Global Affairs

Economic aspects of migration and the refugee crisis in Europe: challenges and opportunities in a dramatic scenario

R. Eamets & L. Pataccini

To cite this article: R. Eamets & L. Pataccini (2017): Economic aspects of migration and the refugee crisis in Europe: challenges and opportunities in a dramatic scenario, Global Affairs, DOI: 10.1080/23340460.2017.1316598

To link to this article: http://dx.doi.org/10.1080/23340460.2017.1316598

Published online: 03 May 2017.

Submit your article to this journal

Article views: 32

View related articles

View Crossmark data
Economic aspects of migration and the refugee crisis in Europe: challenges and opportunities in a dramatic scenario

R. Eamets\textsuperscript{a} and L. Patacchini\textsuperscript{b,c}

\textsuperscript{a}Faculty of Social Sciences, University of Tartu, Tartu, Estonia; \textsuperscript{b}Faculty of Social Sciences, University of Buenos Aires, Buenos Aires, Argentina; \textsuperscript{c}Johan Skytte Institute of Political Studies, University of Tartu, Tartu, Estonia

\textbf{ABSTRACT}

The world is currently facing the largest humanitarian crisis since the Second World War. The growing number of people displaced by civil conflict or natural disasters has increased dramatically in the recent years and this is posing enormous challenges to host countries. However, to date economic impacts of refugees in host and sending countries are controversial and arguably understood. Therefore, the aim of this article is to analyse how the traditional economic approach of migration and labour can help to understand and manage the refugees’ situation, as well as their potential benefits for all the parties involved. The present research concludes that, in the long run, refugee migration may have positive outcomes for sending and host economies, and for themselves. However, it is also emphasized that carefully designed refugee policies are critical to meet that goal, mainly focusing on two aspects: identification and integration.

\textbf{1. Introduction}

The combination of the current humanitarian migration crises, the recent terrorist attacks in different European cities and the political situation in Turkey and Western Asia in general has sharply brought security issues not only to the agenda of politicians and scientists but also of common citizens. As a consequence of this, there have been intense political debates in many European countries and different political forces have tried to benefit from its emotional aspects, like fear, anger and confusion. In this context, one of the phenomena that attracts most of the public attention and appears to have greater permanence in time is that of refugees.

In the last years, the number of people displaced by civil conflict or natural disasters has increased significantly and the current refugee crisis is the largest humanitarian crisis since the Second World War (European Commission, 2016). However, to date economic impacts of refugees, in host and sending countries are controversial and little understood (Taylor et al., 2016). Additionally, there is a severe lack of data available on this topic and the question of refugee impacts has broader implications than those covered in the conventional economic studies on migration.
For the purpose of this work, we divide migrants into three broad categories: economic, political and social migrants. In the first category are people whose main driving reasons to move are higher income in the destination country, better living conditions and/or more job opportunities. Political migrants are people displaced by force, such as military conflicts, or compelled to leave their homelands mainly for political, ethnic, religious, gender or humanitarian reasons and temporarily unable to return. Finally, social migrants are people who leave their countries of origin for reasons not comprised in the previous categories, such as, leisure, education, climate, personal relationships or family issues, among others. Thus, by definition, refugees do not emigrate for economic reasons and refugee migration is not necessarily a one-way, permanent movement. However, research suggests that they also respond to economic incentives. For instance, Czaika (2009) argues that equivalent economic conditions in a cross-the-border country or the expectation of asylum status in a Western country with better economic perspectives induce long-lasting absence from the country of origin.

Yet, in the current situation, it is very difficult to make distinctions between the different types of migrants. In fact, we argue that this is one of the core problems of the present refugee crises, especially in the First Asylum countries, where local authorities are not being able to differentiate between these categories and, because of that, political and economic migrants are mixed. This confusion has significant policy consequences, since the social, political and economic implications and the needs of different categories of migrants are essentially dissimilar (Cortes, 2004).

Additionally, negative perceptions about refugees make their integration and assimilation more difficult, especially in first asylum countries. Among the most common of these prejudices, it is often found in the mass media and public debates the argument that refugees represent a burden on the local economy and, in particular, on the public budget. This is based on the fact that, on the one hand, once they were granted with the refugee status, they may receive a financial support provided by the local governments and, on the other hand, they frequently use the local social benefits, where available, such as education and health services. Furthermore, unlike the traditional economic migrants, who commonly travel alone and do not receive any support from the host country, refugees usually travel in family groups—sometimes numerous, which is considered as a great source of pressure on these social services. Likewise, in many cases, it is also stated that refugees are willing to work for less money than local labour. Therefore, employers would fire native workers to hire foreigners or pay lower wages. However, these reasonings, most of the time simply prejudices, make that societies in some host countries become reluctant to accept refugees. Thus, in many cases, this situation results in their isolation in remote areas and in extremely precarious conditions (Loescher & Milner, 2005), which actually reinforces the idea of a negative economic impact, as it will be shown below.

Therefore, the aim of this article is to analyse the economic aspects of refugees for first asylum, Western and sending countries, and show their potential as a positive economic force in each case. To this end, we will use the traditional approach of migration and labour economics, and we will try to understand to what extent these models can be applied to the current refugees’ situation. We believe that this approach can be helpful in two main ways. First, because it intends to shed light on the economic potential of the refugees and their positive impact in the host country, which can help improve the public perception and, thus, facilitate their integration into the local societies. Secondly,
it is considered that this study may provide valuable guidelines for accurate policy responses in the management of the current crisis.

2. Economic aspects of migration for sending country

When we speak about the economic dimension of migration, as in any other social phenomenon, it is possible to identify positive and negative aspects. If we start from the positive side of emigration for sending countries, often the first and most referred item in the literature is the payment of remittances. According to World Bank statistics, in 2015, the total volume of remittances increased by 4% and reached to 651.3 billion USD. For instance, they represented 36.6% of GDP in Tajikistan, 30.3% in Kyrgyz Republic and 26% in Moldova. Accordingly, the main destination countries in terms of total volume were China, India, Philippines, Mexico, Egypt and Nigeria. Overall, these six countries received 35% of the total sum of remittances around the world (World Bank, 2016). Usually, the flow of money goes from developed to poorer developing countries, and it is often referred to as an important element for the economic growth in the latter, as this money can be used for investment and consumption, increasing households’ income and sometimes alleviating poverty. In some cases, the payment of remittances can also be used as collateral to purchase houses back in the sending country (Agunias & Newland, 2012). Moreover, emigration can increase social mobility in the sending country. When people from urban areas move abroad, they leave vacancies behind and people from rural areas can move to the urban areas to fill these positions (Markowa, 2006).

Another positive aspect is the so-called “Brain Gain” (Saxenian, 2005). It refers to emigrants that return to their countries of origin bringing new knowledge and skills, increasing human capital in their homeland. Similarly, the “Brain circulation” refers to the circular movement of professionals and high-educated individuals, such as researchers, students and high-skilled workers, which can be helpful to promote the exchange of knowledge and the integration into International networks and markets (Saxenian, 2005). Now, while the former phenomenon occurs between developing and developed countries, the latter usually takes place among developed countries.

Finally, it is also worth to mention that the flow of emigrants may also help to reduce unemployment and alleviate the negative effects of economic reforms in the sending country.

One ambiguous aspect of migration for sending countries is that of the effects on salaries. Occasionally, net negative migration can cause a shortage in labour supply. This may tend to an increase in wages for the substitutes of the emigrants, which is beneficial for them and may also boost household income. However, for the employer it represents an increase in the production costs and, therefore, a potential reduction in competitiveness, especially in labour intensive sectors. Thus, the positive or negative effect of this aspect will depend on the specific characteristics of each country and its economic relations with the rest of the world.

On the negative side of the balance, we find a wide range of aspects, involving not only economic but also social. In the first place, the most often referred aspects in the specific literature, such as García Pires (2015), are the so-called “Brain drain” and “Brain Waste”. The former refers to the loss of skilled workers, and one of its main
consequences is the decline in productivity, as the substitutes may not be as qualified as the emigrated workers, obtaining a lower output level. The latter refers to educated migrants working abroad, receiving lower wages than natives with the same level of education, usually because they perform unskilled jobs for which they are significantly overqualified.

Despite remittances usually have a positive impact, they could also bring potential inflationary pressure. If remittances from abroad reach relatively high levels for the domestic economy, this may put an upward pressure on the level of consumer prices. In this case, the main losers would be those inhabitants of the sending country who do not receive remittances, as domestic prices increase but they do not have means to compensate such increase.

Finally, among the negative social effects for the sending countries, it is important to mention that negative net migration may accelerate demographic problems, such as ageing populations, low birth rate and demographic imbalances, and it also can bring unfavourable changes in family compositions (e.g. divorce, orphanhood or child abandonment).

Thus, the main potential positive and negative effects of migration for sending countries can be summarized as shown in Table 1.

3. Economic aspects of migration for destination country

On the other side, the arrival of immigrants may have a wide variety of positive effects for the host countries. In the first place, it is well documented in the economic literature that migrants can boost entrepreneurship and create new jobs (Hunt, 2011). One good example of this is the Indian diaspora abroad. Two-thirds of foreign-born Americans of Indian origins have a university degree, three times over the average rate of the total US population. Additionally, by the late 2000s, their median annual income was 1.5 times higher than that of the total US population (Podemski, 2010). Furthermore, immigrants may enrich the supply of local services, as well as increase the domestic demand and the fiscal collection through the payment of taxes.

<table>
<thead>
<tr>
<th>Table 1. Potential positive and negative effects of migration for sending countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential positive effects</td>
</tr>
<tr>
<td>• Payment of remittances</td>
</tr>
<tr>
<td>• Increase in wages for substitutes of migrants</td>
</tr>
<tr>
<td>• Relief of unemployment (especially among the emigrant category of labour)</td>
</tr>
<tr>
<td>• Creation of induced stimulus for investment in domestic education and individual human capital</td>
</tr>
<tr>
<td>• Return of skilled persons increases local human capital, transfer of skills and links to foreign networks (“Brain Gain”)</td>
</tr>
<tr>
<td>• Transfer of technology and investments by diasporas</td>
</tr>
<tr>
<td>• Circular movement of skilled labour across nations, promoting exchange of capabilities and integration into global Markets (“Brain circulation”)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Another relevant positive aspect of migration is the increase in productivity in the host country, particularly if we focus on the arrival of high-skilled labour. For instance, Ottaviano and Peri (2005) have found that cultural diversity has small positive effect on productivity. Paserman (2013) in his study on the arrival of high-skill Russian émigrés to Israel in 1990s found a clear positive correlation between the share of migrants and productivity in high-tech industries. Interestingly the same study found also a strong negative correlation between migrants and productivity in low-tech industries.

However, probably the main concern in the specific literature is the relation between immigration and labour market. This has been addressed by studies such as Glitz (2012) and Clemens (2013), arguing that immigration has little to no effect over local unemployment, and it may result in a slight decrease in unemployment due to the income multipliers it creates. However, other researchers have found slightly negative effects of low-skill migrants to domestic labour force (Borjas, 2003). Accordingly, in his study on the increase of immigration in Europe in 1991, Zimmermann (1995) found that in competitive markets, labour migration increased the efficiency and flexibility of labour markets and slowed wage growth, allowing more people to find jobs. Nevertheless, flexibilization of labour market can be an ambiguous aspect. While it is positive for the firms and employers, since it reduces the costs and risks of hiring new workers, it can also imply worse working conditions, lower wages and a greater level of exploitation, both for migrant and native workers.

Historical data shows that, when Germany recruited unskilled guest workers to fill shortages in construction sector in 1950s and 1960s, no displacement of native workers was recorded (Constant & Massey, 2005) and D’Amuri and Peri (2014) showed that when immigrants fill lower skill jobs, domestic low-skill workers moved into more complex, cognitive and communication intensive jobs. However, Card (1990) in his study of the arrival of 125,000 Cuban immigrants in Miami between May and September 1980 found no negative effects on native Floridians but some negative effects on earlier Cuban immigrants.

How to explain those differences? For that, we can use a simple neoclassical equilibrium model of supply and demand, assuming a competitive labour market with mobility of people and where they have similar skills. Thus, we have two labour markets: one for low-skilled workers and the second for high-skilled workers. For simplicity reasons, we assume full employment and that labour market is in equilibrium (where wage is $W^*$ and employment level is $L^*$). Additionally, focusing on the low-skilled labour market (Figure 1), we have to make the assumption that this kind of migration is supply-
driven, meaning that the host economy does not have a specific need or shortage of low-skilled labour. It means that demand curve of low-skilled workers will not shift (Altonji & Card, 1991). However, since supply is increasing due to the massive inflow of low-skilled workers from abroad and, therefore, the curve is moving rightward ($S'$), then there will be a strong downward pressure on wages, reaching the level $W_1$. In the real market, this is expressed by the fact that, in many cases, low-skilled immigrant workers are willing to work with lower wages and poorer working conditions than the usual local standards. Oppositely, some domestic workers will temporarily leave the labour market as they do not agree to work with lower wages. As a result, we see that total employment has increased ($L_1$), because in total we have more workers, wages have declined ($W_1$) and, as part of domestic labour is crowded out, unemployment will increase. In Figure 1, unemployment of native labour is equal to the gap between $L_2$ and $L^*$. We could say that this is the case of Europe in the recent years, with large inflows of low-skilled workers (at least in European economic terms) arriving from sub-Saharan region, for instance.

Now, what happens if we look at the high-skill labour market? First, we have to take into consideration that massive inflow of high-skill workers is very rare. Second, we have to assume that this kind of inflow is related to increasing demand. That would be the case of shortage of engineers, doctors, IT programmers or scholars. This is a real situation and there is even a special term for that: “global hunt for talent” (Kapur & McHale, 2005). It means that countries are competing to attract talented people. Therefore, it is rational to assume that this process is demand-driven. If we try to analyse it graphically (Figure 2), we see that demand curve is shifting to the right (from $D$ to $D'$), as well as supply curve (From $S$ to $S'$), meaning that the country is successful in attracting high-skilled people. Given that usually the supply increase is not able to fulfil all vacancies in high-skill sector, demand shift is higher than supply shift. As a result, we can see that wages have increased ($W_2$) and the level of employment is higher ($L_3$). Thus, compared with the case of low-skilled foreign workers, the market will not be overcrowded and wages will not fall. Conversely, they will increase. Additionally, the expansion of the level of employment may also create new position for low-skilled workers, particularly in the services sector.

Thus, from the neoclassical perspective, while the supply-driven inflow of low-skilled workers crowds out some domestic labour and has a negative effect for domestic labour
market in the short term, the demand-driven inflow of high-skilled workers has a positive effect on domestic labour market. However, as mentioned above, this is a simplified model with strong theoretical assumptions. Real life is always more complex and diverse. For instance, in many developed countries, it does exist demand for low-skilled foreign labour, particularly in so-called triple D jobs (dirty, dangerous and difficult). Similarly, there are certain “pull centres”, such as Silicon Valley, where there is a demand for high-skilled workers but also many talented workers from abroad are willing to go there, behaving as the supply-driven migrants. Therefore, we can say that in real life we see a mix of supply and demand forces. In addition to that, we do not always have full equilibrium in labour market and not all workers are similar as we assumed in the model. Therefore, although we see mixed empirical results on employment and wages, it is considered that this model still describes adequately the general trends and labour market consequences of economic migrant inflows. Consequently, it can be used as a reference for the study of these phenomena. However, reality also offers a wider range of possibilities, since governments and other institutions can play a very important role in balancing the positive and negative effects of the migration on the labour market, especially in exceptional situations, such as the current humanitarian crisis.

4. Economic aspect of the refugee crisis

As mentioned in the introduction, refugees represent a particular type of migrants. In the first place, a clear difference between traditional migrants and refugees is that, while refugees’ displacement is involuntary and often temporary, most of economic migrants can choose the destination and length of their stay in the host economy. A second difference is that, in most of migration studies, host countries are high-income economies, whereas a large number of refugees are displaced to less-developed countries, and unlike economic migrants, refugees will leave their home country even if the economic situation is worse abroad. Therefore, while it is extensively discussed how findings from traditional economics of migration are applicable for understanding the impacts of refugees, it is still believed that they may offer some insights into possible economic aspects of refugees.

On the one hand, it is worth noting that usually first asylum countries are put under strong pressure, resulting in them unable to tackle the political and economic challenges that large refugee inflows imply. Almost without exception, first asylum countries are developing or underdeveloped economies that have scarce resources to address the situation of refugees. In addition to that, in many cases, such as Iraq, Egypt, Chad or Turkey, the countries are facing internal causes of political and social stability and/or economic stagnation. Therefore, the capability of these countries to assist refugees is extremely limited. In that context, a common response in first asylum countries is to confine refugees within camps, denying them freedom of movement, access to social services or economic self-reliance (Czaika, 2009). Thereby, as mentioned above, the inflow of a large number of refugees impacts negatively on the public perception, pointing refugees as an economic and political burden and a threat for the internal security of the civil society.

Consequently, the first asylum countries might tend to intensify encampment, reducing economic self-reliance of the refugees and worsening their situation (Loescher & Milner, 2005). This policy response of the first asylum countries is usually driven by the
expectation that a more restrictive policy will shorten the stay of refugees within its territory. These expectations are confirmed by empirical evidence, showing that refugees living in encampments under very poor conditions often return home despite ongoing repressions and substantial risks of being affected by civil strife (Rogge, 1994). Thus, potential refugees expecting to live under appalling encampment conditions are more likely to return earlier or to apply for asylum in another country, often from Western hemisphere. Consequently, the Western countries are likely to respond in an analogous manner, restricting asylum opportunities. This results in a grim scenario in which refugees are isolated and without concrete possibilities to improve their living conditions in a foreseeable period of time.

However, in spite of the traditional perception of refugees as passive individuals dependent on external aid, recent research reveals that refugee populations can have a positive impact in the host-country economies (Taylor et al., 2016). Even though to date there is little reliable empirical evidence on this topic, most studies suggest that despite their harsh living conditions in the camps, refugees can actively engage in host-country economies, taking advantage of their productive capacities and assets (Werker, 2007). As traditional economic migrants, they can help to expand the domestic market in the host country, favouring the local producers. Thus, this growth in aggregate demand can pull the supply side, and, consequently, labour demand, incorporating the refugees themselves. In fact, as stated in Taylor et al. (2016), given the opportunity to interact with the economy around them, refugees can create positive income spillovers for host-country households. However, access to supplies of food and other commodities, along with the cash to interact with the local economy, are critical to refugee welfare and refugees’ potential to create benefits for the host country. Moreover, the positive impacts of constructing, maintaining, running or expanding refugee camps must be taken into consideration, since camp workers spend income outside the camp and thus increase the demand for goods and services supplied by the local business from host country.

Notwithstanding, in addition to the above, some other key factors must be taken into account, such as the educational composition of refugees, as culture plays a key role in this process. For instance, Cortes (2004) shows that language and other human capital are important to the economic success of refugee immigrants. This is especially evident when refugees individuals are at the same time high-skilled workers.

In short, an effective policy that would allow refugees to interact with the local economy in the host countries can create benefits for households and businesses. Additionally, this may increase labour demand, providing refugees the possibility to earn an income by working inside or outside the camp and take advantage of their productive capacities and assets, contributing to increase the productivity in the host country.

Now, when analysing refugee’s incentives to move to Western countries, we have to consider that these are cushioned by the uncertainty about the asylum application’s outcome. Thus, asylum policies must be carefully taken into account when analysing the migration decision of refugees. This is another clear difference with traditional economic migrants and its implications are critical for the management of refugees flows. As shown by Czaika (2009) income-increasing aid towards first asylum countries has a clear impact in the number of asylum seekers in the Western country. Thus, if aid from Western countries is effectively channelled in increasing refugees’ income level and living conditions, the asylum pressure to the Western country will decrease. Thereby, Western
countries aiming to reduce the number of asylum applications may have concrete incentives to invest resources into proactive measures for tackling the refugees' situation in the first asylum country, which may, in turn, generate economic spillovers in the host country and reduce the asylum migration pressure to the Western countries.

Additionally, probably the main aspect to be considered in host countries, both in first asylum or Western nations, is the development of effective integration policies for refugees focusing on their rapid insertion into the local labour market. It is extensively documented by literature that long-term unemployed have lower job-finding rates than short-term unemployed (Jackman & Layard, 1991; Machin & Manning, 1999). Hence, the longer the workers remain out of the labour market, the harder it gets for them to find a job. In addition, if refugees spend a too long time perceiving social benefits, they may be at risk of losing productive capacities and incentives to join the labour market. Therefore, the lack of an effective and thoroughly planned assimilation strategy for refugees can bring negative effects, both for the host country’s labour market and for the displaced themselves.

5. Conclusions

In this paper, we tried to analyse how the traditional economic approach of migration and labour market can help to understand and manage the refugees’ situation, as well as their potential benefits for the host and sending countries and for themselves.

As shown above, it is likely that in the short-term refugees’ impact in host countries could be negative on variables such as fiscal budget and employment. However, in the medium to long term, the current crisis can potentially achieve the three main objectives: (a) that refugees have a positive impact on the host countries’ economies, boosting consumption, labour demand, tax collection and social contributions; (b) that, while being abroad, refugees could help to improve the situation in their native countries, by the payments of remittances, and, once they are able to return to their countries of origin, they may contribute to improve the situation there by bringing new knowledge and experiences (“brain gain”) or by maintaining professional, scientific or educational networks (“brain circulation”) and (c) that throughout this process, both at the host country and later back in their country of origin, people who have been displaced can find the opportunity to experience an improvement in their living conditions and aspire to a better life.

Unfortunately, the tragic refugee situations generated by conflicts and human rights violations at home are sustained in some neighbouring first asylum countries. To date, the restrictive asylum policies in these countries force refugees to stay in desperate encampment situations in remote areas, and the lack of proactive engagement of Western countries hinders the implementation of a sustainable solution. The current lack of decision leads to a vicious circle, in which the living conditions of the refugees are distressing because they are isolated and, due to this isolation, their positive impact in the host economies is minimal. Thus, refugees are stigmatized in the host countries and seen as a burden instead of a partner for development. Thereby, it is believed that if refugees are presented to public opinion as potential drivers of growth, the general perception can change and facilitate their assimilation. Thus, carefully designed refugee policies are critical to meet that goal, mainly focusing on two aspects: identification and integration.
In the first place, the efforts to identify and distinguish political from economic migrants should be increased, since their effects, needs and implications are substantially different. This is a critical aspect in order to manage the refugee flows in a more effective way. Additionally, this should be complemented with active integration policies in host countries. In this regard, an aspect that should be emphasized is that the longer it takes for refugees to enter into the labour market, the more difficult this process become. Therefore, a thorough policy of inclusion is essential.

Hence, the solution of the current crisis requires a stronger and direct involvement of Western countries. In this context, a concrete option for them may be to make productive investments in the first asylum countries with greater political stability, giving employment opportunities to refugees, raising their living conditions and helping to improve the economic situation in these countries. Additionally, these measures will give more room to European countries to manage the flow of refugees, since the recent experience shows that efficient expenditure in the living conditions of refugees in these countries, such as turkey, may reduce the pressure on European borders.

Nevertheless, without a comprehensive and proactive approach by the EU and Western developed countries, no policy will be really effective but only mere palliatives that will not be able to solve the substantive issues. As mentioned above, the vast majority of first asylum countries are developing or underdeveloped economies that lack the required means or stability to deal with the refugees’ situation successfully. Therefore, coordinated efforts between the EU, the international institutions and the governments of these countries are essential to find a viable solution. Likewise, although this aspect goes beyond the scope of this paper, it is worth noting that in the territories that generate the highest number of refugees (namely, Syria, Iraq, Afghanistan, Somalia, Sudan and Eritrea), there is or was a recent direct military intervention of Western countries. Therefore, the resolution of the refugee crisis also involves an exercise of self-criticism and deep commitment to the sovereignty and development of these countries by the developed Western countries.

In short, we believe that the current refugee crisis involves significant challenges and opportunities for all the parties involved. An accurate and successful policy can bring benefits to all of them and solve one of the most dramatic human crises in the last decades. Of course, this is not an easy way, but it is only desirable course of events to generate optimism in the midst of the current drama.

Notes
1. For a comprehensive analysis of the theories and categories of migration, see Jackson (1986) and Castles, De Haas, and Miller (2014).
2. “First asylum country” refers to the country that permits refugees to enter its territory for purposes of providing asylum temporarily, pending eventual repatriation or resettlement. In the case of the asylum seekers in the EU, the main first asylum countries are: Turkey, Lebanon, Jordan, Iraq, Egypt, Algeria, Morocco and Tunisia. However, there are also large amounts of displaced people living in camps in Pakistan, Uganda, Kenya, Ethiopia and Chad.
3. A good example of these and the following arguments can be found in the BBC.com article “Viewpoints: Impact of Syrian refugees on host countries”. Retrieved August 24, 2013, from http://www.bbc.com/news/world-23813975.
4. We refer to “the traditional approach of migration and labour economics” as the neoclassical approach, based on a simple supply-demand model, with several assumptions and simplifications, since it is the predominant theoretical perspective in academic studies developed in
these fields. Of course, there are several other theoretical explanations of migration, such as push and pull factors, network theory and historical approaches, among others. For further overview, see King (2013).

5. Perhaps Silicon Valley is one of the few examples of this phenomenon.

Disclosure statement

No potential conflict of interest was reported by the authors.

Notes on contributors

Raul Eamets is a professor of macroeconomics at Faculty of Economics and Business Administration at the University of Tartu and he is the dean of Faculty of Social Sciences. His research is focused on various aspects of labour market, including migration topics and education outcomes for labour market. He was guest editor in *International Journal of Manpower* special issue on “Labour market flexibility and spatial mobility” (2014, vol 36, no 6). He has published several articles in *European Journal of Industrial Relations, IZA Journal of European Labor Studies, Energy Policy, Post-Communist Economies*, among others.

Leonardo Pataccini is a post-doctoral research fellow at the Johan Skytte Institute of Political Studies at the University of Tartu. His main research interests include International Political Economy, Political Economy of Development, Transition Economies and Financialization. He has published a broad range of book chapters and articles in academic journals and media. He also has experience performing as external consultant for several international agencies and institutions such as ILO, IADB, UNDP and WB.

References


