

**Discussion: Section 3—Labor flows: mobility, migration,
displacement**

**Workshop on Global Labor Market
Paris, 1-2 September 2016**

Both Papers

- Papers on important and topical issues
- Nicely written
- Shed light on the role of labor mobility and labor market response to shocks

Arpaia/Turrini and others

Questions

- Role of labor mobility in EU?
- How it has changed?
- Role of EU membership in fostering labor mobility?

Approaches

- Gravity model of migration
- BK

Key Findings

- Limited role compared to other CU (70 percent U&L 30 percent P)...
- ...but increasing over time—including during the crisis.
- EU membership has increased mobility.

Arpaia/Turrini and others

Gravity approach used in the paper

- Assess the impact of income (unemployment) differences on migration flows → is not the objective of the paper to assess the response of migration to shocks/cyclical conditions?
- Empirical framework should include differences in GDP growth (measures of slack) and changes in unemployment rate (Chiswick and others 1992, and more recent literature)
 - More relevant for OCA
 - More consistent with BK
- Specifications for global and EU samples are somewhat different
 - The first assesses the role of crisis and EU on the response of migration to unemployment
 - The second assesses the role of crisis and EU on all variables in the model
- “EU increases mobility” a bit strong. Hard to disentangle EU effect from other things happening at the same time
- Worries about endogeneity? Country-pair fe?

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BK

- Endogeneity concern? Dao and others 2016 suggest that it may be the case
 - Imix (Bartik) or military spending as instrument (BK, Davis, Loungani and Mahishara 1991)
- Why the response of migration has increased during the crisis?
 - Because of reduced risk-sharing (Dao and others 2015; Furceri and Zdzienicka 2015)?
 - Because of policies enabling mobility?
- Comparison with Boyer and Smets (2014) → test empirically that “mobility adjustment within the EU triggered more by country than by regions specific shocks”
- Sample: quarterly (since 1998q1) only 7 EU countries. Annual and more countries?

David and Marouani

Questions

- What are the transmission channels of the effect of the crisis on Tunisia's labor market?
- Role of migration vs. remittances vs. labor demand

Approaches

- DGE
- Simulations/ counter-factual analysis

Key Findings

- Migration one of the main drivers of unemployment
- Large impact from remittances
- Low skilled bearing the largest costs

David and Marouani

- The simulation assumes that structural parameters have not been affected by the crisis. Reasonable assumption?
 - Elasticity of labor supply to changes in wages may have changed
 - Degree of altruisms may have declined
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- Mixing the effect of the economic crisis and political events in 2011
 - Different shocks
 - Different migration response motives
- Identify counterfactual based on growth forecasts for the 2007 crisis, the 2010 EU debt crisis and the 2011 turmoil