13. MIGRATION, RESTRICTIONS AND THE IMPACT ON LABOUR MARKET[1]

Tatiana-Roxana NAE[*]

Abstract

Migration is now at the forefront of European and national policy agendas. Therefore, it is important to remark that cultural and institutional barriers exist in migration between developed countries and the different regime of labour functioning proves that. This paper provides evidence for the role of quantitative and qualitative restrictions, presents a driving model of growth through migration channels and their impact on labour market and, most important, brings out an empirical analysis of migration within the OECD countries and Romanian migration to Canada. Following a simple decomposition of income growth, migration can impact on growth through labour supply, productivity and changes in transfers.

Keywords: migration, restrictions, labour market, migration model

JEL Classification: J61, F22, J23

Theoretical background

In time, migration has been an important factor influencing the historical and contemporary development of nations representing the world's diverse geographic regions, cultures, and socio-political systems. In many cases, immigrants have been welcomed by state authorities and allowed, if they filled in an educational or economic gap, to make full use of their abilities in order to enhance the economic development of the countries in question. On the one hand, governments and business interests generally welcome aliens for the economic benefits they can generate. On the other, a large influx of foreigners can be highly disruptive, weakening a nation's sense of cohesiveness (Chapman, 2000). In the economic literature, the subject of migration is approached through the problems that this brings into economic, social and political context: relation between wage changes and immigration, impact of immigrant influx

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[*] *The Academy of Economic Studies, Bucharest, e-mail: nae.roxana@yahoo.com, www.ceco.ase.ro*

that increases the number of workers in a skill group, the restrictions on international labour mobility, occupational placement of immigrants, brain drains, job search behaviors, spatial mobility and competition for jobs, etc. Borjas, a leading migration scholar, analyzes the impact of immigrants on the US economy. His works contain many aspects including an overview of immigrants within the USA, the economic impact of immigration, and international competition for immigrants. Within the parameters of these aspects, Borjas covers, in a recent article, additional topics reflecting the complexity and diversity of immigration as an economic issue (Borjas, 2005).

Between economic analysis and public belief there is a gap regarding labour market impact of immigration. According to the survey studied by Dustman and Glitz (2006), fears that immigrants would take jobs away from native workers are widespread, at least in Europe. These fears are hardly supported by economic research. Many articles have focused on the impact of immigration on wages, in particular in the United States. The consequences for native's employment and/or unemployment have also been dealt with in numerous studies in the OECD countries. Recent surveys in the literature can be found in Dustman and Glitz (2006) and Causa and Jean (2007). Not the recent ones, but maybe between the most relevant and well constructed works for migration problem are those of Djajić (1998).

In the Romanian economic literature we can find papers, articles and books of authors which have been interested in the research field of migration that are offering important starting points of discussion and results for this subject as it can be seen in the final part of this paper (Andreescu and Alexandru, Vasile, Zaman Gh. coord. *et al*., 2005; Ciutacu C., Chivu L., 2007; Grigoraş V., (2006), Purică I., 2008).

The role of restrictions on international migration in the context of a two-country model

As I said above, interesting aspects of migration are found in Djajić research papers. One of his main papers (Djajić, 1989) develops a two-country model of international migration in an attempt to study the role of both **qualitative and quantitative restrictions** on international labor mobility. People are distinguished in terms of their ability and age, enabling the model to examine factors which influence the age and skill profile of those who migrate, as well as the equilibrium flow of migrants and pattern of factor in the two economies.

There are two perspectives regarding migration:
that of the countries of emigration, large outflows of relatively skilled workers presenting the so-called "brain-drain" problem;
i)   that of host countries.
The problem of controlling migration emerged as an important policy issue in the host countries. The slowdown in their pace of economic growth has made difficult for them to absorb the growing inflows of migrants. As a result, some countries became increasingly more selective in granting entry and work permit to foreign citizens. In this respect, host country established barriers. Both *quantitative restrictions*, regulating the number of migrants that may be admitted into the economy per period of time, and

qualitative restrictions, according to which one's admissibility is largely determined by one's ability, are presently enforced by most of the labor-importing countries.

Djajić introduces both qualitative and quantitative restrictions on immigration into the analysis. The effects of such restrictions on the size and the composition of the migrant labor force, as well as on the pattern of factor rewards in both economies, are examined in a general-equilibrium setting. The role of an emigration tax is also considered, with particular emphasis on the welfare implications of such a tax in the presence of alternative immigration policies in the labor-importing country.

According to the Djajić model, given two countries, one from which people emigrate (M) and the host country, the one in which people came (E) and assuming that wages in country E are higher than those in M, in order to sharpen the focus of the analysis on the problem of international labor mobility, it is assumed initially that physical capital is immobile internationally. Although capital accumulation and population growth are not considered, it is assumed that countries E and M are endowed with fixed stocks of physical capital, K_e and K_m, and that in every instant, a constant number of individuals is born in each economy, N_e and N_m respectively. Moreover, every individual works for a period consisting of T - θ units of time, where T is the retirement age and θ the minimum working age in both countries. Each individual is indexed by i ∈ [0, 1], such that his/her capacity to acquire skills, measured by a continuous function s(i), is increasing in i. The total of these accumulated skills by individual i at the age of t is assumed equal to

$$Q(i, t) = s(i) q(t), \tag{1}$$

where q(0) = 0, q'(t) > 0 and q"(t) < 0, meaning that the age of an individual starts at 0, the function of age being continuous and increasing in time (q'(t) > 0), reaching a maximum point as the restrictions show. Since one individual of type i is born during each unit of time, there exist at any instant T - θ such workers, each of a different age. In the absence of international labor mobility the total quantity of productive skill available to firms in M, or what is called the *efficiency-labor endowment* of this country, can then be expressed as

$$L_m = N_m \int_0^1 \int_\theta^T s(i)q(t)\,dt\,di \tag{2}$$

Similarly, let L_e denote the efficiency-labor endowment of country E in the absence of international migration. The two countries may not necessarily share the same technology. Output in both countries is produced with the aid of capital and efficiency labor according to constant returns to scale production functions with the usual properties.

Considering the international migration, given the relative factor endowments of the two economies, the real wage per unit of efficiency labor in E is sufficiently greater than that in country M to induce at least some citizens of M to seek employment in E. All individuals who migrate from M to E continue to work in E until their retirement age of T. It is assumed that migrants in country E receive the same wage per unit of efficiency labor as do the native workers. In particular, citizens of M are required to have at least $\overline{Q}$ units of skill in order to qualify for work in E. The assumption that immigration authorities in country E judge applicants in relation to a minimum-skill

requirement, $\overline{Q}$, is made in an attempt to model in the simplest possible way the presence of such qualitative immigration restrictions. The more realistic case is that in which $\overline{Q}$ is endogenously determined by the current labor-market conditions in country E. By setting s(i)q(t) = $\overline{Q}$ in (1), it is obtained an inverse relationship between i and the age α at which individual i becomes qualified for work in E.

$$Q(i, t) = s(i) \, q(t) = \overline{Q} \tag{3}$$

$$q(t) = \overline{Q}\frac{1}{s(i)} \tag{4}$$

By notation

$$q(t) = \psi(i, \overline{Q}) = \alpha \tag{5}$$

where: $\psi_1 < 0$ and $\psi_2 > 0$ and α is the age at which individual i becomes qualified for work in E, in condition to a minimum-skill requirement, $\overline{Q}$. This is depicted by the $\overline{Q}$ $\overline{Q}$ schedule in Figure 1. We can see that while some individuals may never qualify for work in E ($\psi_1 < 0$) because they do not reach minimum-skill requirement $\overline{Q}$, some of them, as we observe in Figure 1, as citizens of M indexed by i $\geq$i' become qualified for work in E at various stages of their working life ($\psi_2 > 0$). However, those with an index lower than i' never qualify for work abroad; they never attain Q units of skill.

The decision of migration must be made on the basis of a cost-benefit comparison. Let us assume that for each migrant these costs, including any costs of acquiring information or training which is specific to the host-country labor market, consist of a fixed component $\overline{c}$ and another component c(τ) which is variable increasing in i. Thus, the moving costs of each individual are given by
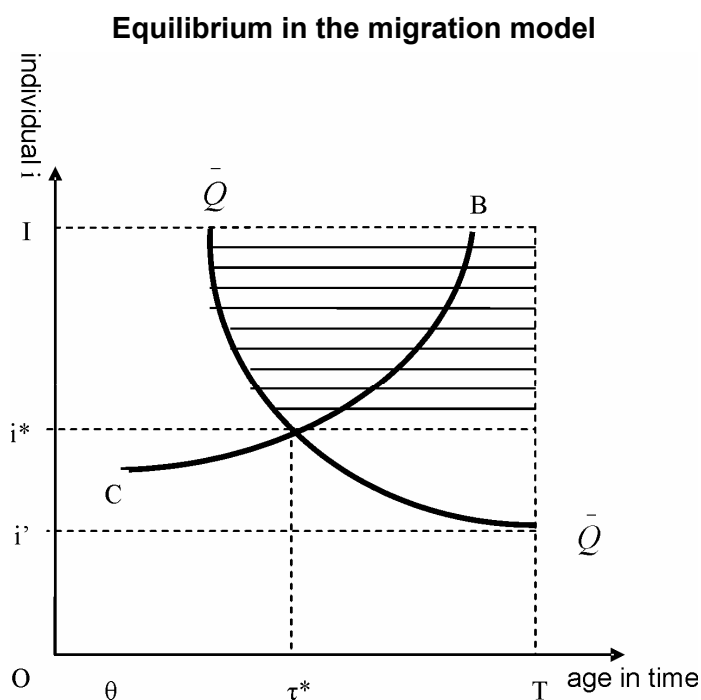
$$C = \overline{c} + c(\tau), \text{ where } c'(\tau) > 0 \tag{4}$$

The function c(τ) is increasing in age τ (as the restriction c'(τ) > 0 shows), meaning that from economic point of view the cost of moving to work in another country rises while individual age is rising too. This is what happens in a stationary equilibrium. We observe that the higher the arbitrarily-chosen value of i* is, the greater the wage differential in favor of country E is, as well as the productivity at each age of the marginal migrant. Both factors tend to increase his benefits from migration. For the net benefits to remain equal to zero, his/her moving age must be higher. Thus, there exists a positive relationship between the index of the marginal migrant and the age at which he/she is just indifferent between moving to E and remaining in M. This relationship is depicted in Figure 1 by the CB schedule.

The point of intersection between the schedules CB and $\overline{Q}$ $\overline{Q}$ determines the index i* of the marginal migrant and his/her moving age τ *. As soon as they are qualified for work in E citizens of M indexed by i > i* also migrate. Their qualifying age can be read off the $\overline{Q}$ $\overline{Q}$ schedule.

Consequently, each point covered by the shaded area in Figure 1 describes one of the migrants. Individuals indexed by i < i* either never qualify for work abroad, or qualify only after it no longer pays for them to migrate. In case that the equilibrium moves up-left, a reduction in Q entails an improvement in the "quality" of the migrant labor force. A binding Q is a qualitative restriction which indirectly limits the quantity of migrant labor employed in country E.

Figure 1

Equilibrium in the migration model

Now, bringing this into attention, the consideration of the model and the qualitative and quantitative aspects will be used in the following parts of the paper.
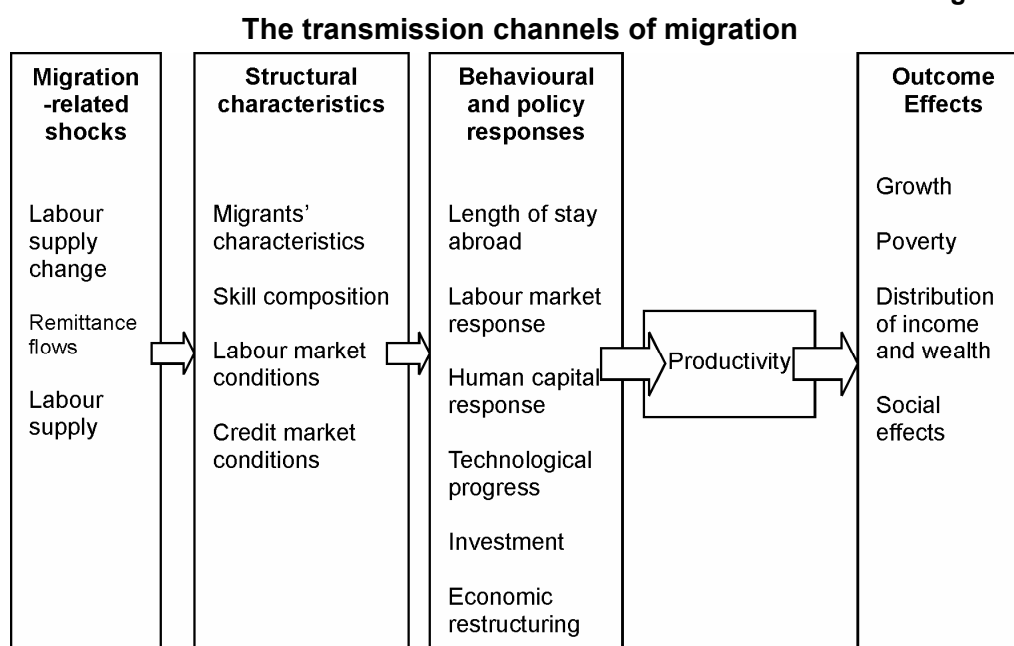
▬▬▬▬▬**M**igration and labour market framework

Considering the above model under current circumstances, it can be said that labour placement depends on the content and quality of the education received, so the developing countries need to give greater consideration to how skills standards can be designed to meet the needs of domestic and foreign labour markets. During early stages of immigration, participation in the goods market is likely to be relatively stronger. Later on, relative participation in the labour market (or, indirectly, in the supply of goods) is likely to dominate (Hercowitz and Yashiv, 2002). In a simple model based on the labour market framework proposed by Bruno and Sachs (1985) and Altonji and Card (1991), Hercowitz and Yashiv incorporate differential patterns of participation and show that immigration may boost natives. Their empirical results

confirm their assumptions about the time pattern of relative participation rates, with a positive or insignificant impact on employment in a first stage, a negative impact later on, and no permanent impact. In addition, policy settings may affect the impact of immigration on the labour market. Because immigration is a labour supply shock, any policy that modifies the slope of the labour demand and supply curves (or of the wage- and price-setting schedules) may change its impact on labour market outcomes.

Angrist and Kugler (2003) illustrate the possible influence of policies by considering a simple model where the labour supply of natives depends on the replacement rate of unemployment benefits, and where labour demand depends on the stringency of employment protection legislation. Coming back to the first model presented in the paper, we must add that new immigrants, whatever their skills being, bring additional product demand, thus rising (profitability in the short run and) the capital stock in the longer term, with a positive impact on the demand for all types of labour. Product market regulation (entry barriers in particular) presumably influences the speed and ease of adjustment. Immigrants, higher responsiveness (in terms of locational choices for instance) may also result in improved resource allocation, with positive aggregate income effects (Borjas, 2001). Such impacts are closely linked to policy settings. The impact of migration on development through the various channels is presented in Figure 2.

Figure 2

The transmission channels of migration

Source: Katseli L. T. et al., (2006), Effects of Migration on Sending Countries: What Do We Know?, OECD, Development Centre Working Papers 250.

Migration-related shocks linked to labour supply changes lead to specific behavioural and policy responses depending on specific structural characteristics. These structural

characteristics include labour and credit market conditions as well as the migrants' characteristics (gender, age, skill, regional origin). In later stages of migration, when either migrants start returning back home or immigration is taking over emigration, the labour supply shock may be positive, and its impact would depend again on labour market conditions. Thus the skill composition of labour in the migrants' sending country and the effective substitutability of labour critically affect income and productivity (Katseli *et al.*, 2006).

Even in cases where substitutability is low, however, productivity increases might eventually be substantial if the improved prospects associated with migration induce non-migrants to invest in education and skill accumulation in expectation of better future prospects abroad. According to this new strand of the skilled migration literature, the higher probability of migration increases the incentives to acquire education and through that the share of skilled population in the migrants' home country. This hypothetical increased human capital would have positive effects on productivity and subsequently growth. This outcome is possible under the assumption that not all skilled individuals will actually migrate and that access to education and training is feasible. Migration may also have some effects upon sectoral restructuring, and through them, may also affect productivity. In the case of countries which went through the migration process some time ago, changes in the structure of the economy occurred through the mechanization of agriculture shifting unskilled labour from agriculture to manufacturing, as happened in the case of Greece. Structural labour supply shocks, characteristics and behavioural responses thus influence the impact effects of migration on sending countries. The heterogeneity of outcomes effects along with the differences which exist between the short and the long run may be partly explained by a simple time-varying framework and taking into account the following equation:

Growth = labour supply changes + productivity effects + transfer effects

Following a simple decomposition of income growth, migration can impact on growth through labour supply, productivity and changes in transfers. The magnitude of the shock however depends on the stage of the country in the migration cycle.

Analysis of migration patterns in the OECD countries

The concern over the adverse labour market effects of immigration has always played a central role in the immigration policy. The approach of this paper stresses that the labour market impact of immigration needs to be measured at the national and international level and exploits the fact that we have to take into account the restrictions of different type, such as qualitative and quantitative ones presented in the first part of the paper and on the other hand the transmission channels within an economy.

Competition among the OECD countries is high in order to attract and retain the highly-skilled. But labour market shortages are also appearing in many lesser skilled jobs (Boeri and Brucker, 2005). The demand for workers for low-skilled jobs has been met partly through migration. The management of low-skilled labour migration is a

challenging issue in OECD countries. The primary concern regards the long-term employability of less-skilled migrants and their integration into host countries. Temporary work programmes for immigrants are currently implemented in many OECD countries. The growing importance of temporary migration has created growing and renewed interest in return migration and its impact on the development of sending countries. The migration influx rapidly raised in Ireland, Spain and Greece and, less in Italy, the United States or the United Kingdom, in contrast with the hardly changed share of immigrants in the labour force observed in Germany, Belgium, Austria and Australia, and with its slow decrease in France (Table 1). This took place in the context of stronger demographic growth in developing countries, partly explaining rising migration pressures from the South toward the North.

Table 1[2]

Immigrants in the labour force in the OECD countries
(comparison 1994-2004)

Country	Share of immigrants (%) by years		Change (%)
	1994	2004	
Australia	51.4	51.6	0.2
Austria	19.0	17.0	-2.0
Belgium	15.5	16.0	0.5
Czech Republic	0.8	1.5	0.7
Denmark	3.7	6.3	2.6
Finland	1.5	3.1	1.6
France	12.3	10.7	-1.6
Germany	17.1	18.1	1.0
Greece	3.4	12.9	9.5
Ireland	5.9	11.1	5.2
Italy	1.4	6.5	5.1
Netherlands	7.9	7.3	-0.6
New Zealand	37.2	41.7	4.5
Norway	5.5	8.1	2.6
Portugal	1.9	6.0	4.1
Spain	1.4	19.1	17.7
Sweden	8.9	9.3	0.4
United Kingdom	7.5	11.3	3.8
United States	22.6	32	9.4

Source: Data based on European Union Labour Force Survey, US Current Population Survey, NZ Income Survey, Household Labour Force Survey and OECD.

Higher than average GDP growth during the last decade may also explain why some OECD countries, like Ireland, Spain, the United Kingdom and the United States, have

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[2] Table 1 takes into account persons aged 20-59. Immigrants are considered as foreign born for Australia, New Zealand, Italy and the United States, and as foreigners for the rest of the countries.
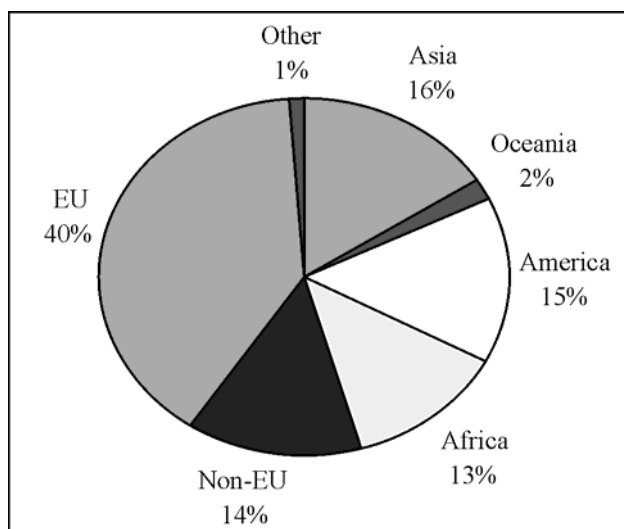
exerted a special attraction. In other OECD areas immigration pressures after 1990 also reflect political events in Central and Eastern Europe.

In 2006, there were large increases in migration inflows in the United States, South Korea and Spain. The largest proportional increases occurred in Portugal, Sweden, Ireland and Denmark, while declines were seen especially in Austria and Germany. Over 2.5 million temporary labour migrants arrived in OECD countries, but temporary migration is increasing more slowly than permanent-type migration. Many European countries, among them Italy, Ireland, Spain and the United Kingdom appear as important labour migration countries, with some 30 to 40% of permanent-type immigrants arriving for work-related reasons (OECD, 2008). Free-movement migration is proportionally important in Europe. The United Kingdom, for example, currently satisfies all of its less-skilled labour needs through free-movement migration.

In 2006, 40% of immigrant inflows in EU-27 were of European origin (Figure 3) whereas movements from Asia to OECD countries outside of Europe accounted for almost 50% of total flows to that area. Although Europe is the destination for about 85% of movements from North Africa, about 60% of those from sub-Saharan Africa are to OECD countries outside Europe. Likewise, South Asia sent four times more, and East and Southeast Asia six to seven times more immigrants to OECD non-European countries than to European ones.

Figure 3

Foreign immigrants by location of the country of citizenship, in EU-27, 2006

Source: Data based on Migration Statistics database, Eurostat.

As literature on immigration shows, immigrants earn less than the native-born (Peters, 2008). Wages of immigrants are low compared to the native-born in the United States – median immigrant earnings are about 20% less than those of the native-born and 15% less in the Netherlands. The immigrant/native wage gap tends to be smaller than

the gender wage gap. Without major new perturbations in flows in 2006-07, many OECD member countries, such as France, Hungary, Romania and the United Kingdom, decided to introduce substantial changes in their migration policies.

Table 2

Different regime of labour market functioning

	OECD average (%)	Anglo-Saxon Model Low Intervention High Employment outcomes	Nordic Model Strong Intervention Higher Employment outcomes
Employment rate	67.11	70.92	71.91
Unemployment rate	7.47	5.30	4.79
Union coverage	59.96	30.75	83.33
Income inequalities (Gini index)	29.35	31.50	25.58
Poverty rate	9.64	11.78	7.77

Source: OECD Employment Outlook, 2006.

Convergence of social models is limited, highlighting key issues such as: the interaction between policies pursued in different domains, the policy mix required for good labour market and employment performance, the design, organisation and timing of reform policies as well as the role of consensus and coordination between the government and the social partners. Table 2 presents the good economic and social performance of coordinated "Nordic" systems of industrial relations and employment policy. Proponents of the evidence-based approach to economic policy making may find compelling fuel for their arguments by considering the employment, unemployment, and poverty rates of the Nordic countries and others that have ensured strong coordination between social partners and economic policymakers.

The case of Romanian migration to Canada

Migration movements in and out of Romania were marked by the country's accession to the European Union. Although data on migration flows in Romania are difficult to obtain, there are several indications that this was associated with significant increases in migration movements, which continue to be strongly dominated by emigration. In 2006, about 68 000 persons emigrated from Romania under mediated temporary employment contracts (53000 through the Office for Labour Force Migration and 15000 by private agencies, according to National Statistics Institute of Romania). However, as in other countries with significant emigration, official figures on Romania strongly underestimate actual emigration as persons emigrating do not necessarily report this to the authorities and that is because differences between national models of labor market policy have not ceased to exist.

Migration of skilled workers from less developed countries to the industrial countries of the European Union and North America are substantial. Largely responsible for this increase has been the significant decline in the cost of transportation and communication, furthering growth of international trade in both goods and factor

services. An example of international migration is between **Romania,** part of the EU and **Canada,** country which is not a part of the EU but a supporter and a partner of this. The relation between Canada and the EU takes into account to enhance the free and secure movement of people between the EU and Canada, with a view to extending as soon as possible visa-free travel to Canada for all EU citizens. We find in this case Djajić's **quantitative and qualitative restrictions**. Although the current out-migration phenomenon in Romania shares a number of general traits with the migratory processes of the past decade, its intensity is notably higher. Conventional individual variables continue to explain migratory tendencies in Romania. Variables such as skills, education, occupation, income, satisfaction with life, job satisfaction, etc., should be, however, perceived as mediating factors of human mobility. From a quantitative point of view, Romanians are obliged to respect Canada's annual contingent of 300,000 immigrant persons. Table 3 presents the number of Romanians immigrants in the last period of time and as we can see the flows are increasing from a period to another.

Table 3

Number of Romanian immigrants in Canada

Period of time	Number of Romanian immigrants in Canada
1991-1995	13225
1996-2000	14805
2001-2006	26720

Source: Statistics Canada, 2006 Census.

Despite the fact that most policy obstacles to labor migration have been removed, cultural differences, language barriers, costs of migration, limited recognition of qualifications, relatively high transaction costs on housing sales, labor shortages, inappropriate job matching, and fluctuating demand for migrant labor in destination countries continue to undercut mobility. Currently, only 4% of the EU workforce has ever lived and worked in another member state (OECD, 2007). In particular, due to transitional restrictions on migrants from the new member states, the labor mobility of Romanians will continue to be negatively affected for a long period of time.

The relation between the two countries is that described by the model presented in the beginning of this paper, the relation between M and E. The condition of applying the model is achieved, the real wage per unit of efficiency labor in Canada being sufficiently greater than in Romania. That induces at least some of the Romanian workers to seek employment in Canada. Macro-level conditions appear to strongly influence migration tendencies in country E, in this case Canada. Economic growth, such as the one experienced by Bucharest residents, can successfully act as a deterrence to labor out-migration. In the 1990s, propensity to temporarily move abroad was significantly higher in Bucharest compared to other regions in the country and now it is the lowest. To some extent, the levels of out-migration and potential migration in a country tend to be considered a reflection of the inner nature of the society, an indicator of how successfully political and socioeconomic problems have been solved. However, the higher propensity toward temporary emigration recently manifested by an increasing number of Romanians should not be exclusively

regarded as a manifestation of the public's discontent toward Romania's uneven economic performances, political unsteadiness, deterioration of the safety net, or as an expression of Romanians' skepticism about the country's future.

The propensity of Romanians to move and work in another country should also be perceived as a result of the reorganization of the European economy in general, and, in particular, as one of EU accession consequences (Andreescu and Alexandru, 2007; Roman and Suciu, 2006).

Acording to recent research (Grigoraş, 2006), 7% of Romanian households were in 2006 the recipients of private transfers from abroad so Romanian transmigrants are becoming more and more potential sources of positive social change and development at both family and community levels (Bobîrsc, 2006).

It is probably true that "a mobile workforce can act as a safety valve for economies that are out of sync with their neighbors (OECD, 2007)." By combining the potential knowledge and skills of transnational and returning migrants with institutional and government backing, migrants can positively influence the development of Romania, at both social and economic levels. But unplanned and excessive out-migration can negatively affect the structure of the workforce in the sending country Cananda. With relatively low birth-rates, a steady population decrease, and low employment rates of the active-age population, Romania is in a particularly vulnerable position that policy makers in the country should carefully consider. In Canada, the number of population increases because, in general, population increases due to migration which represents an increase in labor (Purică, 2008).

Romania was the country of origin of the most important number of immigrant engineers to Canada in 1992 and 1993 and the third most important in 1994 and 1995 (Slade, 2004). This is despite the fact that the total number of Romanian immigrants was maybe ten times smaller in comparison to other countries of origin. It was logical for all these university-educated persons to expect finding decent work in Canada. After all, an important reason of their applications' positive assessment was Canada's need of people with their specific professional skills. The only question was raised right before receiving the immigration visa in the Canadian consulate in Bucharest. Immigrants with certain professions were asked to sign a declaration acknowledging the possibility they will not find a job according to their qualifications. However, this did not concern engineers. Furthermore, the formulation of the statement seemed to take into consideration just a remote and unlikely probability. Romanian annual immigration to Canada is not impressive. It represents only about 2 per cent of the total. Still, between 1995 and 2004 Romanians were the first or the second most important group of immigrants from Europe (Tudoroiu, 2007).

Romanian migration to Canada is the opposite of that directed to Western Europe. The overall flow is much smaller. Today, there are about 80,000 Romanians in Canada, in comparison to one million in Italy and half a million in Spain. There is a very strict selection. Skilled workers are selected as permanent residents based on their education, work experience, knowledge of English and/or French, and other criteria that have been shown to help them become economically established in Canada (Table 4).

Skilled worker principal applicants, top ten countries of last permanent residence

Rank	Country	Percentage (%)
1	China	22
2	India	10
3	Philippines	5
4	United States	5
5	Pakistan	4
6	South Korea	4
7	France	4
8	Romania	3
9	Morocco	3
10	Algeria	2
Total		62

Source*: Statistics Canada, (2005), A Portrait of Early Settlement Experiences, catalogue number 89-614-XWE2005001.*

In Canada, most Romanian migrants are university educated, which is by no means the case in Western Europe. The legal status is completely different. On one hand, specific conditions make illegal immigration insignificant. On the another hand, immigrants become permanent residents from the very moment they land. Three years later, they can apply for citizenship. Combined with geographical isolation, this favors the settlement of migrants and their integration in the Canadian labor market and society. There is no circulatory phenomenon similar to that dominating Romanian immigration to Western Europe.

On the other hand, the Canadian labor market does not care about money lost by immigrants. However, there is another aspect. Underutilization of tens of thousands of university-educated immigrants implies clear losses to the Canadian economy. If immigrants lost $2.4 billion due to skill underutilization, it is logical to believe an even higher amount was lost by companies, which might have used those skills. Canadian authorities realize that immigration services make costly efforts to bring high-skilled professionals into the country – praising the human capital thus acquired by Canada – but that is not enough.

Although the number of immigrants from Europe has declined over the years, they still made up the second-largest group of newcomers. In 2006, they accounted for 16.1% of recent immigrants. However, this was well below the proportion of 61.6% for European-born newcomers back in 1971. The two most common European countries of origin for newcomers in 2006 were Romania and the United Kingdom. This represented a change over the decades among European-born immigrants (Table 5).

Table 5

Top 10 countries of birth of recent immigrants[3], 1991 to 2006

Number in the top	2006 Census	2001 Census	1996 Census	1991 Census
1	People's Republic of China	People's Republic of China	Hong Kong	Hong Kong
2	India	India	People's Republic of China	Poland
3	Philippines	Philippines	India	People's Republic of China
4	Pakistan	Pakistan	Philippines	India
5	United States of America	Hong Kong	Sri Lanka	Philippines
6	South Korea	Iran	Poland	United Kingdom
7	Romania	Taiwan	Taiwan	Viet Nam
8	Iran	United States of America	Viet Nam	United States of America
9	United Kingdom	South Korea	United States of America	Lebanon
10	Colombia	Sri Lanka	United Kingdom	Portugal

Sources: Statistics Canada, Censuses of population, 1991 to 2006.

Formerly, most newcomers came from the United Kingdom, Italy, Germany, the Netherlands and Portugal. The 1990s saw an increase in immigrants from the Eastern Europe, a trend which has continued. In fact, immigrants born in Romania represented 2.5% of all newcomers during the past five years, surpassing the 2.3% of newcomers born in the United Kingdom (Chui T., Tran K. and Maheux H., 2006). Totally, the 131,830 migrant Romanians (including the ones born in Canada) are representing 0.44% of all population of Canada.

Romanians from Canada have the highest level of education of all Romanians who work outside the country, 53.9 % of them having university studies (Statistics Canada, 2006). Government measures can be effective in the field of university degree official recognition. But, as the example of Romanian immigrant engineers shows, this is not enough. The real obstacles are created by the labor market itself. Canadian employers do not accept foreign-educated engineers, and no federal or provincial action can force them to do otherwise.

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[3] *'Recent immigrants' refers to landed immigrants who arrived in Canada within five years prior to a given census.*

Most highly qualified, university-educated potential migrants realize Canada is not their promised land, because for potential migrants the access to EU labor market has already improved. The present massive migration directed to Italy and Spain will probably encompass all Western Europe. These perspectives make a university-educated potential migrant think twice before choosing Canada.

Conclusions

Speaking about migration, the emphasis must be on reducing the pressures which oblige people to migrate for work. Most migrants do not leave their country willingly, but because of the absence of decent work opportunities at home. Providing jobs to the people has to do with promotion in all parts of the world of a broadly based sustainable development policy. The brain drain from developing to industrialized countries deprives the former of vital human potential while undermining national efforts in areas such as health and education services. The interest of workers in OECD countries and non-OECD countries are inextricably linked. As a result of the above analysis it is obvious that we must pay attention to the effects of changes in the parameters of the model on the pattern of migration that differ substantially depending on whether the labor-importing country's immigration policy limits only the quality, or both *the quality* and *the quantity* of migrant labor permitted to work in the economy, as the international migration model presented in the first part of the paper shows. The case of migration from Romania to Canada is relevant for understanding the role of quantitative and qualitative restrictions and the role of relaxing them. Indeed, most policy obstacles to labor migration have been removed but some aspects like limited recognition of qualifications, cultural differences and cost of migration continue to undercut mobility.

Governments need to put in place the right regulations and a framework that helps creating jobs and links the creation of decent work in the "North" with the same objective in the "South", because mobility of people constitutes an aspect of the reality of a global economy with social and political consequences.

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