Determinants (WP 3)

Oxford team (quantitative):

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Post-doc (to be recruited)

Maastricht team (qualitative):

Melissa Siegel
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Overview

- Explore the drivers of mobility within (and to) the EU.

- Combine quantitative and qualitative methods.

- Focus on two aspects:

    - Minimum wage
    - Welfare access/generosity

Overview

- Countries (tentative): Germany, Italy, Spain, Sweden, UK.

- Data: Labour Force Surveys (EU and nationals), administrative.

- Overall approach: focus on specific policy changes.

Today

- Quantitative component

  - Minimum wage
  - Welfare access/generosity
  - Other

- Qualitative component

- Discussion

Today

- Quantitative component

    - **Minimum wage**
    - Welfare access/generosity
    - Other

- Qualitative component

- Discussion

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Minimum wage: Main idea

- A higher minimum wage in destination countries raises the expected earnings of "low-skilled" migrants.

- However… traditional economic models predict that a higher minimum wage reduces low-skilled employment.

- Two opposing effects: wage vs probability of employment.

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Minimum wage: Evidence

- Mixed results.

- Most evidence for USA (Cadena, 2014; Castillo-Freeman and Freeman, 1992; Cortes, 2004; Giulietti, 2014; Orrenius and Zavodny, 2008).

- Reasons:
  - Differences between state and federal level minimum wage.
  - Large irregular migrant population.

Minimum wage: Approach

Step 1: mapping

- Minimum wage legislation in the five countries (tentative 2000-2016).

- Differences across time, regions and demographic groups (e.g. young people).

- Enforcement.

Minimum wage: Approach

Step 2: estimate importance in each country

- How many EU migrants work for the minimum wage? (same for non-EU nationals and nationals of the country).

- Which industries rely on minimum wage work? (for EU, non-EU and locals).

- Variations across regions, demographic groups and time.

Minimum wage: Approach

Step 3: estimate impact of specific minimum wage changes

- Select specific policy changes.
  - Substantial policy change.
  - Ideally variation across time and demographic (or regional) groups.
  - Need a control group (highly skilled, others).

- Use differences-in-differences and counterfactual techniques to estimate impact on expected earnings and employment levels of migrants.

- Relate to EU mobility.

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Today

- Quantitative component

    - Minimum wage
    - **Welfare access/generosity**
    - Other

- Qualitative component

- Discussion

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Welfare access: Main idea

- Popularly known as the "welfare magnet hypothesis", implies that the generosity of the welfare state in destination countries attracts migrants.

- Labour market and welfare access restrictions play a key role.

- Freedom of movement has implications for the skill composition of migrants (i.e. allows for more low-skilled migration) and access to the welfare state.

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Welfare access: Evidence

- Most evidence in favour of the "welfare magnet hypothesis".

- Most evidence uses cross-country studies (De Giorgi and Pellizzari (2006), Giulietti and Wahba (2012), Razin and Wahba (2015)).

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Welfare access: Approach

Step 1: mapping

- Changes in the generosity of the welfare system.
- Changes in welfare access.
- Tentative 2000-2016.

- Differences across time, regions, demographic groups and income groups.

Welfare access: Approach

Step 2: estimate importance in each country

- How many EU migrants claim welfare? (same for non-EU nationals and nationals of the country).

- Which types of benefits?

- Variations across demographic and income groups and time.

Welfare access: Approach

Step 3: estimate impact of specific changes in the welfare system (including access).

- Select specific policy changes.
    - Substantial policy change.
    - Ideally variation across time and demographic, income groups.
    - Need a control group (non-EU, others).

- Use differences-in-differences and counterfactual techniques to estimate impact on welfare participation of migrants.

- Relate to EU mobility.

Today

- Quantitative component

    - Minimum wage
    - Welfare access/generosity
    - **Other**

- Qualitative component

- Discussion

Other key aspects

- What is the interaction of temporary restrictions on migration in the case of the accession countries with the minimum wage and welfare state?

- What is the role of Brexit?

Today

- Quantitative component

    - Minimum wage
    - Welfare access/generosity
    - Other

- **Qualitative component**

- Discussion

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WP3: Determinants

Collaboration with Oxford University's team
- UOXF responsible for quantitative analysis (1st part)
- UM responsible for **qualitative** component (2nd part)

Description of UM's project:
- Goal: complement quantitative analysis on migrants' decision-making processes using focus group interviews
- Investigate relative importance of key decision-making factors and how they interact
- Special emphasis on similarities and differences between EU citizens and TCNs with regards to their decision-making process
- Include: migration history, future intentions of mobility (emerging factors)

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WP3: Determinants

Methodological approach:

- Focus group interviews
    - 10 focus groups in each of 5 destination countries (DE, IT, ES, SE, UK)
        - Same as those examined in the quantitative part by UOXF
    - Groups of 5-8 individuals each
    - Split focus groups by:
        - TCN / EU (5 focus groups each)
        - Skill
        - Gender
        - Migration motivation
- Short individual surveys (300-400) within focus groups
    - General information on migration history, migration motivation and socio-economic profile of participants
    - Use for additional quantitative analysis

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WP3: Determinants

Timeline (M13-M36):

- Start work on qualitative part on year 2
  - Builds on WP2 and on quantitative part of WP3
- Year 2: Data collection (finish by M24)
  - M12 [fix if changed bc we only start on year 2]: Preliminary report 1 (D3.1)
  - M24 [same as above]: Journal article 1 (D3.5)
- Year 3: Finish write-up
  - M32: Policy note 2 with results of both qualitative and quantitative analysis (D3.6)
  - M32: Main report (D3.7)
- Throughout:
  - Presentations in conferences and seminars (D3.2)

Discussion