

# The solution to issues risen by the demand of immigrants in labor market

[Sociology](#), [Immigration](#)



**Abstract**

Immigration has emerged as one of the critical factors facing modern economies. Ranging from the poor and developing nations to those torn apart by war, different individuals have sought out different reasons for migrating. However, according to economists, each migratory pattern has its fiscal effects. Notably, it is worth noting that labor is one of the most critical economic aspects affected by immigration. As such, immigration has garnered global attention as different host nations seek to explore the most appropriate labor policies to adopt. On the one hand, traditional human rights call for equal treatment of all persons with specific statutes safeguarding the rights of asylum seekers. However, all governments primarily exist for the satisfaction of the need of their subjects. It is at this crossroad that the paper explores the economic impact of immigration on the labor practices of particularly the US, Germany, and Sweden. In the end, conclusive recommendations are made on the potentially favorable manner with which to handle immigration and labor markets.

**Immigration and the Labor Market****Introduction**

Around the world, international migration has emerged as a global force that each nation needs to contend with. According to the UN, the total world population comprises about 3% percent, approximately 175 million, people living outside their countries of birth (Bodvarsson & Van den Berg, 2013). On this note, demographic records note that in Europe, the patterns noted towards the beginning of the new millennium were distinctly different from those noted half a century earlier. In spite of the previous levels of

immigration, in the modern times, the reception and assimilation of the immigrants have assumed economic significance. Of the total population in the European Union, more than 27 million are foreign nationals accounting for an estimated 7% of the overall populace (Beyer, 2016).

Through an overview of Sweden, Germany, and the United States, this paper seeks to show that immigration has recently garnered attention due to its economic relevance. As noted recently, the flow of migrants into Europe has achieved a similar stature to that previously observed in migratory patterns into North America (Bodvarsson & Van den Berg, 2013). As nations strive to grapple with the cause of immigration such as civil wars, labor schemes have been devised for the sole purpose of both safeguarding the rights of the host citizens while at the same time upholding internationally acclaimed human rights. As such, the paper seeks to assess the possible routes to pursue relative to the reception and integration of immigrants into a country's labor market.

### **Overview of Immigration**

Over the course of the past decade, about 70% of the European workforce, and about 47% of the US market are immigrants (Bodvarsson & Van den Berg, 2013). Around the world, different reasons have been fronted justifying the social phenomenon of immigration. Conspicuously, it is notable that conflicts and violence have prompted people to leave their nations for fear of persecution on the basis of race, religious affiliation or even their political stance. In recent years, the EU region has been the recipient of migrants fleeing the more volatile nations in the Middle-East especially Syria (Beyer,

2016). Again, within Africa and some South American nations, poverty has led to the need to migrate to more developed nations in search of a better lifestyle and opportunities. Despite the fact that all the valid reasons, legal or illegally conducted immigration have become a critical factor in the developed economies in the American and EU regions.

Often, it has been noted that their education levels are considerably variant with the younger population being more educated than those close to the retirement age. Within the host nations, scholars have observedly noted that migration is often not a product of workforce needs. Regardless of this, data collected shows that of the strongly growing occupations in science, technology, engineering and mathematics, 22% of the entrants in the US workforce, and 15% in Europe are immigrants. On the other hand, they still are significantly resented in the declining occupations with 24% being observed in Europe and 28 percent in the United States (Bodvarsson & Van den Berg, 2013). This in itself points to the fact that the immigrants, though contentiously being debated in social and economic circles, are both perceived as burdensome to the economy as well as essential for a country fiscal state through technological development.

### **Labor Issues Rooted on Immigration**

Notably, immigration plays a role in the state of the averages wages in the host country. Without reference to the rate of participation, through immigration, it has been observed that the labor force within a particular country increases. As economic pundits have stated, increase in the magnitude of the labor force has the eventual effect of reducing the average

wages provided other factors such as capital remain constant (Bodvarsson & Van den Berg, 2013). Again, they state that even though the other factors of production may change, should the composition of immigrants regarding skills and expertise distribution differ with that of the natives, the average wage would still be affected. However, for the European region, the immigrants have been demonstrated to have lower skillsets than the natives, and thus, resulting in the reduction of the average wage. Essentially, this is due to their availability as cheaper substitutes.

As studies have shown, immigrants often have the tendency to be concentrated in particular regions usually in the major cities. For a country such as the US, the geographical distance between the cities and the home country is critical. As such, new immigrants have based their settlement decision on the location of previous immigrant networks. While this is true, scholars have noted that the level of skills has been paramount in determining the social structure of the migrant population (Bodvarsson & Van den Berg, 2013). Those with higher skills are generally found to congregate in social circles distinct from those perceptively below their skills. In spite of this, affiliations with their communities are essential, but as observed in economic journals, even a large influx of immigrants has not significantly led to the disparities in the labor market outcomes. In actual cases, it is postulated that the concentration of immigrants is the single most thing leading to the overall changes due to their proximity.

In every labor market, social services are an essential factor whose legislation has been the root of union strikes. Basically, social security

contentions are based on the perception that they greatly affect the state of public finance with particular schools of thoughts stating that they are systems developed to reward the unproductive. However, social benefits are fundamental for the workers. According to economists, one of the determinants of the effects of immigration is its effects on the public welfare services (Bodvarsson & Van den Berg, 2013). Through minimal employment prospects, it has been noted that workers, and immigrants, tend to be more reliant on social security programs for sustenance. As noted in the previous section, one of the reasons behind immigration is the search for better life prospects, and within the host countries, observations have been made that the social security programs tend to weigh favorably for the immigrants as compared to the natives. In European nations, immigrants have been observed to be more reliant on the unemployment and other welfare benefits as compared to those in the American region. As observed, in the Nordic countries such as Sweden and Denmark, immigrants are usually below the natives on the poverty line two or three times (Docquier, Ozden & Peri, 2014). Given the changes in the composition and volume of migrant flow and higher unemployment rates, Sweden recorded more use of welfare services. As such, through immigration, the host nation ought to contend with the growth in demand for social services as a result of immigrant unemployment.

Ideally, there are two ways through which the economic impact of immigrants can be measured – through the immigration surplus method and by application of generational accounting methods. In the former, a

percentage of gain in the gross domestic product (GDP) is used as observed due to the growth in the labor supply directly from immigration. The second approach seeks to estimate the benefits and costs to a country's economy following the efforts of both the immigrants and the natives (Docquier et al., 2014). For the success of the two methods, economists presume that the immigrants pay taxes, for goods and services, and their period in the country. In the end, this leads to a determination of the economic impact which is the discounted difference between the immigrant's income transfer and the tax payments over the course of their stay. In recent studies, it was noted that a single immigrant provides only an estimated \$7400 over their lifetime in the US (Eisele, 2014). However, of importance is the fact that highly-educated and skilled immigrants offer new and essential capital for the economy thus cementing their relevance within the labor force. Conversely, the elderly and uneducated cause greater economic costs (Bodvarsson & Van den Berg, 2013). During policy formulation, it was found that in the EU zone, young immigrants or those from western societies had an overall net gain while other groups displayed a fiscal cost.

## **Immigration in Germany, Sweden, and the US**

### **Germany**

As observed, earlier migration waves in the country were observed during the 1960s and 1990s. However, from the onset of the Global Financial Crisis, the rate was noted to skyrocket especially in 2015 with a majority found to be asylum seekers. Against the background of humanitarian concerns, Germany faces the need to meet humanitarian concerns especially with its

status as the most popular migration destination (Beyer, 2016). Against this background, a survey by the German Socio-Economic Panel has observed that for the employed immigrants, their wages are 20% less compared to their native counterparts. The disparity is further worsened by the lack of proficiency in the German language. Again, the survey has observed that for the immigrants, there exists a 7% likelihood of being unemployed thus casting them to be welfare beneficiaries. This is all even though in 2013, demographic records noted that more than 10 million people living in the country were foreign-born (13% percent of the population similar to the US). In spite of the developmental state of the country, a European Union Labor Survey noted that half of the immigrants were essentially not under the motivation of employment (Beyer 2016). However, their dependence on the public benefits sector directly impacts the overall state of the economy. It is for this reason that wage convergence has been less pronounced as compared to the US. As such, the possibility of integration is more difficult in the US. This is significantly contributed to the fact that in Germany, there is a highly effective immigration regime for the migrants that are highly-qualified (Bodvarsson & Van den Berg, 2013). In spite of this, the high number of asylum seekers being received in the country calls for a restructuring of the labor schemes to assimilate more unskilled and less qualified immigrants.

### **The United States**

Though previous migratory patterns were based on the premise of the American Dream, recent studies have revealed that native perceptions of the immigrants have reduced the weight of the ideal (Bodvarsson & Van den



Berg, 2013). Essentially, this is rooted in the fact that immigrants have led to the crowding of the labor market leading to an increase in the income disparity. According to the US Bureau of Labor Statistics, 50% of the country's population growth is attributed to the immigrants. As such, this brings to light the fact that about 10 percent of the population is foreign-born. As it gets debated on whether or not the immigrants are taking up jobs from the citizens, 36% of them have been observed to possess a college degree while as compared to 26% of the native labors (Eisele, 2014). Essentially, this raises a concern for the US legislators to develop policies both accommodative to the immigrants while at the same time catering to the needs of their citizens. In addition to this, it has been noted that technology has brought with it the aspect of specialization. As such, the US labor force is being strained through the entrance of immigrants seeking competitively better opportunities with the natives with the available options being selective jobs. As such, this critically hampers the development of favorable labor immigration schemes basically due to the lack of consensus on the level of favorability for both the natives and the immigrants. Technically, every nation is bound to attract highly skilled immigrants to boost their economic vitality. Recent efforts by the Trump administration to curtail the movement of people from the southern nations, inclusive of Mexico, serves as a testament to the fact that the US, as a land of hope, has failed to entice particularly the skilled. With this, the one million legal immigrants received annually are often not indicative of more than 300, 000 illegal immigrants (Eisele, 2014). All these are potentially detrimental for both the labor market as well as the welfare benefits system.

**Sweden**

Empirically, studies have shown that in Sweden, economic growth due to the effects of immigration has been more than in other countries. In the report, this was attributed to the higher levels of education and skills amongst the migrants (Docquier et al., 2014). With these, the economy has been noted to receive a boost through the absorption of the migrant expertise. However, recent observations have noted that natives in the developed nations such as the US are tending towards occupations that are more qualified as a reactionary measure to immigration. In the Danish labor market, flexibility in the processes of hiring and firing has been a characteristic feature of their labor system (Docquier et al., 2014). However, though with geographical proximity, Sweden fails to embrace such a system. In the end, this has created a situation in which the country stands to lose the productivity brought about by technological innovation. Though the studies mentioned above have shown the influx of highly-skilled immigrants, amongst inventors, Swedish immigrants are highly underrepresented as compared to the US and Germany. Given the relevance of technology in the modern world, this acts as an indicator of the likely decline in the technical growth and thus eventually directly affecting the labor market. Ideally, this has been attributed to the Swedish economy's high level of internalization.

**Recommendations and Conclusion**

As observed in the course of this paper, economic literature with regards to the relevance of immigration in the host country is diverse. However, with the dynamic state of immigration patterns, policies on the social

phenomenon called for a periodic review. As an example, recent events involve Britain's departure from the European Union. While previously bound by the EU's regional regulations, its departure marked a shift in the immigration policies being developed especially in light of the Greek and Syrian migrant crisis (Bodvarsson & Van den Berg, 2013). As such, it is critical to note that all nations receiving immigrants ought to appreciate the need for constant evaluation. Legally, it has been shown that at times, set laws to get by-passed by time calling for new precedents. Therefore, in the US, Germany, and Sweden, an evaluation of both the labor market ought to be first considered before continuance in policy formulation.

First, it is essential that for the host nations, security is enhanced to curb the cases of illegal migrants. Within the US, public debate in recent years has been fundamentally glued to the registration status of the migrant population living and working in the country. While considering the most appropriate labor schemes to adopt, the national borders should be carefully secured. This is beneficial for legislative purposes as it ensures that any policies being developed to counter the potential ails are tackled with the right informational framework.

Again, while at this, the involved governments should seek to appreciate the fact that immigrants are potentially in search of better opportunities permanently. Cognizant of this, economic policies with regards to the protection of the native's jobs should be done with long-term prospects and not merely as a periodic solution. That is, investments should be focused on boosting the quality of the education system to ensure that the natives

acquire competitive skills. In the case where a country may be seeking highly skilled immigrants, the labor market would focus first on the natives before opting for the foreign nationals. In this way, the labor policy would ensure that competitive opportunities are availed to the natives. Eventually, the sifting would facilitate the absorption of either equally or highly skilled immigrants.

In addition, with the immigration of asylum seekers, their reception and integration into the labor market should be selectively done. While compliant with international human rights conventions, the host countries should ensure that they absorb younger and skilled individuals at a comparatively productive composition (Bodvarsson & Van den Berg, 2013). Though ethical questions may be raised, it is essential to note that the age, education and skills distribution amongst the migrants is critical. In the previous section, it has been pointed out that Sweden has been adept at attracting highly skilled immigrants. For both the US and Germany, this is a trend that should be exemplified. However, this should never act as a basis for discrimination. Ideally, it is a means to ensure that the international community responsibly caters for the asylum seekers without burdening a particular host nation.

Finally, recent waves in migration, especially in the European region, have indicated vivid disparities with the state of migrants in previous decades (Bodvarsson & Van den Berg, 2013). Fundamentally, moving from warring and often emerging nations has resulted in the need for reception of less skilled as well as less educated individuals. Given the associated impact on the social welfare and labor market, the host governments need to institute

programs through which the immigrants would be empowered both economically and in their education capacities. Though this is an apparent economic burden, it is nonetheless critical for alleviating future problems. In the worst case, the host nation would be diverted funds that would otherwise serve as economic stimulus into social welfare. Through education and empowerment programs, the possibility of such a situation would be efficiently reduced.