

IRREGULAR AND HIGH-SKILLED MIGRATION – NOT SUCH STRANGE BEDFELLOWS

Jakob von Weizsäcker, Research Fellow, Bruegel

Under the Hague programme, the EU is aiming to develop a common immigration policy by 2010. But which aspects of migration policy should be coordinated or harmonised and which should remain a national prerogative? This question is controversial and hard to tackle. But given the magnitude and urgency of the migration challenges, we cannot afford to ignore it. In the following, I will argue that European migration policy during the incoming French, Czech and Swedish trio of EU Presidencies requires a dual focus: on irregular migration and on high-skilled migration. Regarding these priorities, there are three key messages for policymakers:

- The EU agenda on irregular migration must be balanced to succeed, combining tighter controls with humanitarian standards and agreement on a path to regularisation.
- For the EU successfully to participate in the global competition for talent, the Blue Card draft directive needs to be strengthened and supplementary efforts need to be undertaken by member states.
- For both economic and political reasons, it is more promising to pursue the European agenda on irregular migration and high-skilled migration jointly as a policy package rather than separately.

Europe's migration challenge is substantial and needs to be addressed with some urgency. There are three main aspects of that challenge. First, migratory pressure is on the increase as the populations of poorer countries in the neighbourhood of the EU are becoming more mobile. Second, EU member states with a significant stock of immigrants are confronted with a major integration challenge as the aspirations of many second-generation migrants are frustrated by poor education and poor labour market performance. If integration policies fail, large ethnic underclasses may become a permanent feature in the EU. Third, global competition for high-skilled workers has intensified owing to skill-biased technological change and globalisation and the EU struggles to attract and retain top talent. With the internal mobility agenda in the aftermath of EU enlargement settled for better or for worse, the time to address the external migration challenge is now.¹

1. This has also been acknowledged by the G-6, the interior ministers of Britain, France, Germany, Italy, Poland and Spain who meet every six months. Ideally, these countries would like to adopt a "European pact on migration" as early as October 2008 during the French Presidency.

PRIORITIES FOR A COMMON MIGRATION POLICY

A coherent response requires that the EU's common migration policy be developed further. The reason for this is to be found in the substantial spill-over effects between national migration policies, not least owing to the absence of border controls within the Schengen area. As legal migrants from third countries are also becoming more mobile both *de jure* and *de facto*, further EU-level coordination will be required. Given diversion effects, it can even be argued that EU policies on legal migration need to be more closely coordinated as the mobility of EU citizens within the EU increases. Unfortunately, migration continues to be a politically divisive subject in most member states. As a consequence, national priorities as reflected by government policy are often volatile. In view of this serious handicap, Europe's common agenda on migration should focus on the most pressing and least controversial challenges rather than aiming for perfection.

The first priority area for an EU migration policy should be irregular migration, as it is where EU coordination is most urgently needed. While irregular migration is difficult to quantify, estimates put the stock of irregular migrants in the EU at between four and eight million people with an inflow of perhaps as much as half a million per year.² The *de facto* mobility of irregular migrants within the Schengen area creates large spill-over effects. For example, an estimated 50 percent of the irregular Ukrainian migrants in Portugal entered the EU with a Schengen visa issued by the Austrian or German embassies.³ The argument for coordination on irregular migration is further strengthened by the expectation that irregular immigration pressures are set to increase in the coming years. If one takes irregular immigration from Mexico, a country with 100 million inhabitants, to the US as a benchmark, the immigration potential to the EU is large. There are some 500 million people living in the EU neighbourhood at an income differential to the EU that is comparable to the Mexican-US income differential.

The second priority area should be high-skilled migration, since the EU is falling behind in the global competition for talent and high-skilled immigration is comparatively uncontroversial. Foreign-born workers in Australia, Canada or the US are much more likely to be high-skilled than foreign-born workers in the EU. The phenomenal success of economic hot spots such as California is not least due to their ability to attract high-skilled migrants. A joint approach for high-skilled immigration would allow Europe to attract more skilled migrants than could be achieved through purely national policies by offering access to the entire EU labour market. The Commission's draft directive calling for the introduction of a Blue Card for high-skilled migrants is a step in the right direction but does not go far enough. Fortunately, the economic effects of high-skilled immigration are

2. See Franck Düvell (2006) - *The Irregular Migration Dilemma: Keeping Control, Out of Control or Regaining Control in Franck Düvell (ed), Illegal Immigration in Europe, Beyond Control?*, Palgrave Macmillan, New York.

3. See Maria Baganha, Jose Marques and Pedro Gois (2004) - *The unforeseen wave: migration from Eastern Europe to Portugal*, in Maria Baganha and Maria Fonseca (eds.), *New waves: Migration from Eastern Europe to Southern Europe*, Lisbon.

likely to be positive in virtually all member states. These relatively well-aligned preferences should pave the way for bolder measures that are needed for Europe successfully to participate in the global competition for talent.

Two major themes are not included in the proposed priorities for the EU migration agenda: less skilled legal migration and integration. This does not mean that these issues are not important. However, there are good reasons for them to remain a mostly national responsibility for the time being. The cross-border spill-overs for legal immigration are comparatively smaller than for irregular migration. The reason is that the legal status of those migrants remains non-transferable within the EU at least for the first five years. At the same time, preferences for less skilled immigration are highly heterogeneous among EU member states, not least owing to differences between member states in labour markets and social support systems. Hence, the case for a common policy on less skilled legal migration is currently not pressing. Similarly, while integration problems to some extent have the potential to cross EU borders, they remain a mainly domestic challenge. Furthermore, differences between member states in the composition of immigrant populations, institutional differences not least in education and labour markets, and subtle differences in outlook reduce the prospect for far-reaching EU legislation in this area. Nevertheless, a reinforced European dialogue on the challenges of integration clearly can provide political momentum to national integration policies and enhance their quality through joint learning.

IRREGULAR MIGRATION

In order to succeed, the EU agenda on irregular migration must be comprehensive and balanced, combining tighter controls with humanitarian standards and a path to regularisation. In some areas, EU-level coordination on irregular migration will lead to more restrictive policies. For example, border security at the EU's external frontiers is being tightened as a result of EU-level coordination. The reason is that purely national decisions on border security, while fully taking into account the greater costs of tighter border security, would not take into account the benefits of that tighter border security for other member states. But in other instances coordinated policies on irregular migration would tend to be less repressive than uncoordinated national policies. For example, member states may be tempted to treat irregular migrants harshly, hoping that this will drive them away to other EU member states. To counter these incentives, better standards for the decent treatment of irregular migrants should be agreed at the European level. A comprehensive EU agenda on irregular migration is needed, addressing both types of coordination problem. An agenda which only focused on repressive measures would lack balance and be politically unacceptable.

The agenda on irregular migration should include a European framework for the regularisation of irregular migrants. Mass deportation of irregular migrants is typically neither realistic nor morally acceptable. This then leaves regularisation as the least bad alternative. However, member states may have an incentive excessively to delay regularisation, hoping

that irregular migrants would be driven to other more generous member states. With excessive delays in regularisation, the stock of irregular migrants in the EU would increase further, resulting in corrosive effects on the legal system and allowing a substantial integration challenge to accumulate. But there is also a risk that some member states may decide on excessively speedy regularisation, which makes irregular migration *ex ante* much more attractive, thereby increasing the future flow of irregular immigration. In view of the required regularisation balancing act, the EU should create a framework that limits the extremes while leaving room for national decision-making in response to specific national situations.

HIGH-SKILL MIGRATION

For the proposed Blue Card to become a success, it needs to be made substantially more attractive. The most important reason why a European Blue Card can be more attractive than 27 different national schemes is that it could grant high-skilled migrants access to the entire EU labour market.⁴ Unfortunately, the Commission's current Blue Card proposal falls short in this regard. According to the current draft directive it would be almost as difficult to transfer to another member state with an existing Blue Card as it would be to apply for a fresh Blue Card in that second member state.

To stand a better chance of reaching agreement on a Blue Card that grants access to the entire EU labour market, the eligibility criteria for the Blue Card need to be refined. The current draft directive proposes proof of an employment contract with a remuneration level of at least three times the minimum wage as the minimum eligibility criterion for the Blue Card. Because the level of the minimum wage compared to the median wage varies substantially between member states, the economic rationale for the proposed eligibility criterion is weak to start with. More importantly, a Blue Card that can be obtained merely on the basis of, say, €400 monthly earnings in Romania is unlikely to be ever accepted throughout the EU. A more promising approach would be to allow skill and other characteristics to determine eligibility for a Blue Card jointly with a national salary threshold. Ideally, this would be achieved through a points system. On that basis, it should be much easier to agree on a Blue Card that would grant access to the entire EU labour market in a more meaningful way.

In addition to a strengthened Blue Card, member states may wish to consider investing in complementary measures such as expatriate infrastructure in order to compete better for talent. Sought-after high-skilled migrants often have a choice between different destinations. One important but often neglected determinant of their ultimate migration decision is the availability of expat infrastructure such as suitable foreign language schools for their children. Since most high-skilled migrants have a good command of English, availability of suitable expat infrastructure tends to be an especially important criterion

4. For a more detailed argument see Jakob von Weizsäcker (2006) – “Welcome to Europe”, Policy Brief 2006/03, Bruegel, Brussels – where the introduction of a European “Blue Card” was first proposed.



for moves into non-English speaking countries. The expansion of such expat infrastructure well beyond national capitals where it is currently concentrated is an example of a national measure that could usefully complement any EU effort on high-skilled migration.

A PACKAGE DEAL

It should be easier to pursue the required agenda on irregular migration and high-skilled migration jointly instead of separately – for both political and economic reasons.⁵ The high-skilled migration agenda on its own may risk being regarded as elitist while at the same time failing to confront the tough questions. The irregular migration agenda on its own would also be politically difficult since it would not only involve tightened controls but also the orderly regularisation of irregular migrants. But pursued jointly, the proposed European agenda has a balanced appeal that includes economic, humanitarian and enforcement aspects. The resulting immigration skill-mix is likely to be sufficiently attractive such that it can be readily absorbed.

There are good reasons why a better skill-mix of immigrants can be expected to increase the absorption capacity for immigration. A high share of high-skilled immigrants strengthens the positive fiscal impact of immigration and is likely to attenuate adverse distributional effects. Furthermore, skilled immigrants facilitate integration by reducing prejudice among the native population and acting as role models for other immigrants. It should be stressed that these advantages of a better immigration skill-mix do not imply that low-skilled immigration is generally harmful or not needed. Instead, it can be argued that the net contribution of low-skilled immigration is enhanced by the simultaneous presence of high-skilled immigration, which would also be reassuring from a development perspective. Differences in the skill-mix of immigration might go a long way towards explaining why countries like Canada, Australia and Switzerland – where every fifth inhabitant is foreign-born – find it politically easier to cope with immigration than countries like France, Germany or the Netherlands, where only every tenth inhabitant is foreign-born. Indeed, skill-mixing is the deeper reason why the high-skilled agenda and the irregular migration agenda should be regarded as a package deal.

Luckily, the incoming trio of presidencies has just the right skill-mix for the proposed agenda. France has ample experience with the challenge of irregular migration. The Czech Republic was the first EU country to introduce a points system for high-skilled immigration. And Sweden has an exemplary track record regarding the humanitarian aspects of migration policy. This trio has a unique opportunity to pursue a migration agenda where the sum is greater than its parts.

5. For more detailed argument see Herbert Brücker and Jakob von Weizsäcker (2007) – *Migration policy: at the nexus of internal and external migration*, in André Sapir (ed.), *Fragmented Power: Europe and the Global Economy*, Bruegel Books, Brussels.



A GLOBAL APPROACH FOR IMMIGRATION POLICY IN EUROPE – TIME FOR A COURAGEOUS DEBATE

Elizabeth Collett, Policy Analyst, EPC

Almost every policy conversation about the future of Europe highlights demographic change and its effects: aging societies, shrinking labour forces and a major challenge to economic growth. While immigration is not a policy solution, it will be a necessary component, and Europe's policymakers are now recognising this. Both the French and the Swedish Presidencies have expressed the intention to make immigration a priority in the coming months.

At the same time, the debate is enclosed by the growing realisation that globalising forces, economic inequality and pure geography mean that national and even EU-wide policies will not be capable of controlling migration in all its forms. In a world where not even the most draconian administration can control its borders entirely, liberal democracies have to accept a certain level of policy "failure".

Politicians face increasing pressure to demonstrate control of migration flows, whether at the visible borders of the European Union, or through systems to sift through potential residents. But are they facing up to all the questions? As the Lisbon Treaty introduces a few new rules to the game for agreeing policies for the admission of third country nationals, this paper aims to highlight a few of the critical migration issues Europe must face over the next decade, and suggests that the EU's strength will be in taking a multi-pronged approach to immigration policies.

KEEPING EUROPE COMPETITIVE – MAINTAINING SKILLS

The Blue Card system proposed by the Commission in 2007 is a step forward, and has hopefully begun a debate about what skills Europe will need in the future.¹ However, it is also a product of political compromise, and as such will be only a short term strategy for Europe. It is insufficient to make the EU a player in the emerging global battle for the brightest and best, and underplays the fact that European countries will be competing with each other for skills in the future.

1. European Commission. 2007. *Proposal for a COUNCIL DIRECTIVE on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment*. COM (2007) 637. October 23.