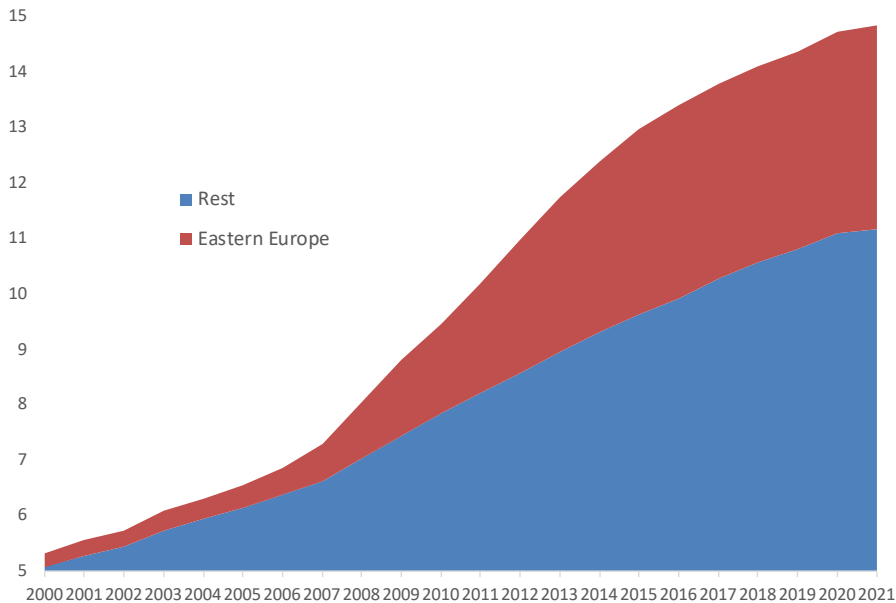


Immigration in the aftermath of the EU Enlargement in 2004

Andreas Moxnes
Uni Oslo & CEPR

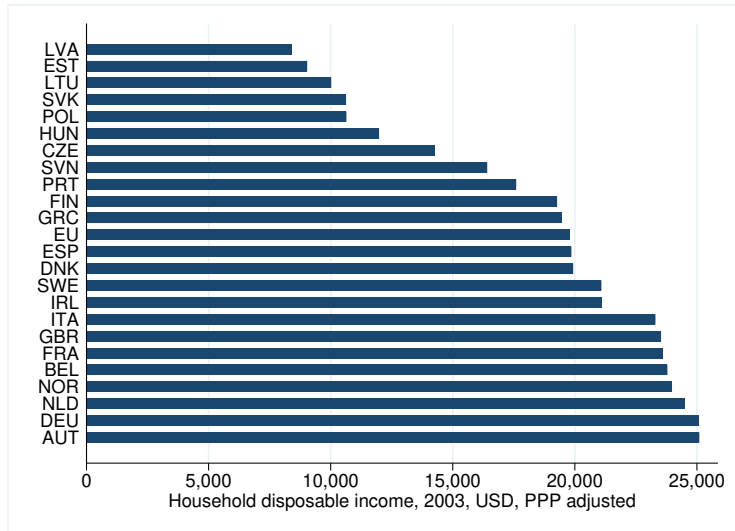
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Immigrant share, 2000-2021



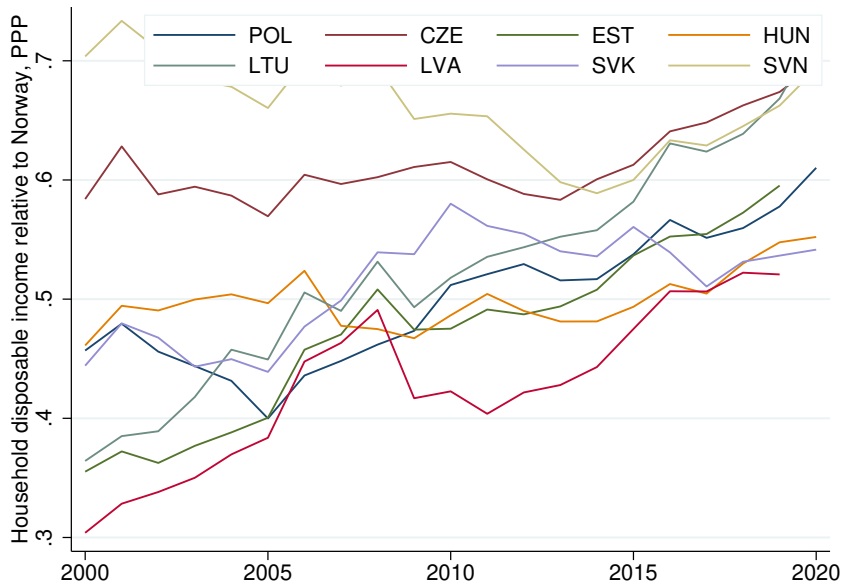
- *Labor* migration & EU expansion : Some facts.
- The research frontier: What is the economic impact of labor migration on receiving countries?
 - ▶ My research on Norway.
 - ▶ The literature in general.
- Conclusions.

1. Large income gaps

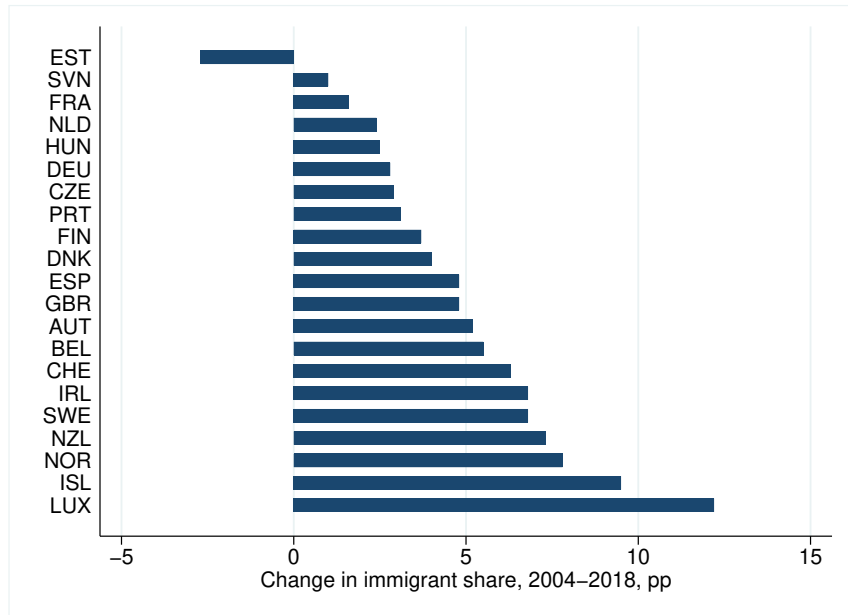


- Migration restrictions lifted for 100 mill individuals.
- Large income differences across member countries.

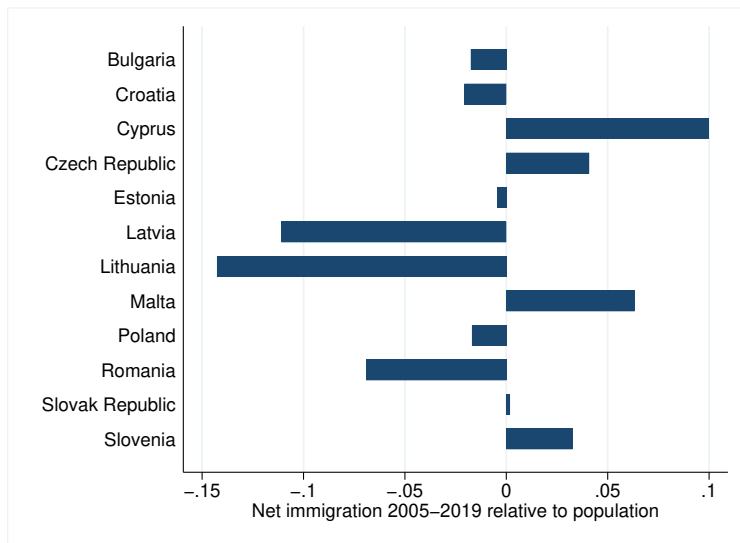
1. Rapid convergence



2. Norway a top destination



3. Relatively few people migrate



Net emigration 2.4 mill from new EU countries 2005-2019 - 2.5%.

3. Relatively few people migrate

Large migration barriers:

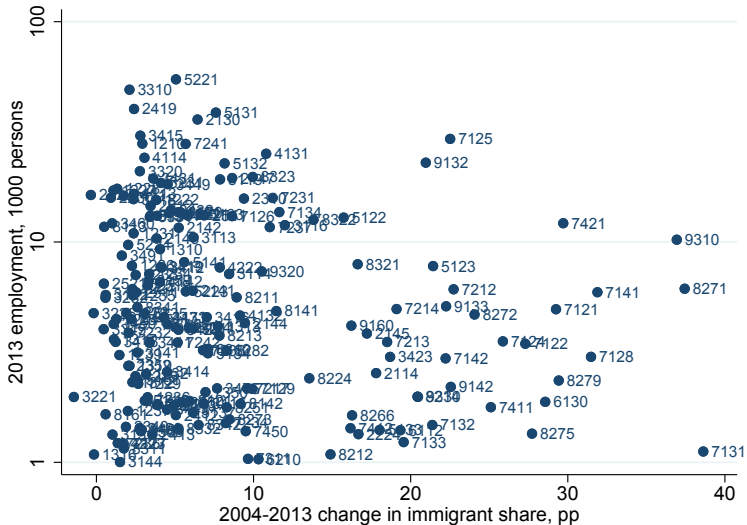
- Language.
- Job opportunities.
- Amenities (including family ties etc).
- Uncertainty.

Facts : Summing up

- ① EU labor migration yields potentially large economic returns.
- ② Migrants go where the returns are the highest.
- ③ Relatively few labor migrants, in spite of free labor mobility.

- “Opening the Floodgates: Industry and Occupation Adjustments to Labor Immigration”
 - ▶ The economic impact of labor migration : Norway.
- Starting point:
 - ▶ Wages different across *occupations*.
 - ▶ Immigration different across occupations.
 - ▶ Immigration might lead to wage adjustments in some occupations but not others.

The occupation view



Construction workers (9310), carpenters (7421), cleaners (9132), painters (7141), fish processing (8271)

Results : Partial equilibrium

- Analyze average wages and employment for all (325) occupations during 2004-2013.
- Estimate the casual impact of immigration on occupation wages.
- Highly immigration-exposed occupations:
 - ▶ 13-22% lower wage growth (comparing 90th to 10th percentile).
- But average wages \uparrow 40% over the same period!

Results : General equilibrium

- A fall in the *relative* occupation wage does not necessarily translate into a fall in *income*.
 - ▶ General equilibrium.
 - ▶ Because people switch occupations.
- Present a general equilibrium model of the labor market where individuals can choose occupations.
- According to the calibrated model, the change in welfare is close to zero for natives.

Partial vs general equilibrium

Partial equilibrium:

- Immigration \rightarrow Labor supply \uparrow \rightarrow Occupation wage \downarrow .

General equilibrium:

- Immigration \rightarrow Demand \uparrow \rightarrow Labor demand \uparrow \rightarrow Other occupation wages \uparrow .
- People switch to other occupations \rightarrow Income \uparrow .
- People consume goods that become cheaper \rightarrow Real wage \uparrow .

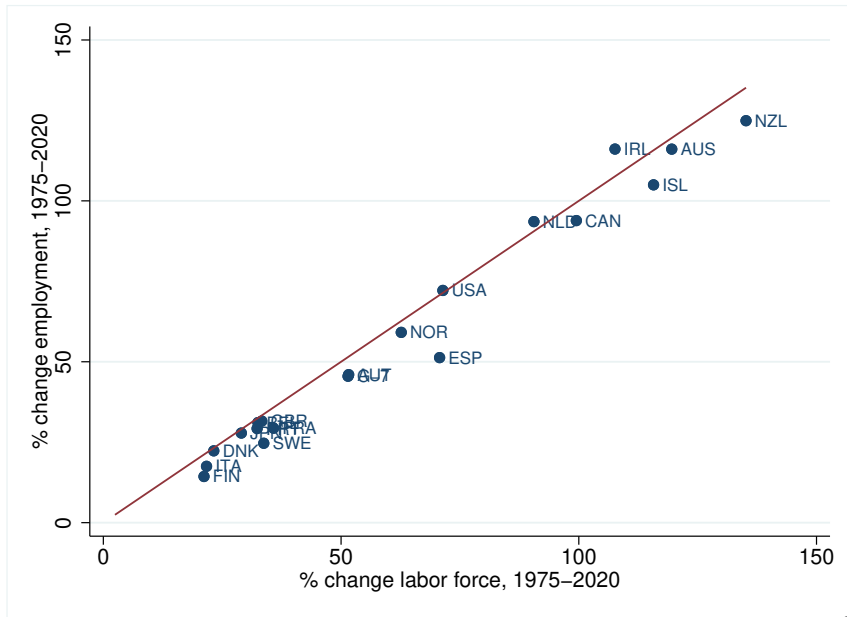
Summing up

- Yes, immigration causes relative occupation wages to change.
- Winners and losers across occupations.
- But first order general equilibrium effects.

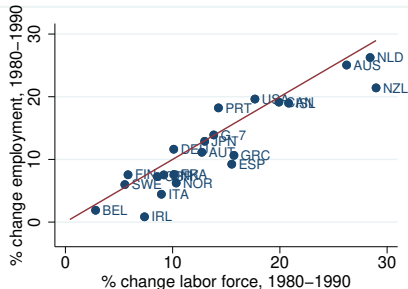
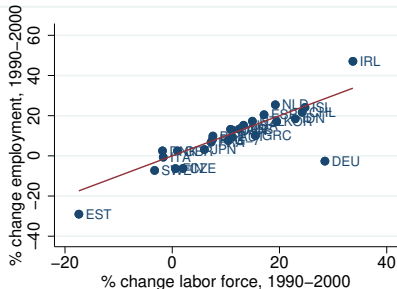
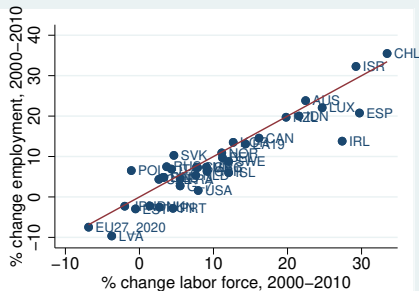
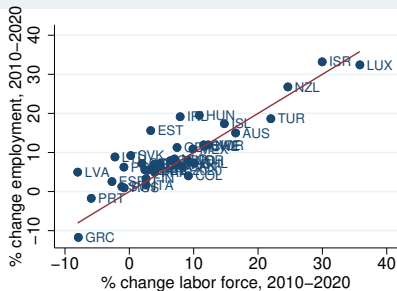
The literature overall

- Lots of studies, from different countries, and time periods.
- Some find positive wage effects, others find negative.
- Relative magnitudes are generally small.
- Contrast to common public perceptions.
- Let's look at some long run trends:

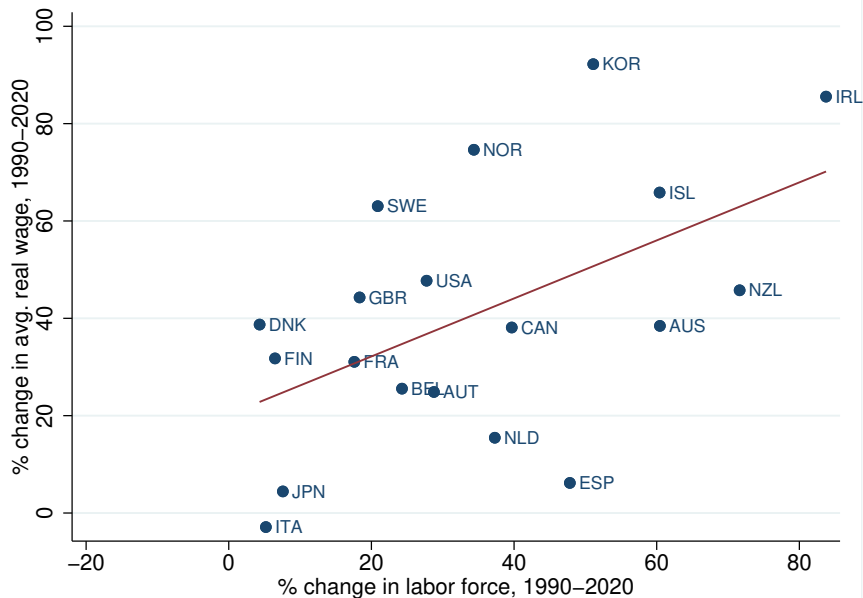
Labor supply and employment



Labor supply and employment



Labor supply and wages



Conclusions

- Large immigration inflows to Norway after EU expansion.
- My research: When opening the floodgates (2004-2013),
 - ▶ Relative wage \downarrow 13-22% in immigration-exposed occupations.
 - ▶ Average wages \uparrow 40% over the same period.
 - ▶ No decline in wage *levels*.
- General equilibrium: Immigration also creates increased labor demand.
- The number of jobs in the economy is not constant.
- Economists typically fail to find large negative wage effects.
- Policy implications:
 - ▶ Make sure gains are shared and that costs are not concentrated among certain groups.