Hi everyone,

Migration is an important social and economic issue in the ECA region. We had a lively discussion at our last ECA Talks about the outflow of skilled workers and its impacts for the country they leave and the country they migrate to. Both speakers — Sergei Guriev and Caglar Ozden — also shared ideas about potential market mechanisms to make immigration more fair and transparent. If you missed the event, be sure to watch the video recording of it.

Speaking of speakers, we have two terrific ECA Lectures coming up and I hope you have these dates on your calendar: On July 2, Susan Lund of McKinsey & Company will talk about technology and global value chains. On July 10, World Bank CEO Kristalina Georgieva will share her thoughts about priorities for the Bank and ECA region, based on her experience as an economist, policymaker and politician.

We are also kicking off a research competition – ECA Academy – to identify some of the best research across the Bank group with implications for our region. Watch out for the announcement and submit your research papers.

Happy reading!
Asli Demirguc-Kunt

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**Migration in Europe and Central Asia**

Migration has long been vital to the social and economic history of Europe and Central Asia. For centuries, migration has helped vulnerable households in the region escape poverty while, more recently, economies have benefited from cross-border labor mobility.

Emigration is a way for people to escape economic hardship, and immigration helps to fuel economic growth. During the past few decades, workers across Europe and Central Asia have capitalized on employment opportunities across borders, which have arisen from regional economic integration.

“The benefits of migration tend to be long-term and diffused, while the costs tend to be much more concentrated and short-term,” said Asli Demirgüç-Kunt, World Bank Chief Economist for Europe and Central Asia, at a recent workshop on migration. “That’s why we need to design policies that maximize the overall gains from migration, while distributing these gains more widely to compensate the adjustment costs of adversely affected people.”
While some migrants leave their country to escape conflict, most are driven by the desire to seek better opportunities and improve the quality of their life.

“Migration is the number one social and economic issue for Europe and Central Asia,” said Sergei Guriev, Chief Economist for the European Bank for Reconstruction and Development. Referencing the EBRD’s Transition Report 2018-19: Work in Transition, Guriev added, “It is not possible to combat the economic forces that drive migration, but improving the business environment and public services in source countries can significantly reduce people’s willingness to emigrate.”

Integration of migrants into society is key to maximizing the gains from international migration for both origin and host countries. “Immigrant integration and assimilation are important in realizing these gains,” said Çağlar Özden, World Bank lead economist and co-author of Moving For Prosperity: Global Migration and Labor Markets.

To read the rest of the story click here.
RELATED WORLD BANK RESEARCH

**Labor Market Effects of Demographic Shifts and Migration in OECD Countries**
Frederic Docquier, Zovanga L. Kone, Aaditya Mattoo, and Caglar Ozden

Aging, education, and migration are shaping the labor force of industrial countries. This paper analyzes the relative and aggregate effects of the three forces on wages across different skill and age groups from 2000 to 2010, based on a new database for OECD countries and a standard analytical framework. The authors find the dominant influence on wage changes is the variation in the age and educational structure of the labor force. The impact is uniform and egalitarian — in almost all countries, the changes in the age and skill structure favor the low-skilled and hurt the highly skilled across age groups. Immigration plays a relatively minor role, except in a handful of open countries such as Australia and Canada. Emigration is the only inequalitarian influence, especially in Ireland and a few Eastern European countries that saw significant outflows of high-skilled labor to Western European Union countries.

**Should I Stay or Should I Go: Do Cash Transfers Affect Migration?**
Samik Adhikari and Ugo Gentilini

This paper is a meta-analysis of 10 empirical studies’ evidence about whether and how cash transfers and other social assistance programs affect migration. The papers were grouped into three clusters: social assistance that implicitly deters migration through place-based programs; social assistance that implicitly facilitates migration by reducing transaction costs; and social assistance that is explicitly conditioned on spatial mobility. While social assistance does not appear to determine migration decisions, it is part of the broader calculous people use in mobility decision making. Social protection can be an important part of public policy packages to manage mobility. More research is needed to better understand the role of social protection in structural transformation.

**The Effect of Immigration of Natives’ School Achievement: Does Length of Stay in the Host Country Matter?**
Laurent Bossavie

Using a data from primary school students in the Netherlands, this paper estimates the effects of immigrant children on the academic achievement of native children. Overall, the paper finds the concentration of immigrant students has no effect on native students’ test scores. However, the analysis finds a small negative effect of recent immigrants in the classroom on natives’ test scores. The effect is significant only for language test scores and insignificant for mathematics test scores.

**The Impact of the Syrian Refugee Crisis on Firm Entry and Performance in Turkey**
Yusuf Emre Akgündüz, Marcel van den Berg, and Wolter Hassink

This paper analyzes how new companies perform when they open in Turkish provinces that host large numbers of Syrian refugees. Using a variety of methodologies to estimate the causal effects, the results suggest that hosting refugees is favorable for companies. The total number of new
companies entering the market does not seem to be significantly affected, but there is a substantial increase in the number of new foreign-owned firms. Findings of increases in gross profits and net sales reported by firms in the regions hosting refugees support the hypothesis that business may benefit from refugees. The paper also finds unskilled labor increased in regions with refugees and some limited evidence showing that the increase in the number of firms is driven by sectors that are most likely to benefit from low-skill employment.

**Asylum Seekers in the European Union: Building Evidence to Inform Policy Making**  
July 2018  
World Bank Poverty and Equity Global Practice

This report analyzes social and demographic characteristics of the surge of more than 1 million refugees who entered Italy and Greece in 2015-16, based on a World Bank survey of migrants. The survey was conducted at political asylum centers to assess refugees' skills through a computer-based literacy test and to evaluate their symptoms of anxiety and depression. The objective of the survey was to inform migration and forced displacement policies being developed in countries of origin, transit, and destination. A large share of asylum seekers in Italy, about 62 percent, had work experience, mostly in basic occupations, like construction and agriculture. Migrants in Greece had minimal work experience, in part because the population included more women.

**Moving for Prosperity: Global Migration and Labor Markets**  
June 2018 – Policy Research Report  
Çağlar Özden and Mathis Wagner

Some of the biggest gains come from the movement of people between countries, according to this report. Migrants' incomes increase three to six times when they move from lower- to higher-income countries. But such gains are largely notional because most people cannot move. Distances in space, culture, and language are impediments to mobility and impose an estimated 30–50 percent tax on migrant wages. The most important barriers are, however, national borders. The tax equivalent of an international border is over 150 percent for young unskilled workers from most developing countries.

**RELATED BLOGS**

**Can information reduce anti-immigration biases?**  
July 11, 2018  
Markus Goldstein

A survey of 22,000 respondents in France, Germany, Italy, UK, Sweden, and the United States revealed a surprising lack of knowledge about immigrants in developed economies. The online survey asked several factual questions, including what fraction of the population in your country are legal immigrants? Respondents from all six countries were way off. In the United States, respondents said 36.1 percent of the U.S. population was made up of legal immigrants, an amount far above the actual 10 percent. Swedish respondents scored best on that question, but were still 10 percentage points higher than the actual 17.6 percent.
**Accelerated remittances growth to low- and middle-income countries in 2018**

December 7, 2018
Dilip Ratha

On the back of stronger growth in remittance-sending economies, remittance flows to low- and middle-income countries are expected to reach a new record of $528 billion in 2018, up 10.8 percent from 2017, according to the World Bank's Migration and Development Brief. The data shows remittances growth in all regions, led by Europe and Central Asia with a 20 percent rise. In 2019, remittances to low- and middle-income countries are projected to grow more slowly by 4 percent to $549 billion in 2019.

**Romanian migrants can make a difference back home**

July 25, 2018
Donato De Rosa, Giuseppe Russo, and Andrei Silviu Dospinescu

More than one in four people (26.6 percent) with higher education are leaving Romania, a brain drain that may deprive the country of the knowledge and skills needed to boost productivity and living standards in the long run. In booming cities such as Bucharest, Cluj, Iași, and Timișoara, employers already have a tough time finding skilled professionals in ICT, health, education, science, and engineering. One in four physicians has left Romania to work abroad. Overall, between 3 and 5 million Romanians have left, according to some estimates.

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**CALENDAR OF EVENTS**

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