

Discussion
of
Michael Landesmann
Peter Huber
on
Labour Market Issues
by
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„Six Years after EU Enlargement: Austria and Its
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Development of Migration

- Immigrant stock has slightly been increasing since 2000, with a relatively large increase of German (!) workers and a fairly stable and small stock of immigrants from Austria's eastern neighbors (Huber)
- In 2005-2007, a share of migrants in the workforce of about 15% puts Austria at the top of the EU15, this share increased by 2-3%-points since 2000-02 (Landesmann); the share of foreign nationals in the total population has also been increasing in Austria, reaching about 10% in 2007 (Huber)
- Between 2000 and 2007, the *inflow* of immigrants ranged between about 10,000 and 20,000 per year (Huber); *outflow* not reported
- Intentions to migrate/commute suggest a much higher potential (Huber); difference explained by existing regulations towards NMS12? implications for post 2011 period?

Structure of Migration

- Share of medium-skilled immigrants similar to natives, which is higher than in most EU15 (Germany not reported?) but similar to Austrian's eastern neighbors (Landesmann)
- Employment shares in high-skill industries do not differ much between native and immigrant workers, although „skill mismatch“ is slightly higher among immigrants (Landesmann)
- Unemployment differential between natives and immigrants of about 2%-points has remained fairly stable since 2000; however there is substantial variation in unemployment rates by country of origin (Huber)
- Does the relatively high share of medium-skilled and low share of high skilled (relatively to most EU15 countries) really imply a competitive disadvantage of Austria (and Germany), or is it just a problem of measurement? Specialization in „medium-skilled goods“? 2

Economic Effects of Migration

- Significant positive statistical correlation between share of highly skilled migrants and productivity at the sectoral/regional level (Landmann):
 - causal interpretation? Is it for Austria, or just an average effect?
- Effects of increased immigration on (un-)employment and growth as derived from macro studies (CGE?) seem fairly small and uncertain, but compatible with simple back-on-the-envelope calculations (Huber, cf. WIFO/IHS study „Die ökonomischen Wirkungen der Immigration...“):
 - short-run increase in unempl. by 0.2-0.5%-points, no long-run effect
 - average annual growth rate increases by about 0.2%, slight reduction in labor productivity growth rate

Are these simulations compatible with the changed structure of migration?

- Recent micro studies find small, and in most cases statistically insignificant wage/employment effects of migration (Huber);
How is this related to the macro simulations?

Policy Implications

- What are the implications of the expiring of special regulations on immigration from Austria's eastern neighbors after 2011? Will migration/commuting intentions realize? How might this affect realized migration flows? What's about return migration? Will the qualification structure of migration change?
- Attracting highly-skilled workers is probably a good idea (Landesmann), from an Austrian perspective, but wouldn't attracting medium-skilled workers might be as important, given the structure of Austria's labor force and industries?
- The focus on (un-)employment and growth might be too narrow to evaluate immigration policy. What are the implications of a substantial increase in immigration/commuting on the public infrastructure and the social safety net?