

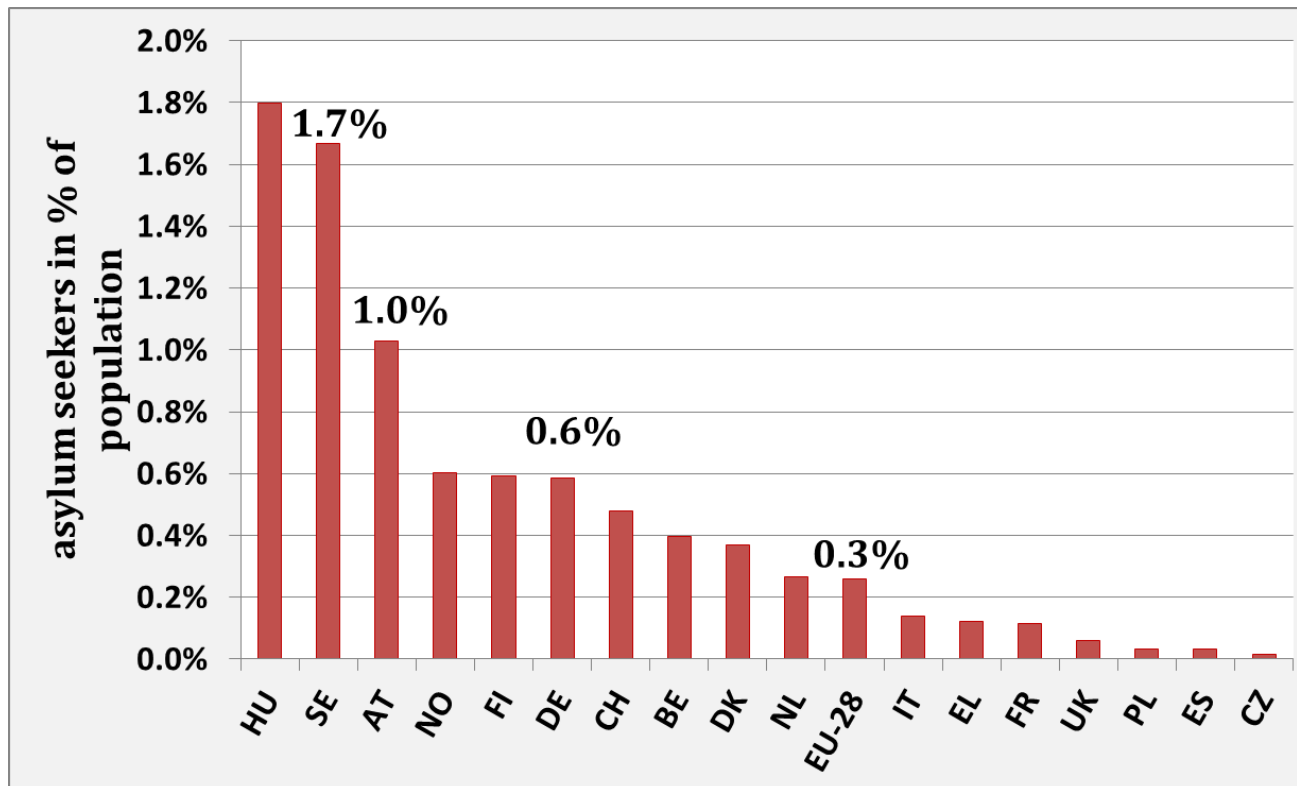
# **Economic Analysis of the Refugee Inflow to Austria**

## **Turkish Migration Conference 2016, Vienna**

Ludwig Strohner – EcoAustria  
Johannes Berger – EcoAustria

July, 15<sup>th</sup> 2016 – Session 11B – 9:00-10:40

## Asylum seekers in Europe 2015



In 2015 **1.3 million** applications for asylum in the EU, in Austria **88,000** (2013: 17,500).

In percent of population:  
Hungary, Sweden and Austria.

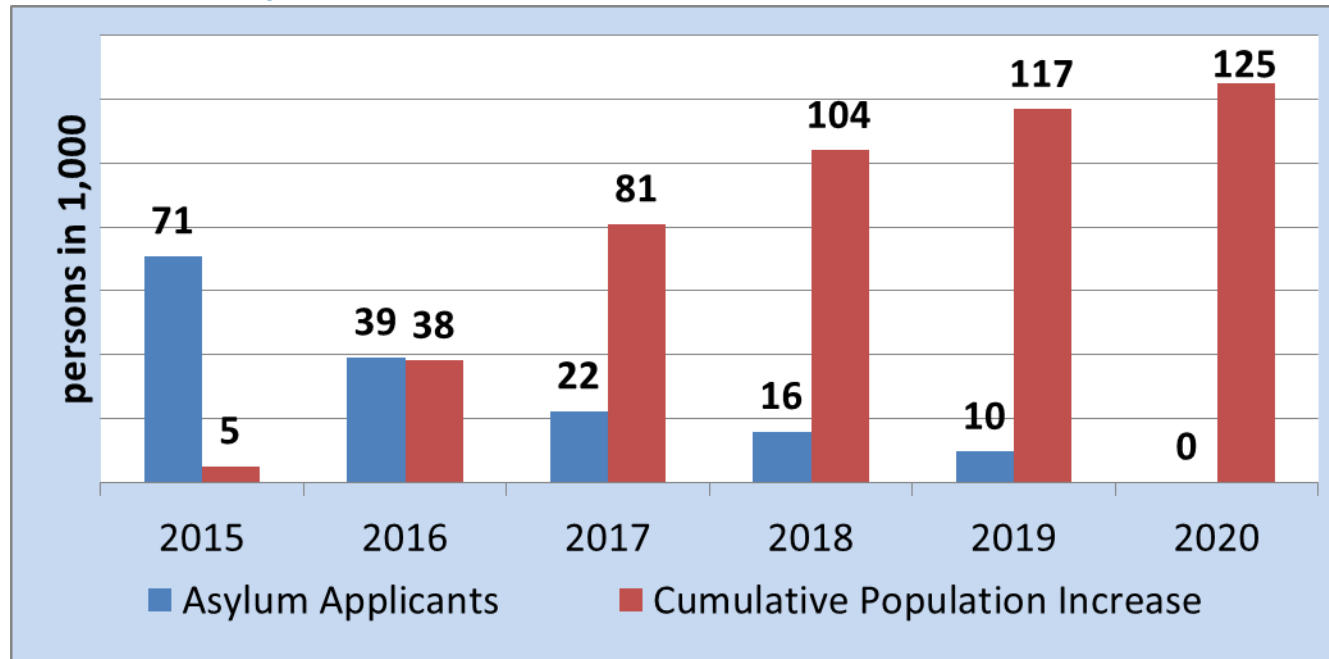
Most important **countries of destination**:  
Sweden, Austria, Germany

Source: Eurostat, own calculations.

## Motivation and Structure

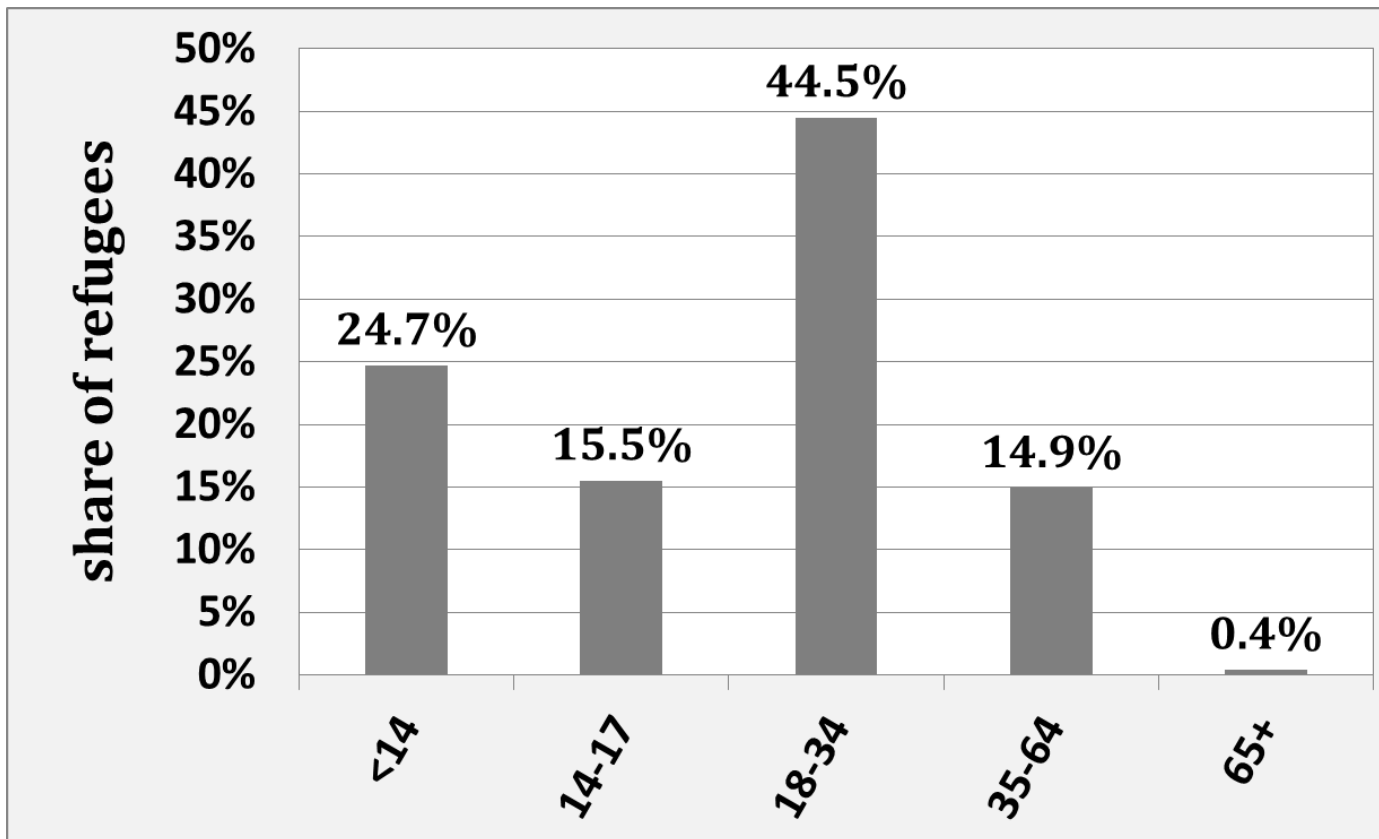
- **Motivation**
- **Theoretical** and **empirical** literature about migration shows:
  - in the **short-run** pressure on wages and displacement of resident workers to some extent
  - in the **medium- and long-term** only a minor impact on wages and unemployment
- **BUT:** holds only if the **structure of qualification corresponds** to the resident population and migrants are **adequately** employed
- Few studies: e.g. European Commission (2015 - EU, Germany), Brücker et al. (2015 - Germany), Berger et al. (2016 – Germany)
- Impact on Austrian economy – Simulation with **macro-model PuMA**
- **Structure of presentation**
- **Assumptions** for simulation
- Presentation of **economic effects**

## Number of asylum seekers



Simulation scenario	2015	2016	2017	2018	2019	2020
Population Increase (in %, annual avg., cumulative)	0.06%	0.44%	0.94%	1.21%	1.36%	1.45%

## Age structure of asylum seekers



Asylum seekers are **very young**

Only a **small share** older than 35 years (15.3%)

A significant share joins labour market in **subsequent years**

Source: Eurostat.

## Educational structure of refugees

Source	Population	Low	Medium	High
Battisti and Felbermayr (2015)	Syrian Refugees in Turkish Refugee Camps	80%	11%	9
IAB, Brücker (2015)	Employed and unemployed refugees in Germany	71%	8%	8%
BAMF (2016)*	<b>Refugees in Germany</b>	<b>58%</b>	<b>23%</b>	<b>19%</b>
Central Bureau of Statistics Syria	Total population in Syria (2011)	78%	13%	9%

categorization into groups by authors according ISCED (1997): low ISCED 0-2; medium ISCED 3-4, high ISCED 5-6, possible deviation to 100% reflects no answer. \* weighted by country of origin by authors.

Uncertainty about **educational level** of refugees, likely to be low  
Simulation is based on **BAMF results**

## Labour market integration

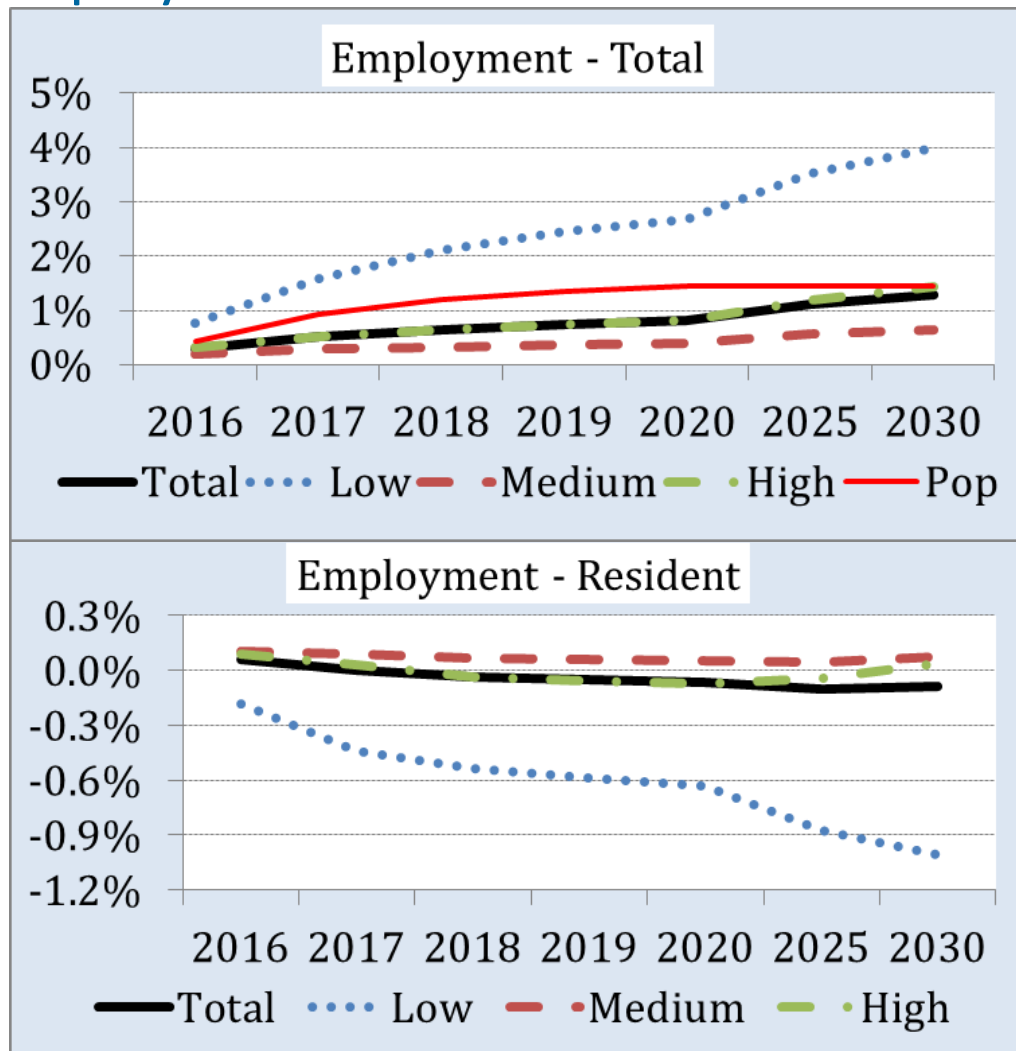
Based on **Swedish** experience with migrants from **Near- and Middle East** countries; they

- participate less,
- have a higher unemployment rate, and
- Work in less productive jobs

in percentage points or %	Low	Medium	High
Gap in participation rate (<5 years of residence)	-17.0	-25.7	-23.9
Gap in participation rate (>= 5 years of residence)	-6.3	-9.2	-12.8
Unemployment gap	24.4	14.8	17.9
Wage gap	-11.8%	-21.0%	-26.0%

Source: Labour Force Survey, EU-SILC.

# Employment



Increase of employment up to 2020 by **0.8%** (**1.3%** in 2030)

Additional employment in the long-run especially due to

- Better labour market integration
- Participation of children

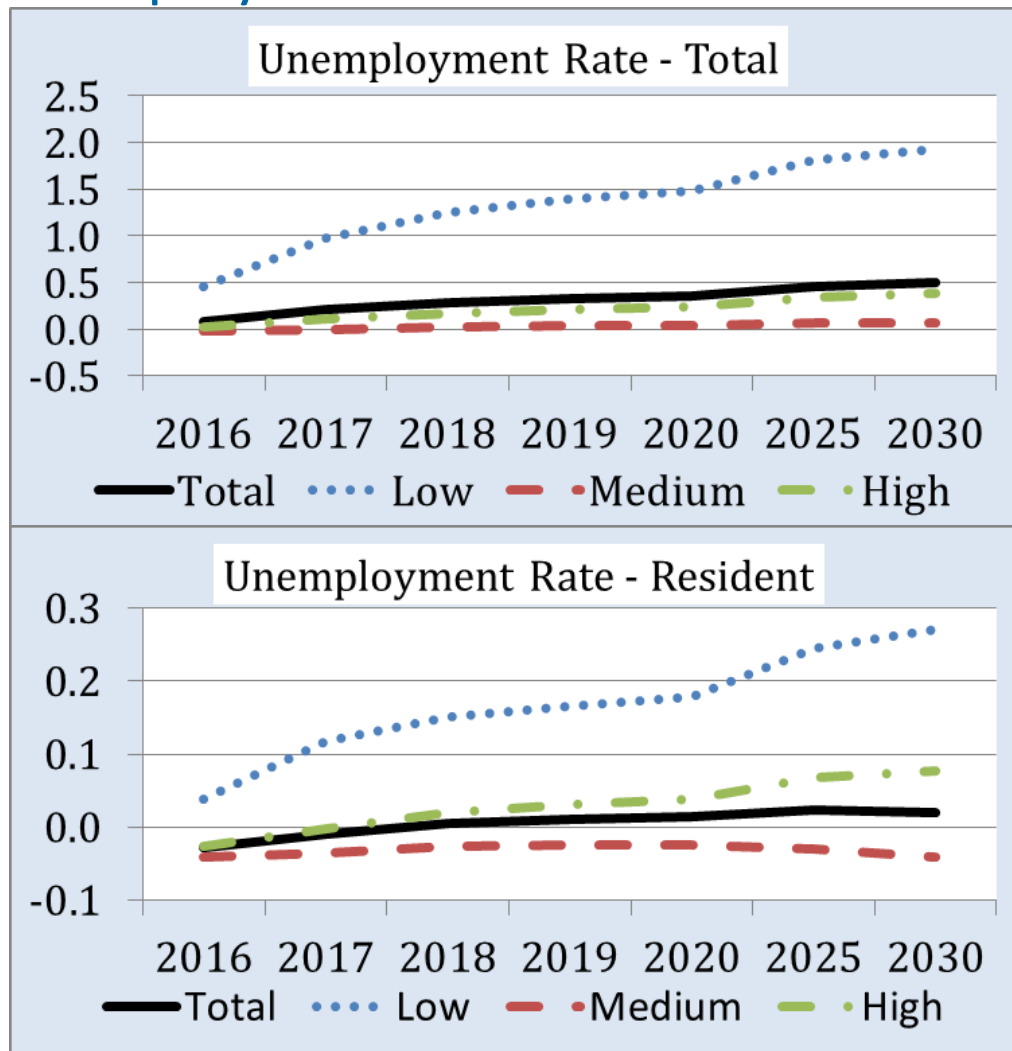
Concentration on **low-skilled** persons

**Resident** low-skilled negatively effected

Source: PuMA simulation.



# Unemployment



Employment increases by less than labour supply

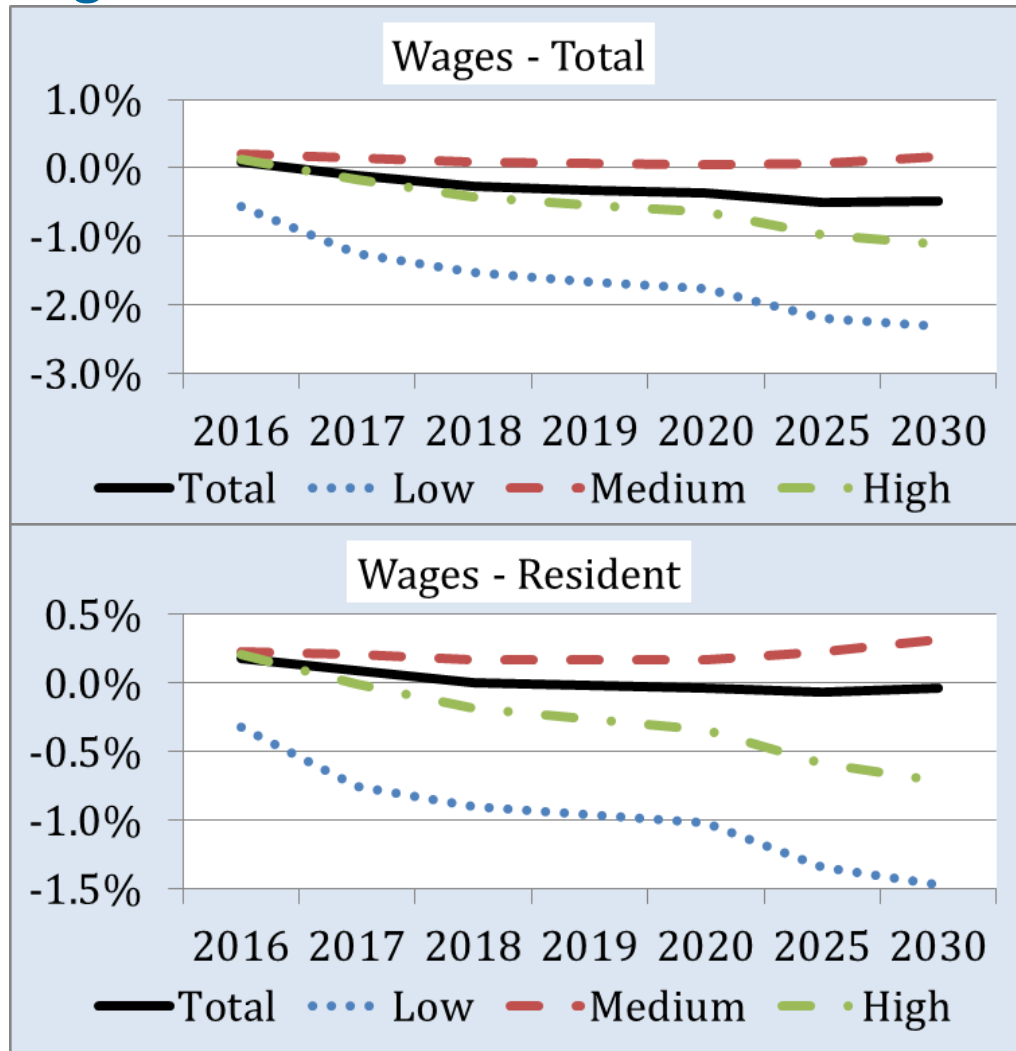
**Unemployment** rises (0.4PP in 2020, 0.5 in 2030)

**Resident** population: increase of unemployment of low-skilled

Lower employment and higher unemployment of resident population: some **displacement**

Source: PuMA simulation.

## Wage effects

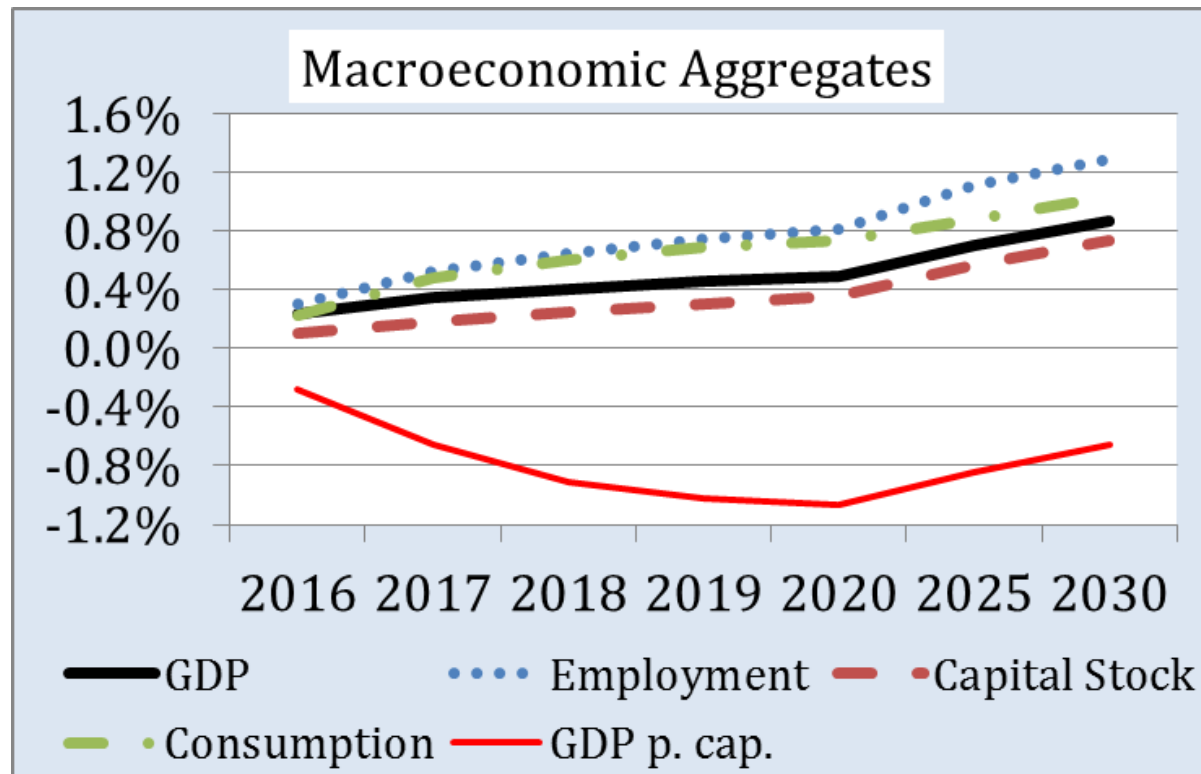


In total wage effects are rather **small**

**But:** Skill groups are differently affected

Source: PuMA simulation.

## Macroeconomic effects



Source: PuMA simulation.

Higher labour supply and employment induces additional **investment**

**capital stock** rises but less than employment (consequence of skills and labour market integration)

For this reason also **GDP** rises less than employment (lower labour productivity)

**Private consumption** rises due to

- Higher labour income
- Higher public transfers

GDP effect lower than population effect – **GDP per capita** development is dampened

## Conclusions

- Surveys and previous experience (especially from Sweden) indicate comparably **low qualification** and **labour market integration** of refugees
- Nevertheless **employment** rises significantly
- But: less than labour supply leading to higher unemployment and some degree of displacement – especially low-skilled persons
- Weaker **wage development** also affects resident low-skilled persons
- Especially **refugees** are hit by unemployment
- Labour market policy should **focus on refugees** and **low-skilled persons**

Thanks for the attention!