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
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)
  o More relevant for OCA
  o More consistent with BK

• Specifications for global and EU samples are somewhat different
  o The first assess the role of crisis and EU on the response of migration to unemployment
  o The second assess 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?
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?
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
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
  - ....

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