

Editorial



Prof Dr Klaus F. Zimmermann,
President of the German Institute
for Economic Research, asks:

"Is labour immigration necessary?"

The design of immigration policy is very important for the prospects of integrating immigrants into the society and labour market of the host country, and in determining the attitudes of the native population towards immigrants. Immigration policies vary greatly between the major receiving countries. Whereas Canada and New Zealand primarily select immigrants according to the needs of their labour markets, other countries give preference either to the immigration of family members of former migrants, as in the USA, or to certain ethnic groups or nationalities, such as ethnic Germans from the former USSR in Germany, or citizens of the Commonwealth in the UK. In Sweden, Norway, and the Netherlands, the majority of new immigrants consist of refugees and asylum seekers.

Economic theory predicts that immigrants from countries that are similar to the host country with respect to economic development, the schooling system, language and culture, assimilate well into the labour market. Hence it is not surprising that assimilation is also observed in those countries that select migrants on the basis of their labour market characteristics. There are indications that migration policies affect natives' attitudes towards migrants. It is typically found that in countries selecting immigrants on the basis of their skills natives are more likely to think that immigrants are generally good for the economy than in countries which mainly take in asylum seekers and refugees.

Policy makers are typically concerned about re-election, and hence must be interested in the voters' feelings on immigration. While there may be social tensions caused by ethnic rivalry and other negative social externalities such as crime, immigration can also be economically beneficial. Since the popularity of a government depends largely on its economic success, a well-chosen migration policy can be an important electoral factor.

The lesson for policy makers is thus quite simple: a government is more popular if it chooses migrants with greater regard to labour market needs, because this moderates social tensions and increases the economic performance of the country. The current debate in Germany on the recruitment of non-EU IT specialists to ensure the development of the German information technology sector is nothing more than an example of this.