States which restrict migrant workers lose out, claims study

LAURA SLATTERY

Ireland's economic collapse would have been more painful if we had restricted migrants

WELFARE TOURISM is a myth and EU countries that closed their borders to workers from accession states suffered economically over the last decade, according to a major new study of migration in Europe.

And while it may seem hard to contemplate how the Irish economy could be in any worse condition, if we had failed to welcome workers from countries such as Poland and the Baltic states when they joined the EU in 2004 Ireland's economic collapse would have been a lot more painful, the book says.

That is because the free mobility of workers has a positive economic impact, which the editors of *EU Labour Markets After Post-Enlargement Migration* said yesterday had added €24 billion to the GDP of the EU as a whole. This means that the EU was enriched by €28,571 per migrant over the post-enlargement period.

Rather than weigh down the cash-strapped social security systems of the countries to which they moved, migrants from the 10 countries that joined the EU between 2004 and 2007 had higher average employment rates than the native populations of both the "sending" and "receiving" countries.

In Ireland, migrants from the accession states had an 80 per cent employment rate, compared to 60 per cent for Irish nationals.

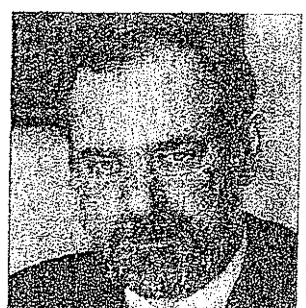
Speaking in Dublin yesterday, Klaus Zimmermann, a leading German economist and co-editor of the book, said the three countries – Ireland, the UK and Sweden – that were the first to open their borders to workers from the eight countries to join the EU in May 2004 had benefited because they had attracted higher-skilled migrants.

"They got the better people and they were more useful for the labour market, and there was no suggestion that the natives were hurt by that," said Zimmermann, who is president of the German Institute for Economic Research (DIW) and a director of the Institute for the Study of Labour (IZA), which published the book. "Germany lost out in the end because of its mobility restrictions."

Since January this year, the German government has decided to grant entry to migrants with a university degree and a work permit. However, take-up of the offer has been low, partly it is thought because many migrants have yet to realise that there has been a change in the rules.

"We are now known as the country which is restrictive to migrants, so migrants such as the Poles went to Ireland and the UK instead. That's not good for Germany in the long term," Zimmermann said.

The book finds that no welfare tourism occurred in Europe after the enlargement of the EU, while in general there was no "brain drain" from countries such as Poland, which had an over-supply of skilled labour. Instead, the EU may have entered a period of "brain circulation", in which migrants move from one country and sector to the next based on the prevailing economic circumstances and entry conditions.



Prof Klaus Zimmermann: said welfare tourism is a myth

Economic and Social Research Institute (ESRI) economist Alan Barrett contributed a chapter on Ireland to the book, in which he calculates that the dramatic inflow of people from the EU-10 states not only increased Ireland's gross national product (GNP) by 5.9 per cent, but they actually made us all wealthier on average: GNP per capita increased by 1.7 per cent as a result.

The number of people from the EU's new states living in Ireland grew from just 10,000 in 2002 to 200,000 in 2008. Barrett calculates that in the absence of this migration, wages in Ireland would have risen 7.8 per cent: as the Irish economy saw its competitiveness erode, partly due to inflating wages over this period, migration helped contain the problem.

The number of non-Irish nationals claiming unemployment benefit has now stabilised: the July Live Register figures showed that they had even gone into reverse.

At the same time, Ireland's inflow of migrants has turned to an outflow: in the first quarter of 2009 the number of accession state migrants in Ireland fell by 24,300, while the ESRI estimates that net migration in 2009 and 2010 will be about 70,000.