

Balanced labour migration

TARGETED LABOUR MIGRATION POLICY FOR GENERAL WELL-BEING

Summary



*Advisory Council
on Migration*

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The Advisory Council on Migration has identified the need for a new vision on labour migration. A vision that fits in with our ideas for the future of our society and economy. At present, the focus is exclusively on the impact of labour migration on economic growth. However, we also need to look at its social and environmental consequences to ensure that labour migration contributes to well-being for all. This means that we need to factor in the quality of life, both for people here and now and for future generations and the countries of origin of migrant workers.

This approach enables the government to formulate a range with a minimum and maximum number of migrant workers at a national level. The admission policy for migrant workers from outside Europe can be based on a well-being test of the work the migrant worker is going to do and the fact that they will become a new resident of the Netherlands. In other policy areas, such as labour market and economic policies, the impact of and for labour migration, both from within and outside Europe, should be explicitly taken into account. This is how we get a better grip on labour migration, by controlling the number and type of migrant workers coming to the Netherlands and the type of work they will do here.

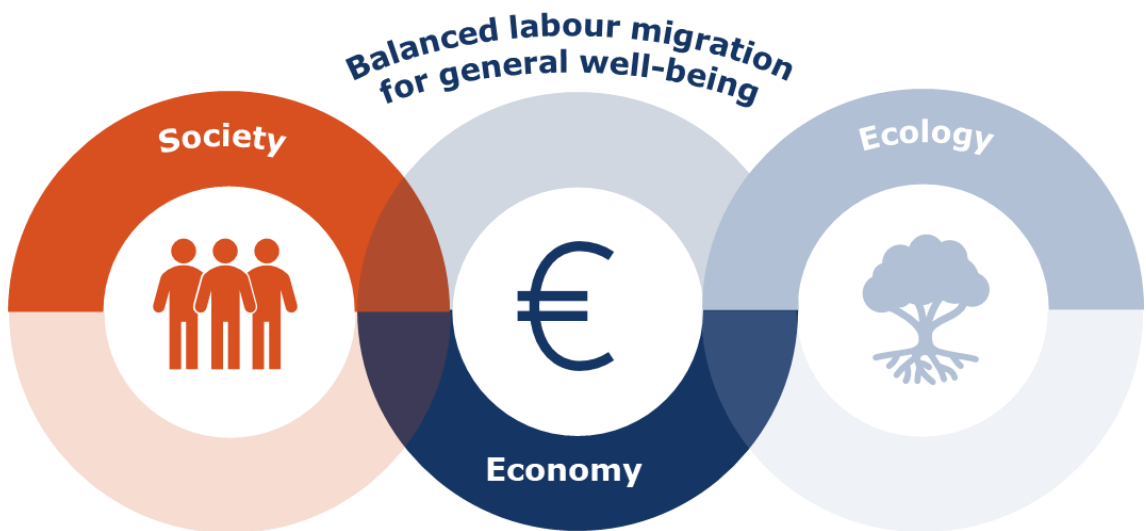
Why a new vision?

Migrant workers make an indispensable contribution to the Dutch economy. Sectors such as agriculture, horticulture, distribution centres, meat processing and the hospitality industry, and some high-tech sectors, depend on them to a significant extent. However, there are good reasons to critically examine Dutch labour migration policy, namely:

1. Migrant workers have mostly been employed in low-paid jobs in recent decades. This does not suit the future we envisage for the Dutch economy. Above all, we need workers who can contribute to a high-quality and sustainable economy. For example, the energy transition, sustainability, the growing demand for healthcare facilities and increased productivity.
2. The costs and benefits of labour migration are unevenly distributed across society. Employers have most of the 'benefits' of labour migration, such as cheap labour or specialist knowledge. The 'costs' are largely felt elsewhere in society. Labour migration leads to a population with a higher diversity of origin, which makes it more complicated for all these different groups to live together in a neighbourhood or municipality.
3. The work of migrant workers is accompanied by persistent malpractices. They often work under poor employment and working conditions. Sometimes they are not paid the minimum wage or they are dismissed when ill. Their housing is also subject to malpractices. Many migrant workers live in cramped accommodations and a high amount of rent is often deducted from their already meagre wages.

4. Dutch labour migration policy is highly fragmented and lacks coherence. The current two main routes for admitting migrant workers from outside Europe – the highly skilled migrant scheme and the assessment under the Foreign Nationals Employment Act – set markedly different conditions. The highly skilled migrant scheme is inviting to migrant workers who are going to earn relatively high wages, while the Foreign Nationals Employment Act is very restrictive.
5. The question is whether the Netherlands will be able to attract the people needed here in the future. Fewer people from Central and Eastern European countries, such as Poland and Romania, will be available because these countries are ageing much faster than the Netherlands and wages are rising sharply there. This means that we will need to attract more migrant workers from outside Europe in the future. However, the question is whether the Netherlands will be an attractive destination for them.

In short, the nature and extent of labour migration have so far been too unilaterally determined by employer demand. Current policies attach insufficient weight to the social and ecological consequences of labour migration. An approach based on the concept of general well-being can change this.



What is the impact of labour migration on well-being?

If we want labour migration policy to be based on well-being, we must first examine the impact of labour migration on the three dimensions of well-being: economy, ecology (sustainability) and society. Two aspects are important when it comes to labour migration, namely the work the migrant worker will do in the Netherlands and the fact that the migrant worker will be a new resident of the Netherlands.

The *economic* impact of labour migration is not just about economic growth. All migrant workers contribute to the economy. However, migrant workers also increase the population, meaning that the prosperity level per head of population does not always increase. Only migrant workers who enter jobs in which they are more productive than the average Dutch worker will contribute to a higher per capita level of prosperity in the longer term.

Labour migration is also about the impact on ageing and the affordability of public provisions, such as the old-age pension and healthcare. With an ageing population, there will be an increasing number of pensioners in the future compared to the number of employed people. This increases the old age dependency ratio. Migrant workers can help lower this ratio and keep public provisions for the elderly affordable. However, labour migration is not the only solution to ageing, if only because migrants also grow older. We must also take into account that migrant workers – and any partners and children – also use public services such as healthcare and education.

The impact of labour migration on the environment and nature, or *ecology*, depends both on the work the migrants are going to do and the population growth to which they contribute. If migrant workers work for a company that does not produce sustainably (e.g. emits a lot of greenhouse gases), it will be detrimental to the sustainability of our economy. On the other hand, migrant workers can also be deployed for activities that contribute to a more sustainable economy. For example, the energy transition or home insulation. We also need to take into account the environmental burden that migrant workers may cause as new residents and consumers.

Thirdly, the *social* impact of labour migration on the Netherlands should be considered. On the one hand, migrant workers can reduce labour shortages in key sectors such as healthcare and in that way help maintain social provisions. On the other hand, their arrival comes with an increased burden on physical space, partly because more housing is needed. Moreover, the growing diversity of the population complicates living together.

General well-being is also about the quality of life of people in other parts of the world. In the case of labour migration, this concerns the migrants' countries of origin. A frequently mentioned negative effect for origin countries is the brain drain. After all, those who leave are no longer available for development of their country of origin, even though that country

contributed to their education. On the other hand, there are positive effects such as the brain gain - the transfer of knowledge gained by migrants in, for example, the Netherlands - and the remittances to (relatives in) their country of origin. Little is known yet about the social and ecological impact of labour migration on countries of origin.

A targeted labour migration policy is desirable

The foregoing shows that inferring the effects of labour migration on well-being is no simple matter. After all, these effects depend on many factors, such as the work for which migrant workers are employed in the Netherlands, the professional qualifications they have, whether they form a family in the Netherlands and what their country of origin is. Therefore, it is not meaningful to simply advocate an increase or decrease in labour migration. It would be wiser to have a selective or targeted labour migration policy aimed at welcoming those migrant workers to the Netherlands and deploying them in jobs that contribute (most) to well-being. From a well-being perspective, there is no reason to prefer temporary labour migration over permanent migration. Temporary labour migration is beneficial to strengthen the financial base of public provisions, but can be detrimental to the economy, as temporary migrant workers are usually not invested in. Moreover, temporary migrant workers will generally not integrate into Dutch society to the extent permanent migrant workers do. This can put pressure on social cohesion. Migrant workers who stay for a long time learn the language and become part of society. On the other hand, as they get older, they are expected to make greater demands on social security and healthcare..



What does a labour migration policy based on well-being look like?

A range for the future size of labour migration

Firstly, we propose to establish a range for the future size of labour migration to the Netherlands. In this context, the three dimensions of well-being can provide a framework to weigh up the positive and negative effects of labour migration.

A range means not only a maximum, but also a minimum value for the desired number of migrant workers. Both values also depend on choices in other policy areas, such as raising the statutory retirement age, working for or more hours or increasing the labour participation rate. The advisory report does not propose concrete figures for the maximum or minimum values. It is up to policymakers and politicians to consider different policy options and base the range on their findings. The method used by Canada can serve as an example.

A well-being test for admission of migrant workers from outside Europe

Secondly, we propose a test to admit migrant workers from outside Europe¹ based on their contribution to general well-being. The test could be an alternative to the various schemes currently in place in the Netherlands. The test involves two steps: a test of the work the migrant worker will do in the Netherlands and a test of the migrant worker themselves as a new resident. This again involves a combination of economic, ecological and social effects.

In designing this test, it is important to take its feasibility into account and avoid it being accompanied by cumbersome procedures that require a lot of time and manpower. We propose a points system, where migrant workers in both steps of the test are awarded points (from 1 to 10) for the economic, ecological and social effects of their arrival. No more than five pieces of information are required, namely: 1) wage, 2) occupation, 3) sector, 4) availability and quality of housing, and 5) language proficiency. The total score determines whether the migrant worker will be admitted or not. The wage is an indicator of their contribution to the economy. The occupation and sector provide insight into the contribution of the migrant's work to the ecological and social dimensions of well-being. Housing and language proficiency data are indicators of the social impact of the migrant worker as a new resident.

The well-being test does not take the country of origin into account, because the impact of labour migration on that aspect is not unequivocally positive or negative. Only when there are strong indications that labour migration has negative consequences for a specific country of origin will it be taken into account. If the Netherlands has a partnership with a particular country of origin, the well-being test for migrant workers from that country can be significantly relaxed.

Compared to the current admission procedure for highly skilled migrants, the well-being test contains more requirements. At the same time, the test offers more opportunities to admit other skilled workers who contribute to socially important sectors or sustainability.

¹ Europe in this context means the countries belonging to the European Union and the European Free Trade Association (EFTA) as well as Norway, Iceland, Liechtenstein and Switzerland.



Taking labour migration into account in other policy areas

Most of today's migrant workers come from one of the countries of the European Union. The right of free movement of people and services applies to them, which means they are free to come to the Netherlands and start working here without a work permit. We do not want to restrict this fundamental right.

Yet it is possible and desirable for the Dutch government to also influence the nature and extent of migration from Europe. This requires taking into account the impact on and for labour migration, both from within and outside the EU, in other policy areas. This is the so-called indirect labour migration policy. For instance, labour market policy affects labour demand by imposing requirements on employment and working conditions. This may indirectly affect the use of migrant workers for low-paid and low-quality work. Economic policy aims to promote certain economic activities. In this connection, the extent to which those activities depend on foreign labour and the impact on well-being need to be taken into account. Local business location policies should also take into account the wider social and ecological impact of new businesses that are expected to deploy many migrant workers.

An Advisory Committee on Well-being that offers support

To further specify, develop and monitor a targeted labour migration policy based on well-being, an Advisory Committee on Well-being is needed. The Netherlands can learn from British and Canadian labour migration policies. This committee should identify the method for applying well-being in the context of labour migration policy and supervise its implementation. The commission should define the well-being indicators used in the admission test for migrant workers from outside Europe. The committee may also advise on the desired minimum and maximum number of migrant workers to be admitted. The committee should further list all sectors and occupations with their scores for the well-being dimensions. Another important task of the Advisory Committee on Well-being is to encourage the availability of knowledge that is still absent on the effects of labour migration - especially ecological and social effects.

Monitoring the effects of labour migration on well-being ensures that policymakers always have up-to-date data available.

The work of this advisory committee is not only scientific in nature, but also includes social and political considerations. The Advisory Committee on Well-being should therefore be composed of persons from varying backgrounds, with representatives from civil society organisations and experts.

In conclusion

This report shows how a well-being approach to labour migration policy could be designed. We offer a framework for decision-making rather than a ready-made recipe for a new policy. Using this framework, policymakers and politicians can review the current, fragmented labour migration policy. Its purpose is not to admit fewer migrant workers to the Netherlands, but to provide a well-thought-out and coherent migration policy that is focused on the long term. The well-being approach allows us to get a better grip on labour migration by providing tools to control the types of migrant workers and the type of work for which they are recruited.

We invite policymakers and politicians to elaborate on our proposals and look forward to an exchange of views on them.