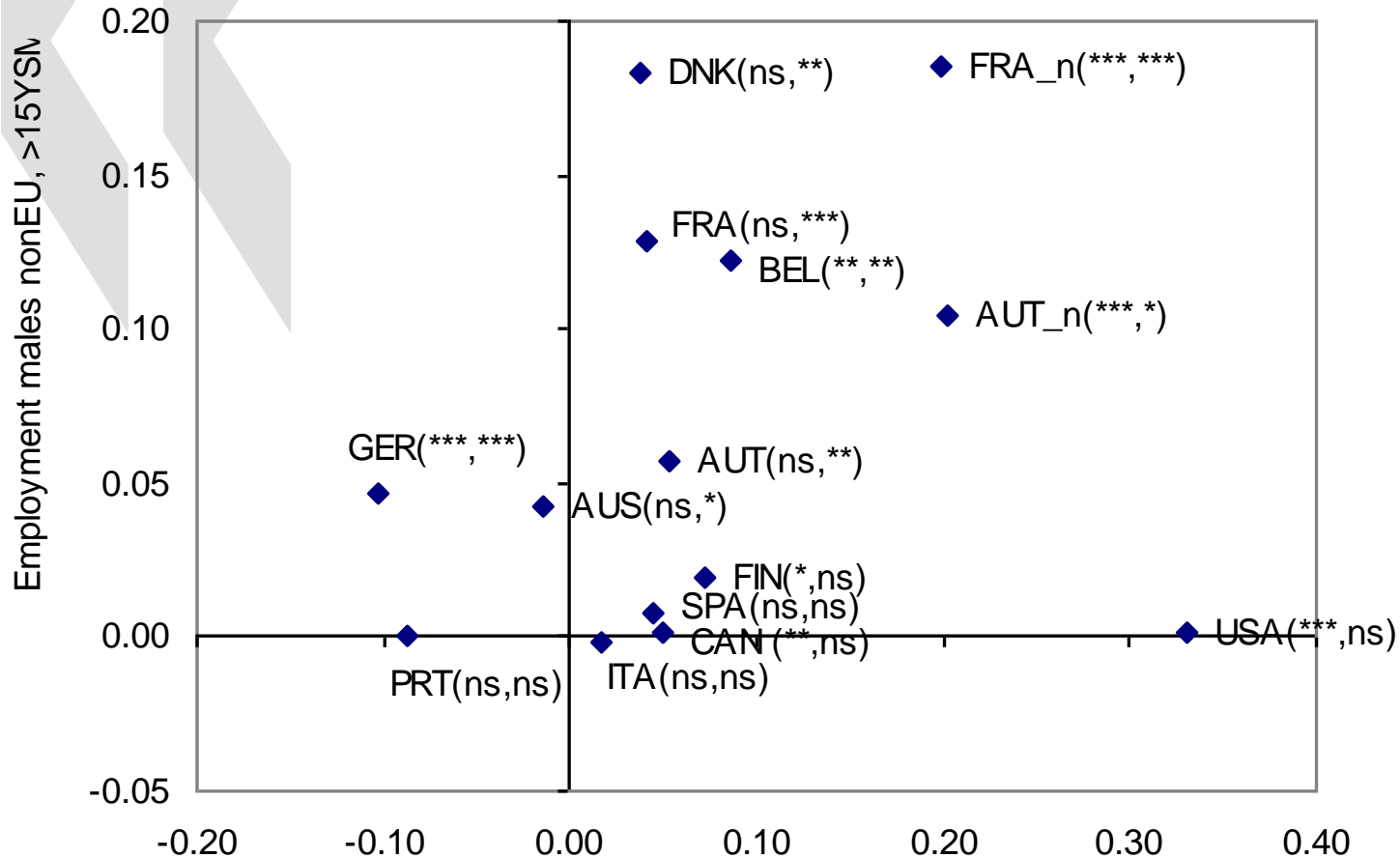
Integration

Employment gap among actives versus wage gap for immigrants with less than 15 years residency



Integration

Employment gap among actives versus wage gap for immigrants with more than 15 years residency



Integration: The role of policies

- Labour market policies matter
 - Some labour market policies have a magnified impact on immigrants (unemployment benefits...)
 - Immigrants are overrepresented among outsiders
- Integration policies
 - Focus on language support
 - Migrant-specific LM policies may have a direct influence but targeting immigrants questionable

Second-generation immigrants (SGIs)

- SGI students perform worse than natives, except in a few settlement countries
- Catching-up with respect to 1st-gen immigrants, but slowly
- Literacy of students with foreign-language background deserves attention
- Early selection potentially perverse for SGI students