



# Labour Shortages and the Need for Immigrants

A Review of Recent Studies

Metropolis Conference Workshop 48

September 10, 2000

*Marco Doudeijns*

*OECD - Paris*



# Purpose and Scope

- Purpose: advance the analysis of the role of migration in alleviating labour shortages
- This report contains a review of important studies that recently have been carried out in several OECD countries on:
  - estimates of the scale of current and future labour shortages
  - the need for labour immigration

# Why are the causes of labour shortages relevant to immigration policy?

- Employers report labour shortages (*surveys, media*)
  - but may overestimate the problem...
  - ...and their adjustment behaviour, such as offering higher wages or recruiting lower skilled workers may not solve shortages
- Clarifying the causes of shortages is important:
  - immigration might not address the underlying causes
  - to help in identifying future shortages
  - immigration can be balanced with other, e.g., social and employment policies (*efforts linked to German Green card*)

# Why are the causes of labour shortages relevant to immigration policy?

- The reviewed studies identify:
  - + Rapid technological change: workers lack opportunities to invest in learning needed skills
  - + Slow adjustments in the labour market
  - + Mismatch: wrong education decisions result in too few doctors and engineers
  - + Lacking mobility on the part of the workers
  - + Institutional and demographic causes (*invalidity, retirement, female participation rate*)

# Studies on the future of labour shortages and immigration: some results

- Special “*global*” studies on the need for selective labour immigration agree on welfare-enhancing effects of migration
  - *Germany* : law to regulate labour immigration.
  - *United Kingdom* : migration is positive - address skills gap.
  - *Austria* : migration for sustained growth but data are lacking.
  - *Norway* : temporary immigration the more flexible solution.
  - *The Netherlands* : no changes but facilitate skilled migration.
  - *Australia* : State Specific Migration Mechanisms to respond to state-specific shortages

# Studies on the future of labour shortages and immigration: some results

- Analysis of shortages on sector-level
  - international comparison : nurses and education
  - Quantitative estimates for IT sector (*Australia* - CIE, *United States* - Dept. of Commerce, *Germany* - 'Green Card')
- Forecasts by occupations
  - Occupational outlooks indicate career perspectives (*Australia, Canada, Netherlands, United Kingdom*)
  - *France* : shortages forecast on occupational age-structures
- Skill Shortage Lists to facilitate labour migration
  - *Australia, Austria, New Zealand, United Kingdom*
- Other - Quotas
  - *Portugal, Italy, Spain*

# Conclusions

- Employers report shortages at all skills levels
  - international comparison: shortage occupations differ across countries and across regions
  - also for low and medium qualified workers
  - at macro-level shortages and unemployment
  - availability and quality of data insufficient to indicate size of shortages in sectors/occupations
- Large portion of working age population inactive
  - how many of them are qualified to fill vacant jobs?

# Conclusions

- Great diversity in the reviewed studies:
  - no universal concept of labour shortages
  - recruitment difficulties motivate selective migration
  - long term effects of such policies unclear
- Some countries give no important role to migration...
  - *Belgium, Denmark, Netherlands* : no need to change existing practices
- Or emphasise its contributions very explicitly
  - *Germany* : need for temporary highly skilled immigration
  - *United Kingdom* : immigration has long-term benefits

# Directions for further work

- Extend the inventory of country studies:
  - studies we have not seen or new studies (*e.g., eastern European countries*)
  - explore ‘latent’ skills gaps (*e.g., like DfES in the UK*)
- Advance the analysis of the need for labour migrants
  - accounting for potential resident labour supplies (*e.g., Dutch study on the labour market for scientists in the EU*)
- In-depth country studies and evaluation (possibilities, limitations, long-term consequences)
  - of experiences with recruitment of foreign workers (*e.g., bilateral agreements with candidate EU-members*)
  - of experiences with selective labour migration policies (*e.g., Canada, New Zealand*)