

## ECONOMIC CONSEQUENCES OF MIGRATION FOR EUROPEAN COUNTRIES

**Ph.D. of economic sciences, Associate Professor, Ashkhen Yatsenko,  
South Federal University, Russia**

***Abstract:** The article considers the influence of the process flow of migrants from outside the European countries on the state of their economic development. The effects that arise as a result of economies of external migration. Obtained positive and negative effects of foreign immigration to European countries.*

***Keywords:** migration, immigration, European countries, the economy, labour market.*

Migration is one of the defining events of the XXI century. Currently, migration has become an essential and inevitable component of economic and social life of all countries and regions.

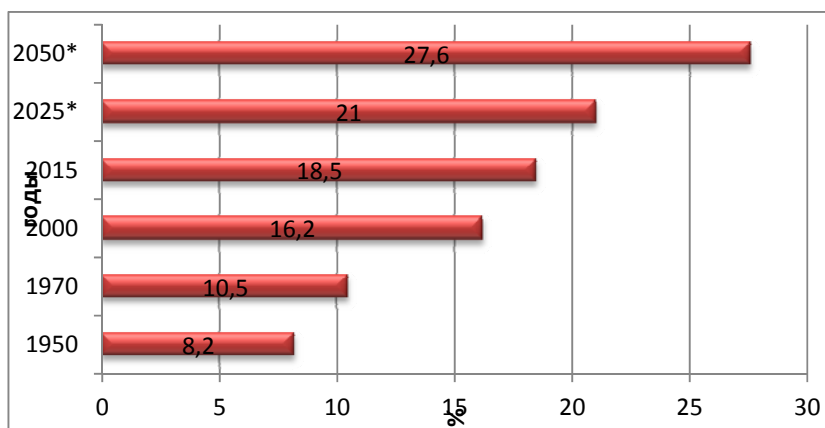
At different stages of development of society and in different countries one or more causes of migration were generally dominant, such as climatic, demographic, ethnic, socio-economic and military-political. At the current stage, the most massive migration flows arise from the military-political conflicts.

One of the main criteria of attractiveness of a country for migrants is a level of its economic development and the possibility of good earnings, but other than that, there are a number of other important factors, such as: historical relations of countries, availability of migration networks, possibility of obtaining a humanitarian status for the migrant, ability to speak the language of the country, etc.

In the last years one of the most powerful migration flows is directed to the countries of Western Europe. According to the International Labour Organization, 48 out of 232 million migrants of the world live in Europe.[1]

Migration is of great economic importance for Europe. This process can cause both positive and negative effects for the European countries.

Over several decades two interrelated demographic trends are typical for European countries - aging of the population (Fig.1) and a decrease in their numbers.



**Fig. 1.** Proportion of people over 65 years in Europe, of the total population,% [2].

\*UNCTAD forecast

Since migrants are mostly young people, their inflow compensates a decrease in the number of workers who have to feed the growing number of pensioners.

According to experts, in order to maintain the existing balance of a shrinking labour market in Europe, the EU countries need to import 1.5-3 million foreign workers each year. UN forecast is 4.5-6 million migrants a year.[3]

Currently in Europe, the entire industries, especially labour-intensive, depend on foreign labour. Foreigners work in areas that are less prestigious for national workers - harmful heavy production, agricultural work, cleaning, etc.

Then, migration reduces wages in those sectors. Experts estimate that migration to Europe causes economic damage - about one percent of GDP [1].

The labour shortage in many industries in Europe can be solved by its redistribution between regions.

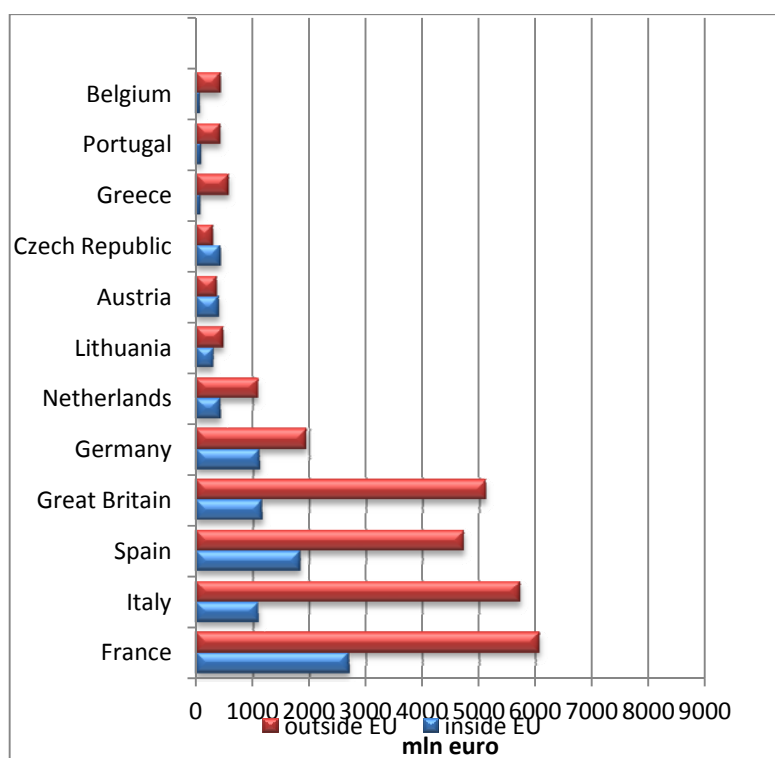
Some researchers believe that migration from an economic point of view is mainly beneficial to employers only, who can save on costs by buying cheaper labour.

Europe is also interested in the inflow of highly skilled specialists who are necessary to European economy. These are programmers, engineers, scientists, financiers, managers, doctors, nurses, teachers, which are currently lacking in Europe.

The internal labour market of multinational companies becomes increasingly important and is characterized by frequent relocation of workers between countries.

An important consequence of the international labour migration is transfers of migrants to their homelands, which increased 14 times from 80-s. The largest number of resources among the European countries is exported by migrants from France, Italy, Spain and the UK. Figure 2 shows the highest indicators on remittances to migrants from European countries.

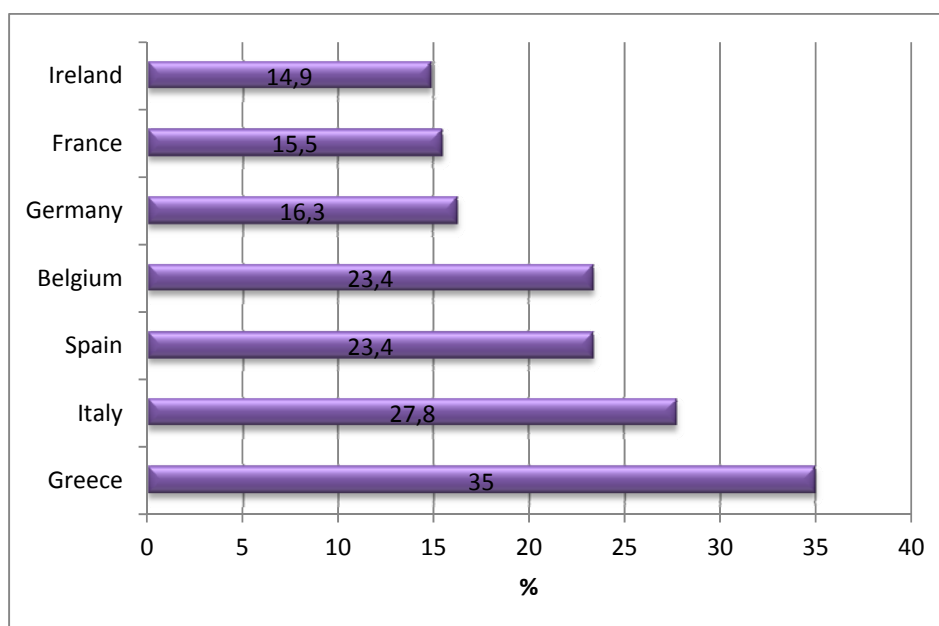
Numerous and practically uncontrollable segment of the global labour market is comprised of illegal migrants, who, according to the International Labour Organization, are about a third of all international migrants.



**Fig. 2.** Remittances by migrants of the European Union in 2014, mln euro [4]

They are mainly employed in small business, the shading of which is growing in all countries. Thus, according to European Commission, it reaches from 8 to 30% of GDP in some European countries and 20% in

Europe generally. Excluding Eastern Europe, countries with the largest informal sector are Greece, Italy, Spain and Belgium (Figure 3). Average position is occupied by Ireland, Canada, France and Germany. After the 2008 crisis informal sector began to grow especially fast.



**Fig. 3.** The share of the informal sector in the economy of some European countries [4]

The IMF forecasts that, due to migrants in 2017, GDP in Germany will increase by 0.3%, in Sweden - by 0.4%, in Austria - by 0.5%. IMF experts believe that: „... on condition of successful and rapid integration of migrants in the European labour market by 2020, additional GDP growth could reach 0.25% for the EU and within the limits of 0.5-1.1% for Austria, Germany and Sweden - countries that accept the majority of refugees” [5].

Based on this analysis, we can distinguish positive and negative consequences of external immigration for European countries:

**Negative**

- deterioration of the situation on the domestic labour market;
- increase in the maintenance costs of the unemployed foreigners and their families;
- blocking of the insertion of labour-saving technologies;
- outflow of financial and monetary funds due to non-payment of taxes and remittances to the homeland;

- violation of traditions;
- strengthening of international and interconfessional conflicts, racism, chauvinism and xenophobia

**Positive**

- deceleration of price increase in consequence of the propensity of foreign workers to save;
- solving the problem of labour shortage in certain sectors and regions and compensating the natural lack of population;
- reducing the cost of labour;
- savings on education and science as a result of knowledge transfer;
- improving labour quality by selecting young and qualified workers;
- promoting vertical mobility of local workers;
- increasing price competitiveness by reducing the cost of foreign labour;
- improvement of demographic situation

At this stage, considering the almost uncontrollable mass migration, the European Union should reconsider its migration policy, in order to maximize the beneficial effects and minimize the negative consequences of mass migration.

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