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Access Denied!?

The Failed Policy of Restricting Labor Mobility


Klaus F. Zimmermann

Just in time for the 5th anniversary of EU Eastern Enlargement on May 1, 2009, the governments of Germany and Austria announced they would continue to restrict the inflow of labor migrants from eight accession countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) until 2011. With this "closed door" policy, both countries follow a course of isolation while other EU members have long turned the idea of a common European labor market into reality. Even Belgium and Denmark lifted their remaining restrictions for EU citizens on May 1. On the surface, the German and Austrian decision is an act of national selfishness. The bigger problem is that it will eventually backfire.

The "closed door" policy has rightfully caused some unrest among the other EU members. Vladimir Spidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities, has recently advocated the complete opening of all EU labor markets. The Czech EU Presidency has also criticized Germany and Austria for their restrictive labor market policies. As these protests show, the argument that open labor markets would lead to a brain drain in the sending countries is completely unfounded. Also, the experience in other western countries proves that open labor markets, contrary to widespread fears, have not triggered any large-scale migration flows of unskilled workers or welfare recipients. It is much rather the "closed door" policy that really hurts the receiving country: Germany's restrictions did not prevent an inflow of economically active migrants over the past years, but the country has received fewer of the urgently needed skilled workers than before accession. As a consequence, the average qualification level of new migrants has dropped significantly.

This is also due to a failed communication strategy: While the past reduction of bureaucratic barriers for the immigration of foreign university graduates has gone largely unnoticed, the decision to keep barring new EU citizens from accessing Germany's labor market has received much international attention.

The protectionist decision to continue the "closed door" policy is – not just under normal economic conditions – a slap in the face of a common European market strategy. It is all the more dangerous during the current economic crisis. Instead, the German and Austrian governments should regard the crisis as an opportunity to correct their failed migration strategies. The reason is that internationally mobile skilled workers from the accession countries are currently repositioning themselves – with long-term consequences for the EU labor markets. So far, most skilled workers from Eastern Europe went to Ireland and the United Kingdom. Both countries have been hit particularly hard by the crisis. The economy in the sending countries is also worsening. In this situation, open borders would provide German and Austrian firms with welcome opportunities to attract highly qualified personnel.

In sum, there is nothing that would justify extended labor mobility restrictions in Germany and Austria. The European Commission is right – open labor markets hurt no one, but benefit many. Instead of sending a message that alienates high-skilled immigrants, we should actively compete for the best and brightest from Eastern Europe.

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