

The Economics of Imperfect Labor Markets

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Tito Boeri and Jan van Ours (2013)
The Economics of Imperfect Labor Markets
Princeton University Press

Chapter 9. Migration Policies

What are we talking about?

- Historically, about 60 million Europeans moved away from the Old Continent in 1820-1940: two-thirds of them went to the US
- Currently, Europe is attracting more migrants in proportion to its population than US
- In Europe, migration policies are getting stricter and stricter ...
- ... and a poor enforcement of these restrictions is giving rise to very large inflows of illegal migrants

What are we talking about?

Migration as great absentee in the era of globalization. Migration policies restrict the movement of persons across jurisdictions by establishing:

- Quotas in terms of maximum number of work permits
- Rules concerning the allocation of quotas, admission procedures and length of permits
- Years/Procedures to obtain citizenship
- Rules for asylum policies

Migration restrictions as perhaps the most controversial institution. Perceptions vs. reality.

Box 1: Coming to America

According to Daniels (2002), the period 1820- 1920 is the “Century of Immigration”. Over 36 million migrants to US, predominantly from Germany, Italy, Poland, England and Scandinavia.

Unfettered immigration, but three phases of anti-immigrant activities:

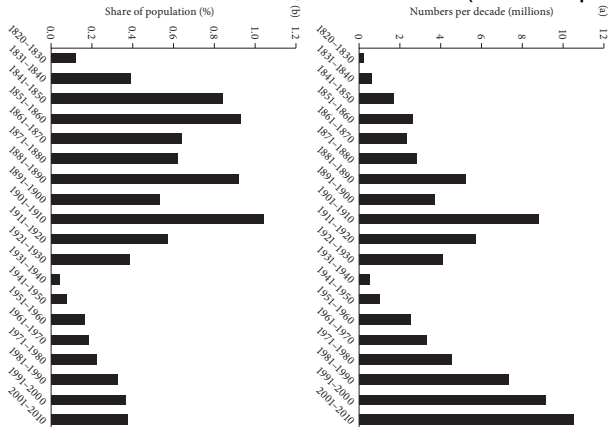
- Anti-Catholic
- Anti-Asian → Chinese Exclusion Act (1892)
- Anti-All immigrants → Quota system (1921), Immigration Act (1924)

Then

- 1965: New quota system abolishing national origins criteria; Reforms in the quota system in 1978 and 1990

Box 1: Coming to America

Immigration to the United States, 1820–2010 (millions per decade)



Migrant Integration Policies Index (MIPEX) (2010) & Strictness

	Migrant Integration Policy Index (2010)				Strictness Migration Policy (2005)
	Labor mobility	Family Reunion	Long-term residence	Access to nationality	
Australia	58	81	61	77	–
Austria	56	41	58	22	2.8
Belgium	53	68	79	69	–
Canada	81	89	63	74	–
Denmark	73	37	66	33	3.2
Estonia	51	65	67	16	–
Finland	71	70	58	57	2.8
France	49	52	46	59	1.5
Germany	77	60	50	59	2.6
Greece	50	49	56	57	2.7
Ireland	39	34	43	58	2.9
Italy	69	74	66	63	3.1
Japan	62	51	58	33	–
Netherlands	85	58	68	66	3.0
Norway	73	68	61	41	–
Portugal	94	91	69	82	3.1
Spain	84	85	78	39	3.2
Switzerland	53	40	41	36	–
Sweden	100	84	78	79	–
United Kingdom	55	54	31	59	2.9
United States	68	67	50	61	–

Source: MIPEX: www.mipex.eu; Strictness Migration Policy: www.frdp.org

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Migrant Integration Policies Index (2010) & Strictness

- MIPEX: 0 = very unfavourable integration policies, 100= very favorable
- Most favorable labor market policies: Sweden, Portugal, Sweden, Netherlands, Spain, Canada.
- Unfavorable labor market policies: former Eastern European countries and Ireland.
- Family reunion most difficult in Ireland, easiest in Portugal.
- Long-term residence most difficult in UK, easiest in Belgium
- Access to nationality most difficult in Estonia, easiest for migrants in Portugal.

► Measuring the Strictness of Migration Policies

Not always so Strict

- Up to the 1950s migration encouraged in Europe
- Restrictive stance since the beginning of the 1970s together with rise of
- More migration to the US at the beginning of the 20th Century
- More restrictions = more illegals. Hard to measure illegal migration

▶ How to represent illegals

Perceptions vs. Reality

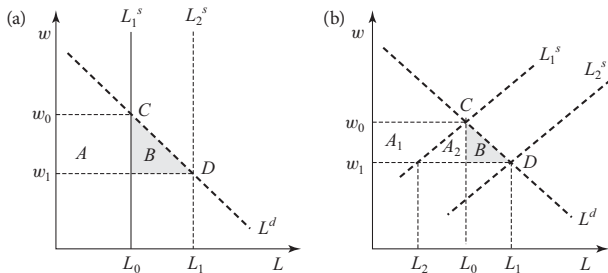
- Natives tend to overestimate number of migrants
- Negative perceptions increase during downturns
- Related not only to labor market, but also fiscal costs, crime rates and “amenity values”

▶ Deteriorating perceptions

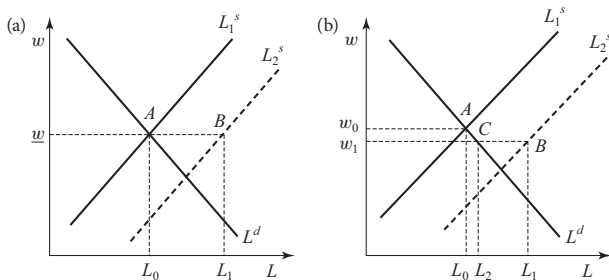
A Competitive Labor Market

- Wages adjust fully to changes in labor supply. Focus on the short-run: no changes in the capital stock. Labor demand unaffected by immigration. Migration like labor supply shock
- Assuming that migrants and natives are perfect substitutes (homogeneous labor), the impact of immigration on employment depends on the elasticity of labor supply
- If labor supply is rigid, no effect on employment among natives
- If labor supply is elastic, employment among natives declines, but no unemployment

Immigration to competitive labor markets



An Economy with Wage Rigidities



In imperfect labor markets, migration involves unemployment

In imperfect labor markets, migration affects income of natives in a variety of ways:

- changes in wages
- changes in employment, and
- changes in unemployment
- taxes
- compositional amenities and other externalities related to U? (crime?)

Wage Rigidities and Unemployment Benefits

- There is also a fiscal effect of migration, insofar as immigration affects unemployment in the destination countries
- This *fiscal externality* is larger if labor is not homogeneous and unemployment benefits attract more low-skilled migrants, more likely to become unemployed or crowd-out low-skilled natives

Fiscal Effects: Main Channels

Negative fiscal externalities of migration related to:

- 1 Average net fiscal position of migrants: how much do they pay and how much do they get?
- 2 Welfare dependency : do they take more than what they are supposed to in light of their characteristics (age, number of children, labour market status, skill, income)?
- 3 Skill composition of migration: do countries with more generous systems attract migrants more likely to draw on welfare (low-skilled, with many dependent family members, etc.)?

What Drives Migration Decisions?

Migration as rational choice that involves two decisions:

- 1 *whether* to migrate
- 2 *where* to migrate

Decision as to *whether* to migrate

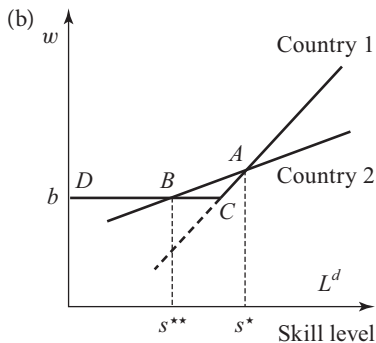
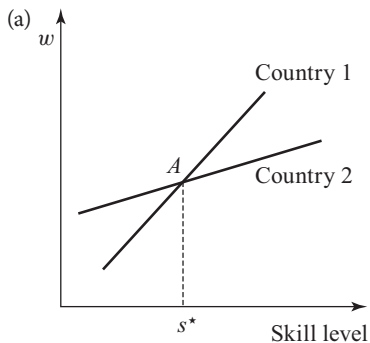
- Decision based on estimated discounted net present value (NPV) of migration

$$NPV = \frac{\sum_{t=1} w_F(t) - w_H(t)}{(1+i)^t} - C_0$$

Where:

- w_F = wage in the destination country
 - w_H = wage in the origin country
 - C_0 = front-loaded migration costs
- Determinants:
 - larger earning differential $w_F(t) - w_H(t)$
 - the lower migration costs
 - the longer the expected length of the working life
 - the lower the discount rate
- Analogies with theories of human capital

Migration and Self-selection: *where* to migrate



Migration and skills

- Skill composition of migrants depends on differences in rates of return of skilled and unskilled workers in the origin and destination region/country
- Highly educated end up in the country/region that values them the most
- Unemployment benefits creating income floor reduce skill content of migration

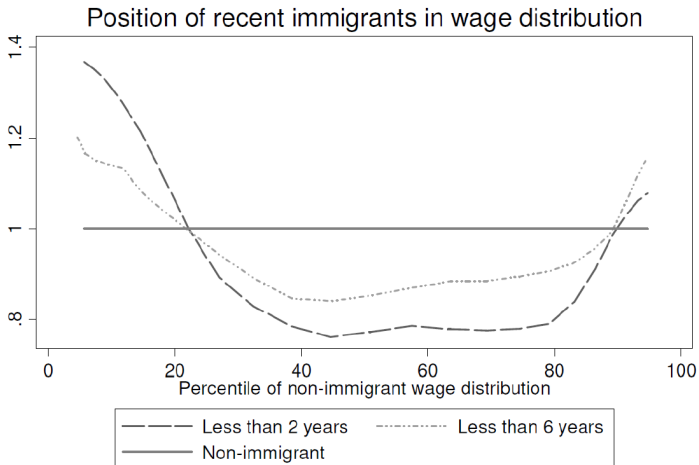
Effects on Income Distribution

- Immigration affects income distribution only insofar as migration affects the skill composition of the population
- If more low-skilled, income inequality increases
- If more high-skilled, income inequality declines
- However take into account potential skill downgrading of the highly skilled putting pressure on low-skilled workers

Effects on Employment and Wages

- Negligible effects of migration on wages and employment among natives
- This finding can be reconciled with economic theory when account is taken of
 - Self-selection of migrants in high-wage regions (greasing the wheels effect)
 - Changes in migration patterns of native workers
 - Changes in the regional output mix

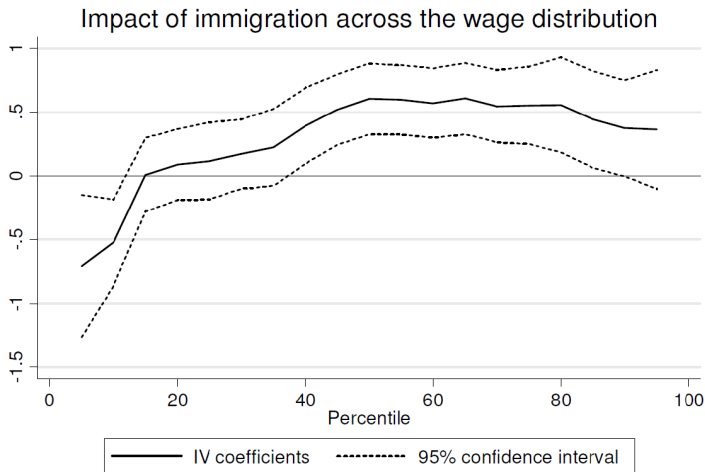
Look at the entire Wage Distribution



Source: LFS, various years

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Look at the entire Wage Distribution



IV 4 lags ; all controls

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

How to Explain Positive Effect on Wages?

Educational downgrading of migrants (Dustmann and Preston). Insofar as natives and migrants are paid the same wage, and (more highly educated) migrants are more productive than (less educated) natives, a surplus is generated. It can be proxied by referring to wages of natives at the same educational attainment than migrants in that sector.

How about Employment/unemployment?

Employment and unemployment rates of native and foreign-born residents and share of foreign-born labor force, 2010 and 2009

Country	Employment rate %				Unemployment rate %				Labor force foreign% born %
	Men		Women		Men		Women		
	Native born	Foreign born	Native born	Foreign born	Native born	Foreign born	Native born	Foreign born	
Austria	77.9	73.5	67.9	59.8	3.8	8.8	3.6	7.6	16.3
Denmark	76.6	67.6	72.6	60.0	7.7	15.1	6.0	12.1	6.9
Finland	69.6	66.7	67.6	55.6	9.2	18.9	7.6	16.3	4.6
France	68.5	66.4	61.5	49.7	8.4	13.6	8.7	15.8	11.6
Germany	76.4	72.7	68.0	55.8	7.0	12.6	6.0	10.7	—
Greece	70.8	77.2	48.0	51.7	8.8	14.7	15.6	16.9	11.8
Ireland	63.9	65.4	56.5	54.4	16.5	19.2	8.8	12.6	19.0
Italy	66.7	76.3	45.6	49.8	7.3	9.7	9.1	13.2	11.3
Luxembourg	68.6	78.5	53.2	62.0	2.4	5.3	3.0	6.8	48.6
Netherlands	81.9	72.0	72.6	58.8	3.8	8.5	3.8	7.7	11.5
Portugal	69.7	74.3	60.8	64.5	10.2	12.7	12.0	17.2	9.4
Spain	65.6	60.0	52.0	53.8	17.3	31.1	19.1	26.7	18.5
United Kingdom	74.4	74.4	65.7	58.0	8.8	9.2	6.6	9.0	12.9
United States	68.2	77.4	62.2	57.4	10.9	10.0	8.7	9.5	16.2

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

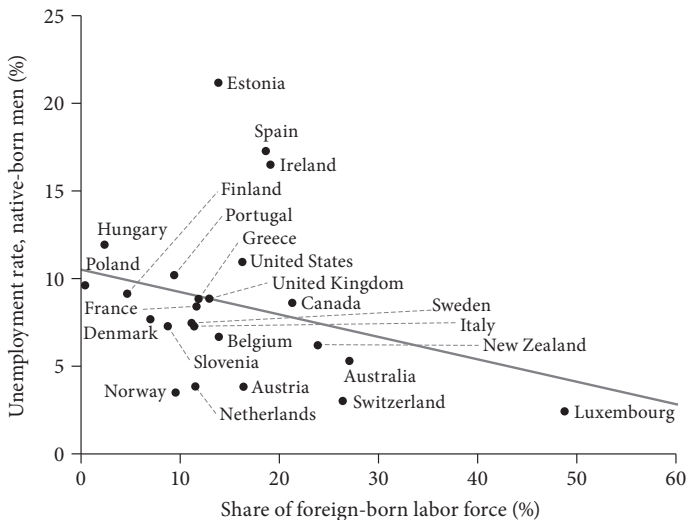


Figure: Share of foreign-born in the labor force and unemployment rates of native-born men

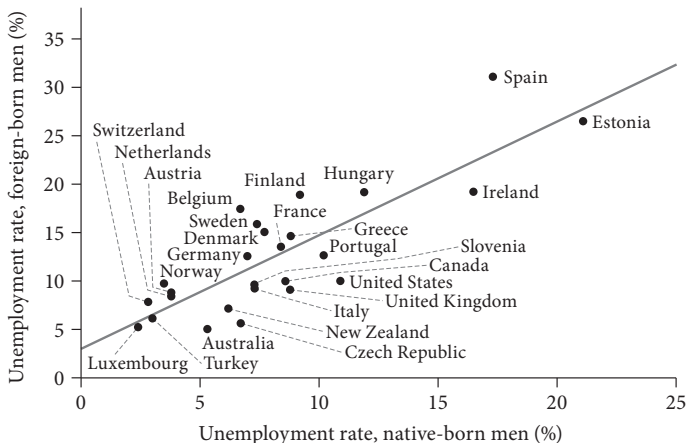
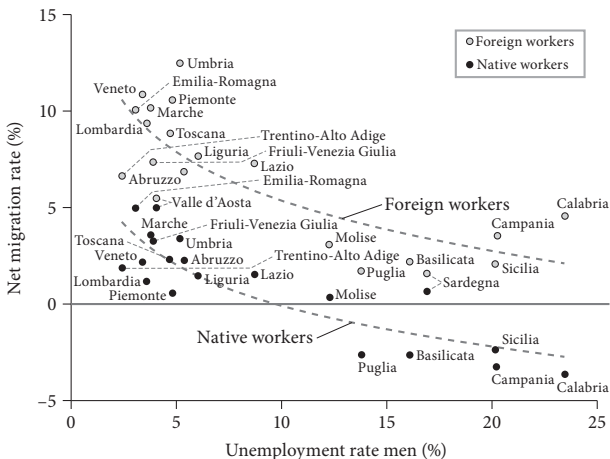


Figure: Unemployment rates of native-born men and foreign-born men

Explanations for limited effects: Greasing the Wheels Effect



Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Other explanations for limited effects on wages and employment

Also labour demand may react

- Immigrants may carry with them some capital (also immaterial)
- Changes in the composition of the skill mix increasing labor demand in immigration intensive sectors. In the case of Miami, relative growth of industries employing unskilled labor in the area
- Highly skill immigrants may downgrade upon arrival generating some surplus

Box 2: The Mariel Boatlift (Card, 1990)

- April 1980, Cuba: Castro declares that Cubans wishing to migrate were free to leave from the port of Mariel
- May - September 1980: 125,000 Cuban migrants arrive in Miami.
Increase of 7% in labor force

Effects on wages & unemployment?

Box 2: Effects on wages & unemployment?

- No effect on wages or unemployment...
- ... how was the Miami labor market able to absorb a 7% increase in labor force? Two possible answers:
 - 1 The Mariel displaced other immigrants and natives who would have moved to Miami had the Boatlift not occurred. In fact, no significant population growth in Miami wrt comparison cities
 - 2 The increase may have lead to a growth of industries that utilize relatively unskilled labor, but evidence shows little change in the relative importance of immigrant-intensive industries in Miami. Nevertheless, the Mariels may have simply replaced earlier cohorts of Cuban immigrants as the latter moved to more desirable jobs.

Box 3: The Mariel Boatlift That Did Not Happen (Angrist, 1990)

- Summer 1994, Cuba: tens of thousands of Cubans boarded boats destined to Miami in an attempt to emigrate to US in a 2nd Mariel Boatlift; the boat was diverted to Guantanamo Bay; only a small fractions of Cubans ever reached Miami
- Angrist and Krueger (1990), same research as Card for Mariel Boatlift, exploring the effect of a non-event.
- The treatment effect of the non-event on the unemployment rate of black workers was +6.3 percentage points.

	Unemployment rates			
	Blacks		Whites	
	Before	After	Before	After
Miami	10.1	13.7	4.9	3.9
Comparison cities	11.5	8.8	5.4	4.1
Δ	-1.4	+4.9	-0.5	-0.2
$\Delta\Delta$	+6.3		+0.3	

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Labor Market Performance of Migrants and Immigrant Children

- Convergence of migrants' wages to wages of natives
- Income convergence largely determined by human capital characteristics of migrants
- In terms of differences between children of immigrants and native-born children there are two types of countries:
 - Belgium, France, Germany UK: substantial differences in u rates
 - US, Switzerland, Australia: hardly any differences
- Differences in employment rate are mainly present among individuals with low education

Unemployment and Employment rates for children, native-born Vs. immigrants

Country	Unemployment rate				Employment rate			
	Men		Women		Men		Women	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Austria	6	-	5	-	90	81	79	66
Denmark	2	6	3	8	85	75	81	72
France	12	21	13	21	83	72	75	62
Germany	18	27	13	20	79	69	73	62
Netherlands	5	-	4	-	91	70	87	67
New Zealand	5	-	7	10	92	89	78	80
Spain	13	-	13	-	80	76	75	57
United Kingdom	9	15	7	10	82	79	75	66
United States	9	9	7	-	81	80	73	74

Notes: Population aged 20–29 and not in school or training.

(1) = children of natives; (2) = native-born children of immigrants.

Employment rate by educational level, native-born Vs. immigrants

Country	Men						Women					
	Low		Medium		High		Low		Medium		High	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Austria	87	71	92	90	96	-	56	-	80	74	88	-
Denmark	76	69	88	79	88	86	63	61	85	76	89	84
France	68	55	86	78	88	85	46	43	73	60	87	80
Germany	58	54	82	76	90	81	44	43	77	73	86	64
Netherlands	81	53	94	80	96	93	66	48	90	75	94	-
New Zealand	88	85	95	90	97	94	65	65	83	80	94	93
Spain	76	73	83	92	88	-	62	60	78	-	84	85
United Kingdom	71	61	89	80	92	90	44	28	77	66	92	86
United States	60	57	80	80	91	89	43	-	68	70	87	86

Notes: Population aged 20–29 and not in school or training. (1) = children of natives; (2) = native-born children of immigrants.

Closing the welfare door?

- Popular policy. It would address concerns of public opinion.
- ill-founded? [▶ Fiscal Effects](#)
- It would affect the size of migration flows (increase by 1 stdev of generosity implies 3% higher migration) more than their skill composition
- Difficult to enforce: experience of California
- Problems in the assimilation of migrants
- Equity considerations

[▶ Closing the Welfare Door?](#)

Adopting a point system?

- Skilled migration is better for rigid countries
- Simplification of policies (including asylum)
- Is it effective in selecting migrants?
- Risk of brain drain?
- Equity considerations

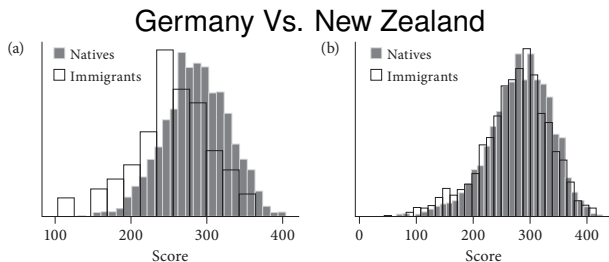
Brain Drain and Brain Gain: the Race for Talents

Bruecker et al., 2009

- Framework: countries compete for high-skilled migrants. Some are *senders*, others are *receivers*
- The pool of migrants is not given: higher skill premium and skill-selective immigration policies in the receiving country increase investments in education in sending country
- The outcome of the game depends on **social** returns to e. in sending country vs **private** returns to e. in receiving country
 - Migration does not reduce social surplus in sending country; however, it reduces positive externalities
 - An increase in international mobility may lead to a decrease in public spending in education...
 - ...up to a point below which skill level of migrants starts to fall.
- Results: inefficient outcome for Battle for Brains; even more so as the competition for talents becomes harsher

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Skill distribution of migrants and natives (IALS scores)



► Evidence on brain drain effects on LDC growth

Migration policies are already getting selective

- Everywhere tightening of migration policies towards the unskilled
- While race to attract highly skilled migrants
- Explicit point systems in an increasing number of countries (Canada since 67, Australia since 84, New Zealand since 91, Switzerland since 96)

Why do Migration Policies Exist?

- Migration policies can, at best, induce some gradualism in migration flows that would otherwise occur in large waves.
- Pressures on welfare systems that exert negative fiscal spillovers on the domestic population can be reduced by either restricting access to welfare by migrants or by adopting explicitly selective migration policies

Review questions

- 1 Why do employers generally support migration, while unions do not?
- 2 What are the effects of migration on income distribution at home?
- 3 Why does empirical work often not find the strong effect of migration on native wages that is predicted by economic theory?
- 4 How do the elasticities of labor demand and labor supply affect the economic impact of migration?
- 5 What are the pros and cons of a points system?

Exercise 12 p. 271

Suppose that a worker with an annual discount rate of 10 percent resides in the Netherlands and is considering whether to stay there or to move to Italy. There are three work periods left in his working life, and pensions are independent of earnings. If the worker remains in the Netherlands, he will earn 40,000 euros per year in each of the three periods. If he moves to Italy, he will earn 44,000 in each of the three periods.

What is the highest cost of migration that the worker is willing to incur and still migrate?

ADDITIONAL MATERIAL:

Trends in migration policies

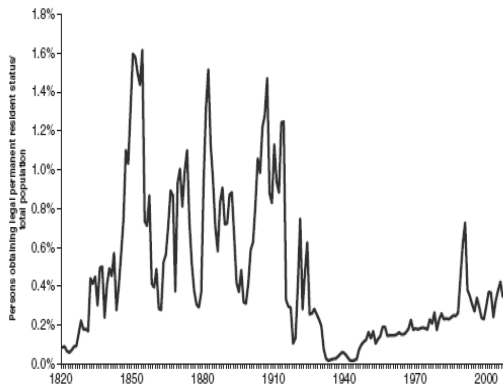


Figure 9.1 Gross Inflows of Legal Migrants to the United States as a Fraction of the U.S. Population, 1820–2007

Measuring the Strictness of Migration Policies

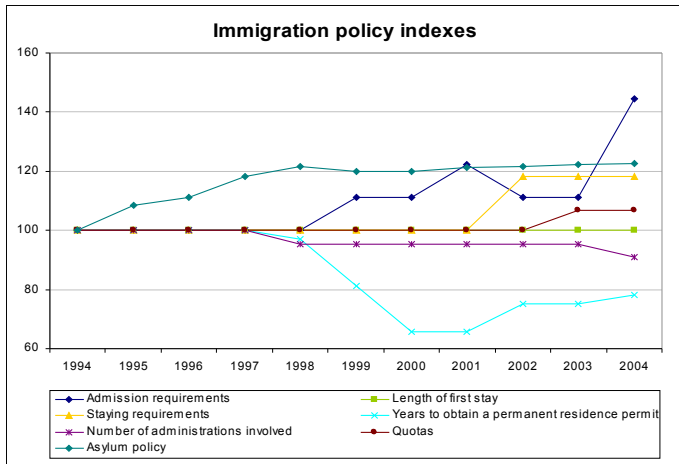
Quantitative indicator developed by www.frdb.org transforming qualitative information on scalar measure of strictness (higher scores denote more strict regulations). Draws on information on:

- Existence of Quota system
- Number of certificates and procedures required to be admitted as a foreigner
- Number of years required to obtain Permanent Residence
- Number of certificates required to legally reside in the territory
- Number of Years required to obtain first Residence Permit

Measuring the Strictness of Migration Policies

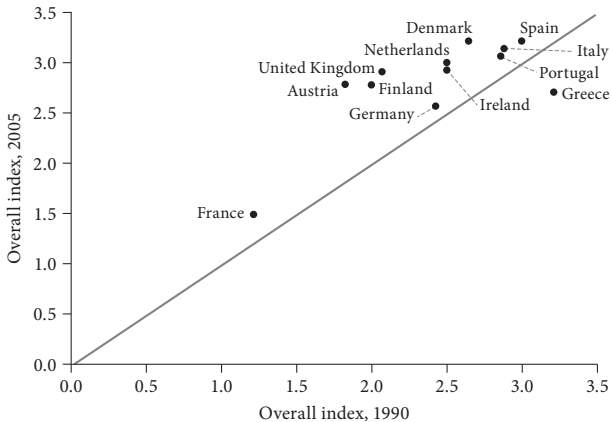
	Quota system	Years to obtain				Overall index
		Adm. req.	Perm. res.	Res. req.	Length first stay	
Austria	yes	5	5	3	2	2.8
Denmark	no	6	7	4	4	3.2
Finland	no	4	4	2	4	2.8
France	no	3	5	1	2	1.5
Germany	no	6	5	4	2	2.6
Greece	no	4	10	3	2	2.7
Ireland	no	6	10	3	2	2.9
Italy	yes	6	6	3	2	3.1
Netherlands	no	5	5	2	4	3.0
Portugal	yes	6	5/8	3	2	3.1
Spain	yes	6	5	2	2	3.2
UK	no	3	10/14	1	2	2.9

Trends in migration policies



Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

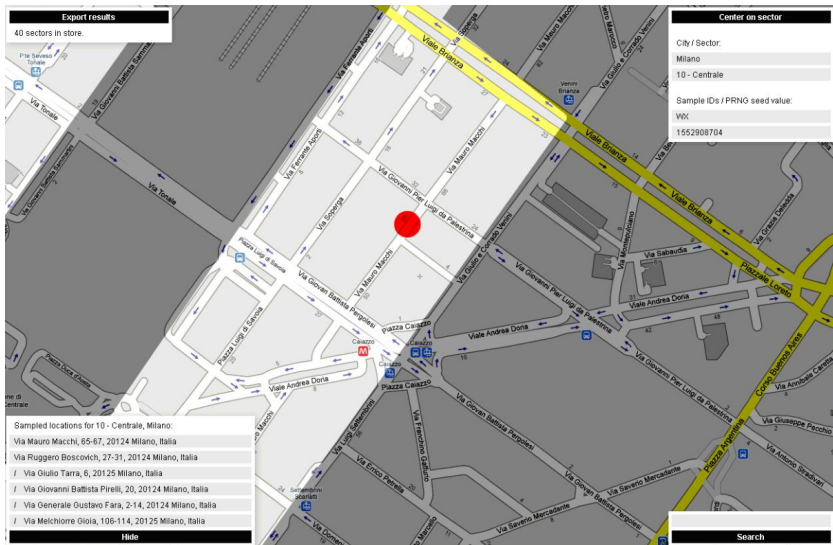
Relative country positions



◀ Migrant Integration Policies Index (MIPEX) (2010) & Strictness

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

How to represent Illegal Migrants



Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Legal vs. Illegal Migrants

Results:

- Almost 20% of migrants do **not** report having a regular permit of stay
- Nonetheless, 66% of them work, with longer and harder working hours and often without any formal contract
- All the rest (education) being equal, being an illegal migrant lowers wages of 38.4%, with a further reduction of 17.1% for women

◀ Not always so Strict

Deteriorating Perceptions

% of respondents agreeing with the following statements		Germany	Spain	France	UK	Italy ⁽¹⁾
<i>"immigration bad for country's economy"</i>	ESS 2002	31	26	28	44	27
	ESS 2006	40	25	39	46	41
	2006-2002	9	-1	11	2	16
<i>"immigrants make country worse place to live"</i>	ESS 2002	34	37	37	42	42
	ESS 2006	42	36	42	47	54
	2006-2002	7	-1	5	5	14
<i>"unemployed immigrants should be made to leave"</i>	ESS 2002	50	25	32	53	49
	Harris 2009	67	71	51	78	79
	2009-2002	17	46	19	25	30

Notes: 1) The ESS survey took place in Italy only in 2002 and 2004.

Related to Campaigns against “Welfare Shopping”

- *Claus Hjort Frederiksen* (Danish Minister for Employment, 2006): “If immigration from Third World Country were blocked, 75% of the cuts necessary to maintain the welfare state would be unnecessary.”
- *Heinz-Christian Strache* (leader of FPO, Austria, 2009): “Social housing, family allowances and child subsidies should become a citizen’s right only and should not be given easily to immigrants.”
- *Thilo Sarazzin* (former Berlin central banker, 2010): “Germany is digging its own grave by admitting waves of immigrants who are spongers, welfare cheats, and sub-intelligent beings.”

Politicians Point to “Welfare Shopping”: more...

- *Roberto Maroni* (Italian Minister of Interior, 2010): “Migrants are a negative resource; we should not build houses (and religious sites) for them; it is outrageous that migrants acquire the same rights of Italians while only the latter pay.”
- *Siv Jenin* (Norwegian Progress Party): “There is a large number of immigrants living on welfare and they have been in this condition for a very, very long time.”
- *Catherine Megret* (French Front National, 2010): “There are simply too many immigrants, who knows how many children they send to the streets and then claim welfare.”
- *Kai Pontinen* (keyword in the 2009 campaign for European Parliament in Finland): “Stop to welfare bum immigrants”

Role of Compositional Amenities

Card, Dustmann and Pearson, 2009

- Why do people usually oppose immigration but not trade, if the two policies have the same effect on wages?
- People value the "compositional amenities" associated with characteristics of neighbors and co-workers
- Immigration changes the **composition** of local population → externalities on natives
- Concerns over composition may be **more important** than concerns over taxes and wages!
- Concerns over composition higher among less-educated natives

← Perceptions vs. Reality

Determinants of Migration

Elasticity of East-West Migration w.r.t.
East/West Unemployment and Wage

	Age 18-24	Age 25-49	Age 50-64
Destination hourly wage	1.431	1.061	1.889
Source hourly wage	-0.803	-0.750	-0.102
Destination unemployment	-0.131	-0.259	-0.097
Source unemployment	-0.057	0.151	0.279

Push and Pull Factors

Residential Choices of Power Couples in the United States, Costa and Kahn (2000)

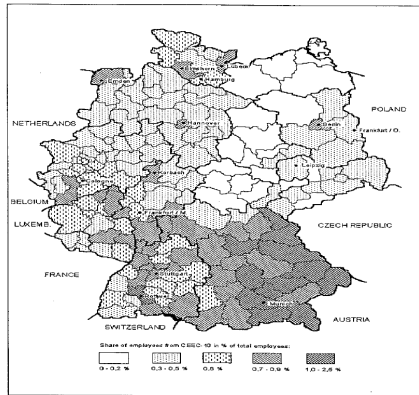
- Diff-in-Diff analysis to residential location of couples with different educational attainments (power couples: both partners with at least a college degree)

	1970	1990	Δ
Power couples	14.6	34.8	20.2
Nonpower couples	8.3	20.0	11.7
Difference	6.3	14.8	8.5

← Effects on Income Distribution

Local U matters

Germany: Regional Distribution of Employees from the CEECs

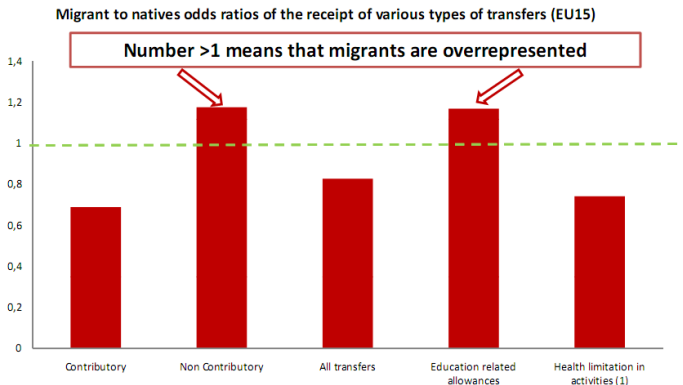


Source: Federal employment services, authors' calculations.

◀ Explanations for limited effects: Greasing the Wheels Effect

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Fiscal Effects (1): More likely than natives to be beneficiaries?



Source: EU-SILC (yearly averages, 2004-2007), pooled data.

Notes: (1): % of respondents declaring to have "limitation in activities people usually do because of health problems for at least the last 6 months"

Fiscal Effects (2): Net Fiscal Position of Migrants

<i>Country</i>	<i>share of net contributors (SNC) among migrants</i>	<i>SNC: migrants over natives</i>	<i>ANFPMigrants – ANFPNatives ANFP Stdev. overall</i>
Austria	78,3%	1,34	0,12 **
Belgium	84,0%	0,91	0,37 ***
Denmark	52,2%	0,84	-0,49 ***
Finland	47,2%	0,80	-0,57 ***
France	44,5%	0,81	-0,32 ***
Germany [†]	64,4%	1,21	-0,11 ***
Ireland	50,3%	1,06	-0,20 **
Luxembourg	54,9%	0,99	-0,18
Norway	55,7%	0,86	-0,53 ***
Spain	91,7%	1,54	0,35 ***
Sweden	49,0%	0,77	-0,55 ***
United Kingdom	68,9%	1,23	0,23 ***

*** significant at 99%, ** at 95%, * at 90% (t-test on equality of migrants' and natives' ANFP).

[†]Germany, in the EU-SILC no distinction is made between EU and non-EU migrants.

Source: EU SILC 2004, 2005, 2006, 2007; pooled data.

Fiscal Effects (3): Race to the Bottom and the International Mobility of "Superstars"

Kleven, Landais and Saez, 2009: Analysis of effects of top earnings tax rates on **migration decisions of soccer players**

- Panel dataset: players from 14 European countries since 1980
- Sources of variation to achieve identification:
 - Bosman ruling (soccer market liberalization)
 - Within-country fiscal reforms
 - Country-specific tax discounts for immigrant soccer players
- Results: the level of top earnings tax rates has a **very large impact** on the migration decisions of football players
 - Particularly strong after 1995 Bosman ruling
 - Large impact of specific tax reductions for football players
 - Largest effect for young and top quality players

Closing the Welfare Door?

Perception about the fiscal position of migrants 0 they take out more;
10 they put in more)

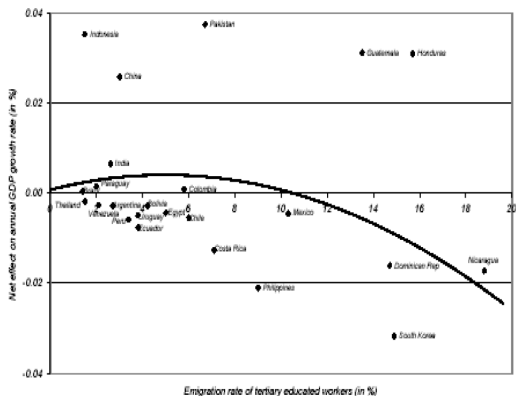
Country	Average reply	Take out more	Put in more	Std.Dev.
Denmark	4.1	4.6%	0.8%	2.12
France	4.4	8.9%	3.4%	2.34
Germany	3.8	8.5%	0.5%	2.06
Netherlands	4.2	6.1%	0.7%	2.08
Spain	4.7	2.2%	1.8%	2.09
UK	3.8	8.0%	0.6%	2.17

◀ Pros and cons of closing the welfare door

¹ Source: European Social Survey 2002

Source: Tito Boeri and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, Princeton University Press.

Evidence on brain drain effects on LDC growth



Source: Docquier - Rappoport (2004)