# Migration Matters

At their summit in Brussels last week, EU leaders moved toward coordinating asylum policies and enforcing border controls to combat illegal migration. But they reaffirmed that decisions on migration policy remain under the exclusive jurisdiction of national governments. This is schizophrenic. Legal and illegal migration are two sides of the same coin.

The Presidency Conclusions of the summit devote 32 of 48 pages to migration, indicating the importance of this issue for the future of the Union. Yet the member states are shunning the practical step needed to make any policies effective. On measures involving illegal migration, the 25 governments agreed to harmonize their approaches and take decisions on them by qualified majority voting. Any move to restrict legal migration, however, was kept under unanimity rules, making it extremely hard to adopt any EU policy at all.

Experience worldwide shows that the problem of illegal migration grows when restrictions placed on legal migration are too tight. Just compare Europe with the U.S. As a proportion of total population, illegal migration is about 25% bigger in the EU than the U.S. Legal flows, by contrast, are a quarter higher in the U.S. than in Europe. That's because the U.S. has more realistic migration restrictions, which means more legal (hence more skilled) and fewer illegal migrants.

In Europe, leaving the authority over migration to national governments results in overly strict policies. The recent eastward enlargement of the EU illustrates the problem in practice. In the months before the accession of 10 new countries in May, the then 15 EU countries engaged in a "race to the top" to put limits on legal immigration from the new members. Twelve out of 15 reneged on past commitments not to deny new members the right to come and work freely.

While national governments are caught in a vicious circle—backing restrictive measures on legal migrants that only bring rising flows of illegals—European authorities are in a better position to pursue the longer-term goal of rejuvenating the EU labor force. Odysseus should be firmly tied to the boat mast in order to avoid being tempted by the siren songs. Delegating authority to European supranational authorities is the only way to keep some control over migration flows. Just like delegating authority to the European Central Bank was the only way to make the euro work.

***Europe is trapped in a vicious policy circle.***

Another lesson can be drawn from enlargement. The EU-15 countries that ultimately didn't put up barriers to workers from the east—Ireland, United Kingdom, and Sweden—instead restricted access to welfare by migrants. The publics in the richer EU states fear that migrants will welfare shop, attracted to the most generous countries. According to a Eurobarometer survey, about one in two European citizens believe that immigrants exploit the welfare system. Since the EU can't agree on a common migration policy, individual countries will restrict welfare benefits for immigrants.

This is another short-sighted policy, creating long-lasting problems that save, at best, a few euros in the short-run. Migration is a two-sided and long-term investment for the country and the individual. A migrant pays upfront the cost of moving in the hope of a better future. He also absorbs the risk of not finding a job immediately—a risk that's rather high in Europe. Welfare systems protect against these risks. Barring access to welfare in the early years, when the risk of unemployment is higher, is a strong deterrent to migration, including intra-EU migration, which is badly needed in Europe.

The country that receives a migrant has to incur the cost of assimilation in the short-run, which is repaid over time by the immigrant through social security contributions and taxes. The quicker the assimilation phase, the shorter the period during which the migrant is a fiscal burden. Preventing—or even delaying access to welfare and public services like health, education and housing—encourages illegal immigration, further swelling the ranks of the shadow economy and retarding the growth of social contributions and the tax base. With the size of Europe's shadow economy already above the OECD average, welfare policies should avoid exacerbating the problem.

Furthermore, closing off welfare may just not be possible. The U.S. experience shows why. In 1996, the welfare system was partly decentralized to the states. Limits were introduced on access to welfare benefits for legal immigrants. For instance, legal non-asylum immigrants who arrived in the country after August 1996 were barred from receiving food stamps or using Medicaid for five years. The proponents of this reform hoped that a more decentralized system would make the states more cautious in providing expensive welfare benefits to immigrants.

The reform failed. Since 1996, the provision excluding immigrants from some welfare services has been challenged in the courts; and by 1997, Congress started repealing the tougher provisions. Finally, the states felt the political pressure from immigrant voters to maintain the benefits at the previous levels under the federal system; this is particularly evident in states like California, in which immigrants account for more than 15% of the electorate.

A decentralized system that strongly discriminates against immigrants can face political resistance or be challenged in courts. This is bound to happen in Europe as well. There are already large number of migrants in the countries planning to close welfare doors, among them Germany. The new EU constitution, awaiting ratification by EU states, explicitly prohibits "discrimination on grounds of nationality" and establishes the principle that "everyone residing and moving legally within the European Union is entitled to social security benefits and social advantages." Introducing national restrictions on access to welfare will likely open a Pandora's box of court rulings. Many EU directives and decisions of the European Court of Justice have, after all, already explicitly recognized that immigrants are entitled to social security benefits and social services.

If the EU does not adopt a common policy toward immigrants, spreading over time immigration flows, and ensuring that immigrants go where there is demand for them, governments will have to deal with welfare access. As closing welfare is not a viable option, there may be no alternative in turn to coordinating minimum standards for welfare.

*Mr. Boeri is professor of economics at Bocconi University in Milan and director of the Fondazione Rodolfo Debenedetti.*