

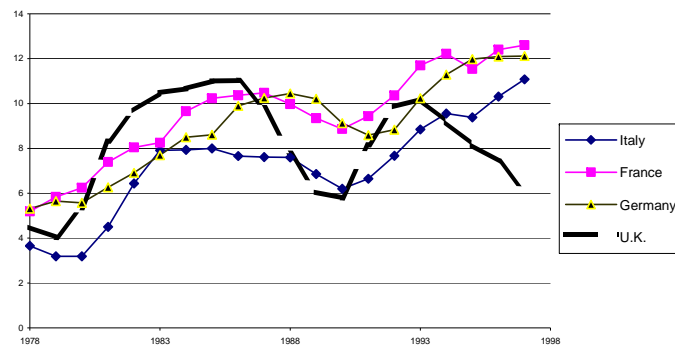
“Reassessing regional labour market adjustments in Europe and the US: has mobility increased?”

Discussion: Giuseppe Bertola

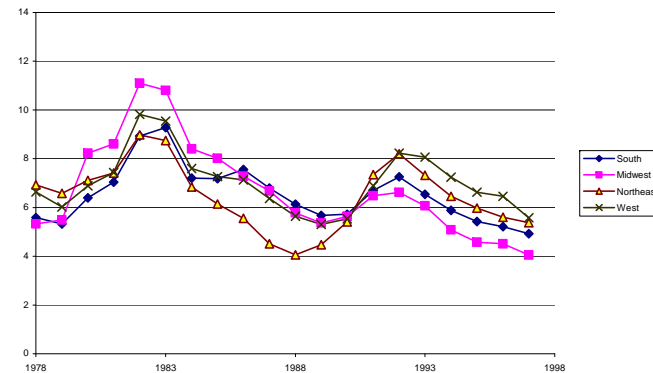
1. Interest of the question
2. Assumptions and method, focused ?
3. Answer, informative ?
4. What else interesting and related ?

Blanchard-Katz, Decressin-Fatas, ... Bertola “Labor Markets in the European Union,” *ifo Studien* 1/2000, pp.99-122; “Die Arbeitsmaerkte in der Europaeische Union,” *Beitraege zur Arbeitsmarkt- und Berufsforschung* 254 pp.31-56, Bundesanstalt für Arbeit, Nurberg, 2002.

Before EMU across European Nations, persistent, stably ranked unemployment



Across US macro regions: more volatile, take-turns.



1. very interesting question and approach:
study regional data in order to assess labor market (and other) implications of international economic integration.

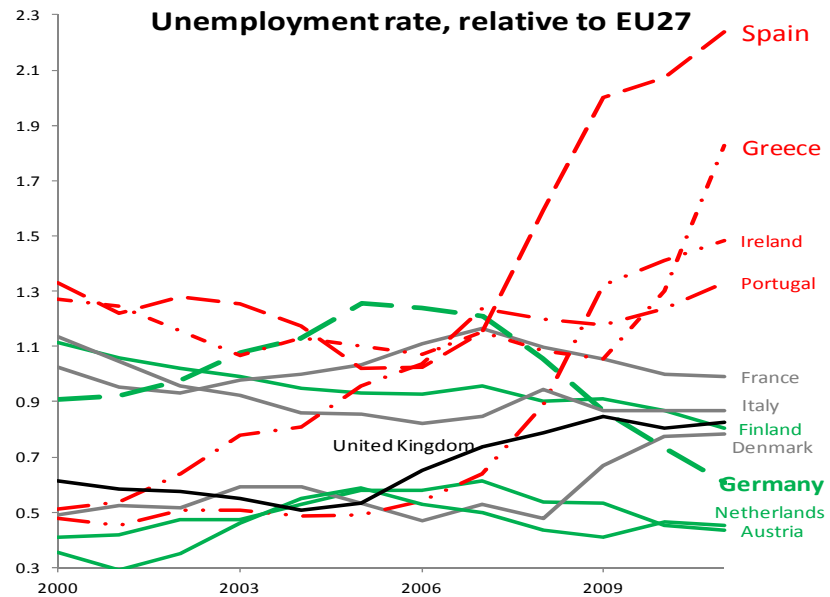
Labor market policy matters. within European countries, “low intensity of labor mobility ... wage compression and employment-protection ... reduce the wage and job-finding advantages of migration to tighter labor markets. ... subsidization of unemployment in low-productivity labor markets ... generous enough to make ... search in the local labor market preferable to mobility towards tighter labor markets” (Bertola, 2001);

Since 1970s! not before.

After EMU:

Member countries’ unemployment moves. A lot.

- deregulation...
- booms and busts.



2. **Data** and methods:

To be informative about labor market (and other) implications of international economic integration, regional data should help see how land and residents differ in terms of

technology, tastes, policy

Issues:

- in terms of tastes(culture)&tech, how can Belgium be 1 region?
- in terms of policy how can Midwest be like France?

2. Data and **methods**:

Region-specific responses of employment and unemployment rates to higher level (region group) factors.

denominator of rate changes? “migration response to labor demand shocks.”

Of course, supply shocks and trends may matter and be local:

Female participation trends (mentioned);

- timing of baby booms and ageing,
- migration push from Latin America, North Africa...

3. Findings (preliminary): Is migration (or other supply) different, changing?

Maybe, maybe not. Not a lot.

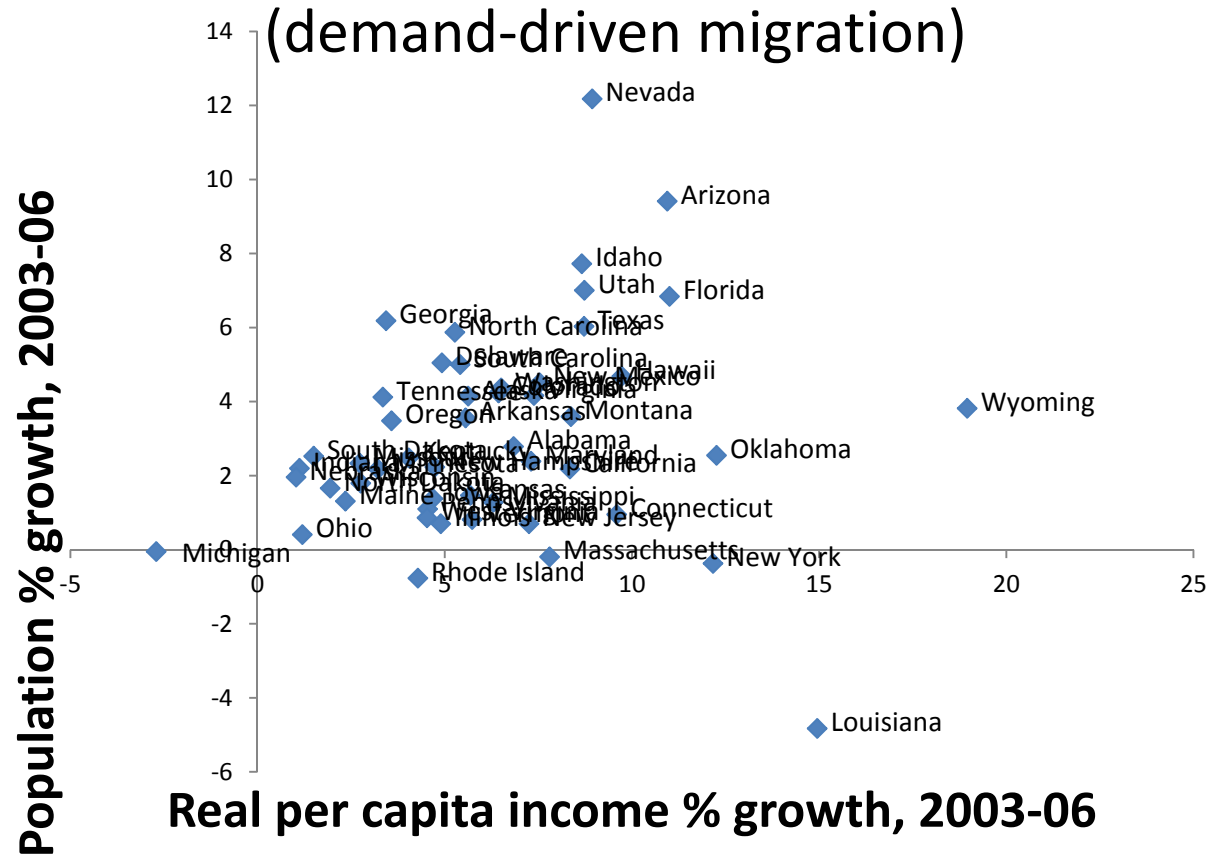
Does depend on how and where you look.

Suggestion (preliminary): focus on interesting aspects of “it depends”:

- France looks integrated (it is! more than other Nations).
- In the US, using “local area unemployment” [?] makes a difference (maybe State borders need not constrain, distance and mountains always does?)

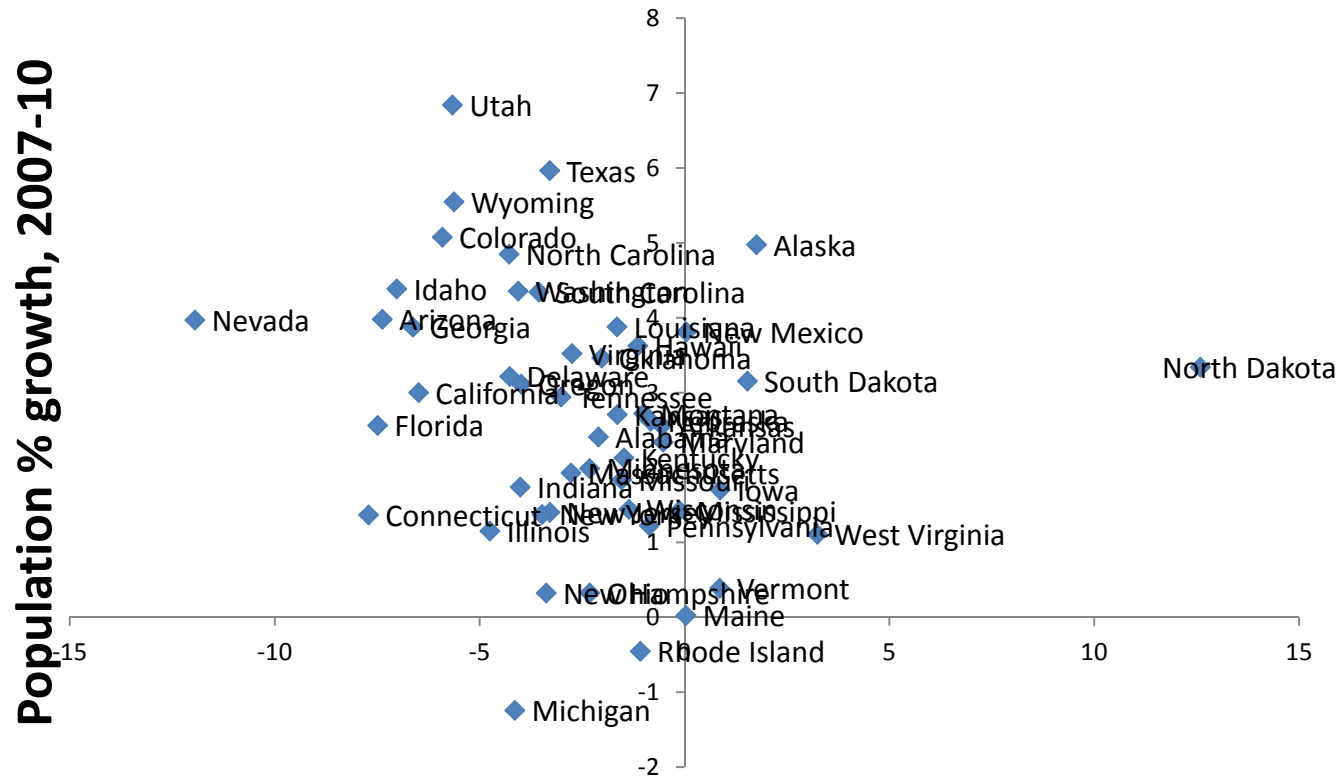
A much simpler, crisis-focused look:

Population growth positively related to per capita GDP growth?



US before crisis: a little.

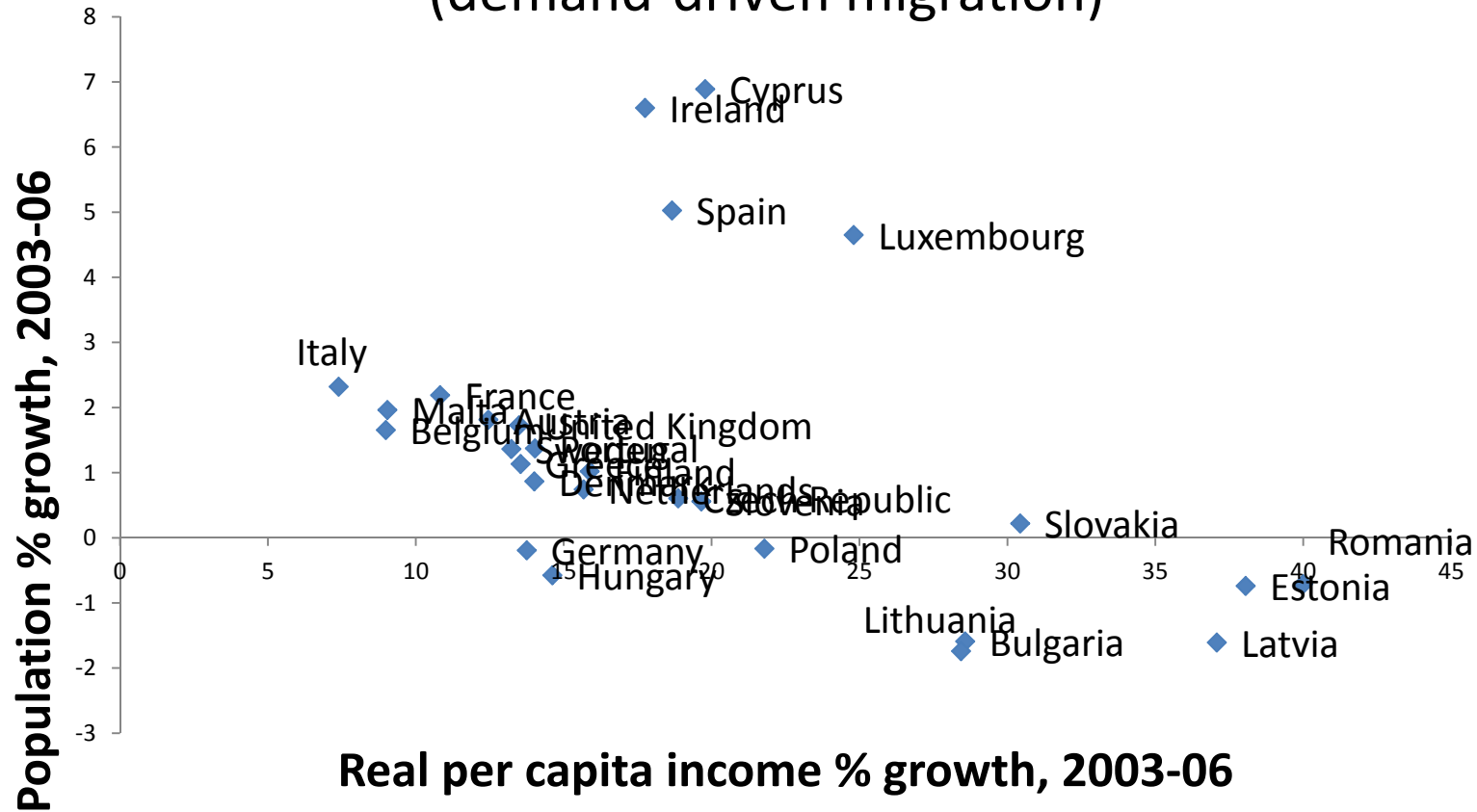
Population growth positively related to per capita GDP growth? (demand-driven migration)



Real per capita income % growth, 2007-10

US in crisis: not.

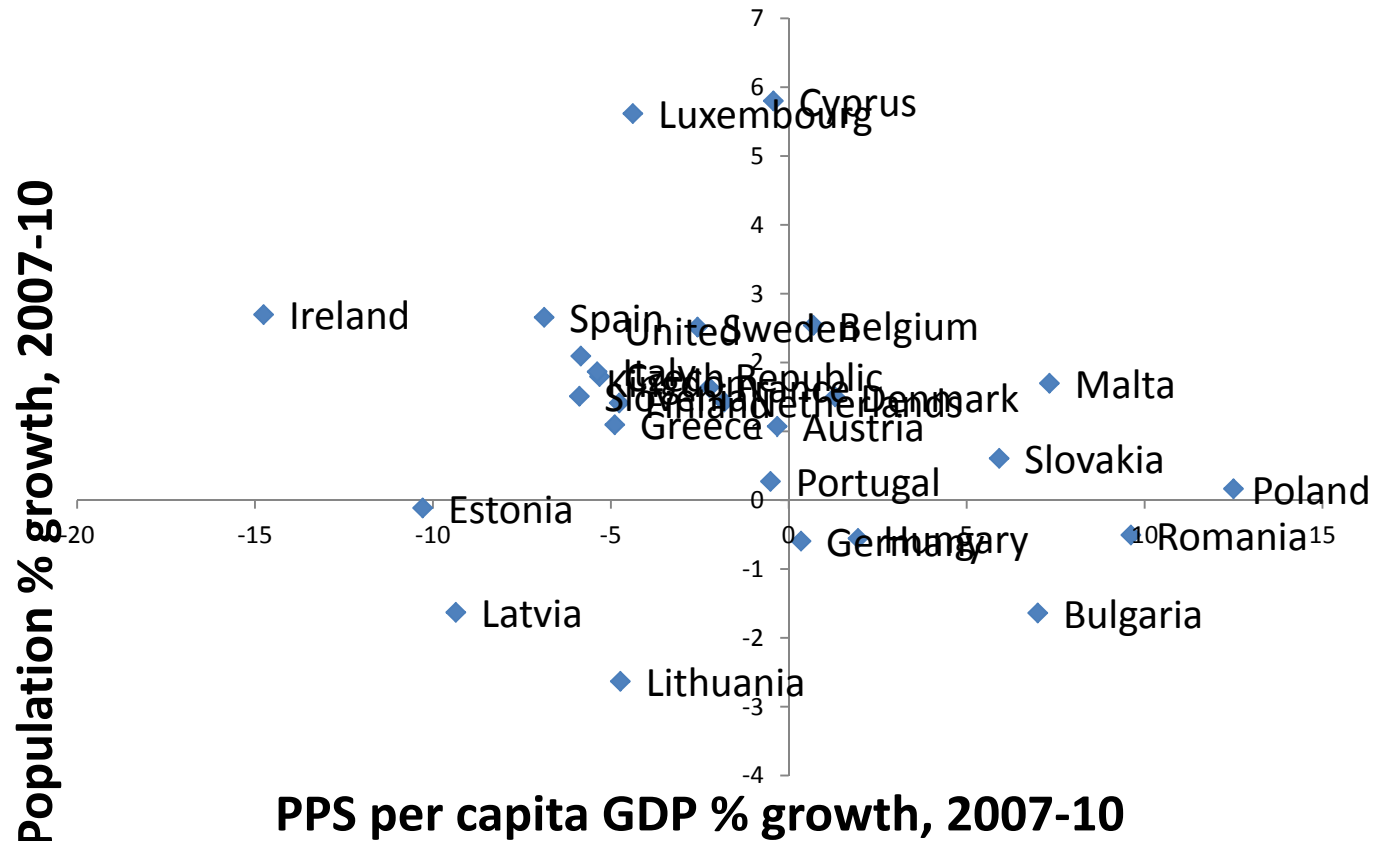
Population growth positively related to per capita GDP growth? (demand-driven migration)



Real per capita income % growth, 2003-06
EU before crisis: not at all.

Growth in low-income, outmigration countries.

Population growth positively related to per capita GDP growth? (demand-driven migration)



EU after crisis: still not.

4. What else is interesting&different&relevant:

Labor markets: demand, supply...

- regulation, taxes, transfers.

Distribution policies.

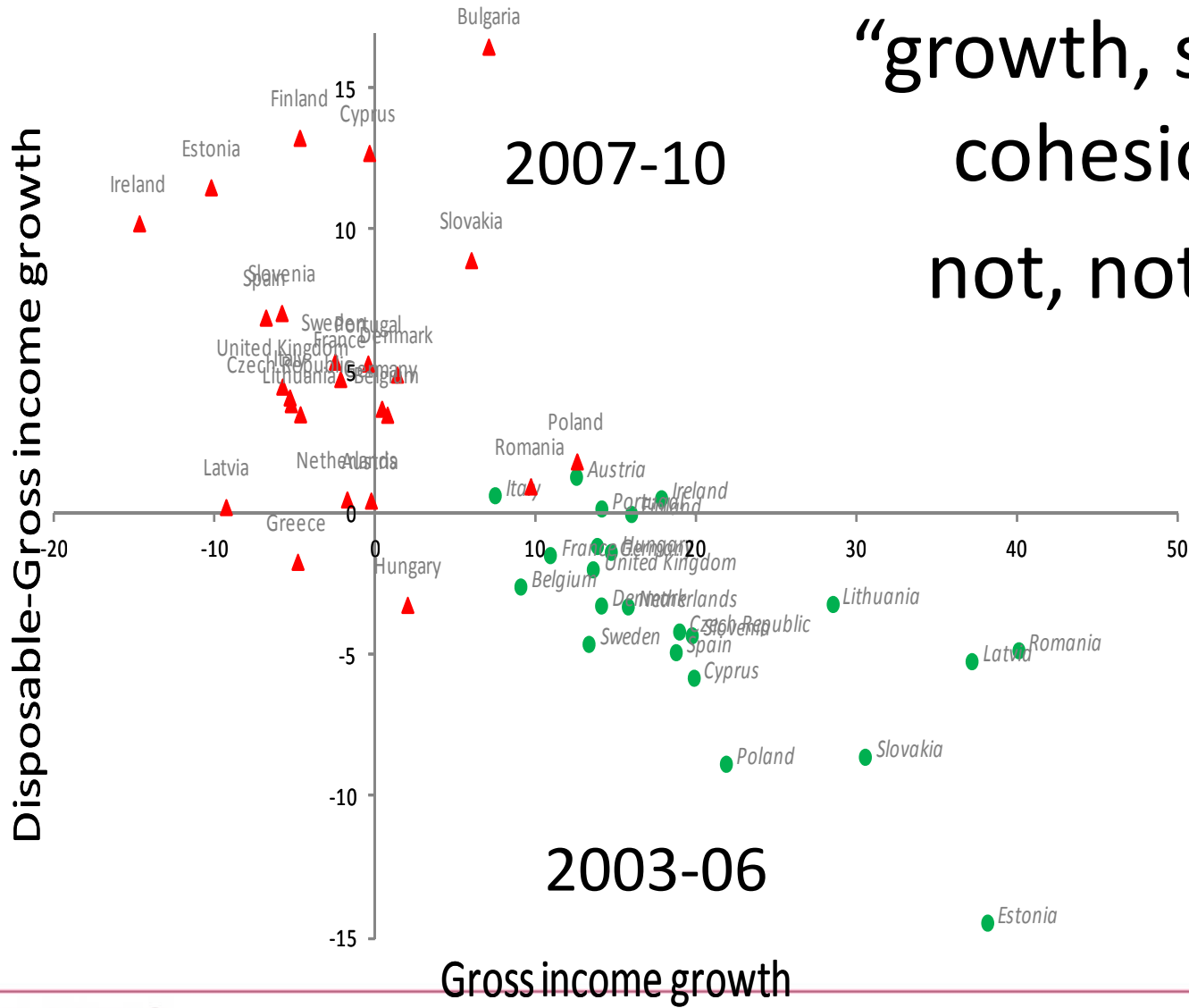
Within large countries, not just solidarity and waste.

Complements and completes markets:

- (social) peace,
- consumption insurance (against permanent shocks):
mobility is costly.

Across EU 27 Member States,

“growth, stability,
cohesion” ...
not, not, not.



Without Federal social security, could the US be so mobile? With local labor tax bases, can migration across EU member states be destabilizing?

To integrate markets, policy integration is needed but **technically difficult** *welfare systems are very different.*

politically very difficult *in each historically and culturally heterogeneous "Nation".*

The US is also very diverse, but was already Federal when employment and social policies were being introduced.

Crisis: social and employment policies are not as subsidiary as they looked to be...