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Identifying Best Practices of Migrant Integration Policies in the Economy:

Labour markets and Migrant Entrepreneurship.

Abstract

This paper examines the impact of governmental migration policies on the economy, with a specific focus on the role of integration policies in shaping labour market and entrepreneurship performance. Utilizing a mixed-method approach, we analyze migration integration strategies within labour markets through empirical analysis and a case study on entrepreneurship, and highlight the importance of liberal political and economic institutions in promoting labour market mobility and facilitating integration.

Key findings demonstrate that political participation, along with access to education and health systems, are vital factors that positively correlate with effective labour market integration policies. Moreover, that migrant entrepreneurship can significantly bolster the economy and enhance the social fabric of societies. Lastly, the paper provides policy insights to improve the integration of migrants, fostering social betterment for migrants and host communities.

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Introduction

The phenomenon of immigration is a source of considerable controversy. Classical liberals and libertarians, all in favour of a benevolent approach to immigration¹, are constantly challenged by the ideological segments of society that are most resistant to the arrival of new residents. One of the most common arguments used by those opposed to immigration is the alleged usurpation of jobs by newcomers, as well as over-competition for a stable number of jobs, with the consequent induction of a generalised drop in wages. For the pro-immigration advocates in the political centre or right-of-centre, who are undoubtedly in the minority within their ranks, these arguments do not stand up to methodical, data-driven and evidence-based analysis, though less macroscopic effects of immigration on specific segments of the population need to be addressed.

Consequently, xenophobia rises, eroding social trust and diminishing the possibilities for positive interactions.

The ways in which governments treat immigrants significantly impact the dynamics of interaction and the perception of the public. Unnecessarily restrictive policies form a detrimental cycle of exclusion, giving rise to fear and division. Such policies that portray immigrants as threats, exacerbate negative public perception of immi-

grants, thus hindering their integration. Consequently, xenophobia rises, eroding social trust and diminishing the possibilities for positive interactions.

Conversely, effective inclusive policies cultivate a beneficial cycle that promotes openness and engagement. In countries where rule-based integration is prioritized, interactions between immigrants and the public tend to be more equitable. Effective inclusive policies not only foster positive attitudes and interactions but also enhance overall well-being, belonging, and trust. As a result, fear of immigrants decreases among the public, while they gain more opportunities to contribute and thrive. This promotes regular beneficial interactions with natives, leading to more favourable attitudes regarding identity, health, satisfaction with life, trust in society, and political participation.

¹ The most outspoken academic voice for open borders from a libertarian perspective is perhaps that of Professor Bryan Caplan of the George Mason University, Cato Institute and Mercatus Center, who has authored, among others, the book *Open Borders: The Science and Ethics of Immigration* (2019). On the classical liberal side, see for instance the European Liberal Forum (ELF) publications on the matter, as well as most liberal parties' platforms. While classical liberals are strongly against anti-migration populism, they do advocate legal and reasonably channelled migration rather than the more anarchic open borders approach of the pro-migration thinkers in the libertarian camp.

The new Pact on Migration and Asylum that entered into force in 2024 introduces stricter rules on non-EU national identification, the tracking of unauthorized movements, establishes quicker asylum procedures, as well as solidarity and crisis preparedness mechanisms. The need for a rule-based migration policy that leads to better results for all is nevertheless still pressing.

In this context, the paper explores the best practices of migrant integration policies in labour markets and entrepreneurship. We examine the literature, conduct empirical analysis, and present a country-specific case study. The first section summarizes empirical findings regarding the impact of migration on the economy. In the second section, we utilize the Migrant Integration Policy Index (MIPEX), an empirical tool that assesses integration policies in various countries globally, using relevant policy indicators. The third section delves into the key attributes of migrant entrepreneurship in Europe. Through a mixed-method approach, it provides a comprehensive analysis of migrant integration policies in the economy,² and offers pertinent policy suggestions to improve the EU's policies and create opportunities for social betterment, for both migrants and EU citizens.

² Given that information and data regarding all aspects of irregular migration is difficult to occur, the analysis focuses mostly on legal migration.

Migration integration policies in the labour markets: What do the empirical evidence showcase?

By Ion Vallianos & Georgios Archontas

The impact of migration on the economy and the labour market has been examined extensively, revealing a variety of effects across different dimensions. Studies by Fassio, Montobbio, and Venturini (2019) highlight the positive influence of highly educated migrants on innovation, while Martinsen and Pons Rotger (2017) debunk the “welfare burden” thesis, demonstrating the long-term positive contributions of EU migrants to the welfare state. Additionally, Fassio, Kalantaryan, and Venturini (2020) uncovered that economic migration correlates with increased labour productivity, Guzi, Kahanec, and Kurekova (2015) that economic migration can alleviate labour market shortages, and Gabosto, Venturini, and Villosio (2004) discover a positive correlation between migration and native population wage rates.

The OECD (2022) suggests that migrants not only fill employee roles but also foster entrepreneurship and mitigate skills shortages, contributing to regional development. Furthermore, that highly skilled migration is pivotal for firm competitiveness, as it augments the supply of skilled workers and fosters self-employment, thereby enhancing foreign direct investment (FDI) linkages. Lastly, that migrants contribute to both high and low-skilled occupations, mitigating labour market imbalances and paying more taxes than the benefits they receive (OECD, 2014). Diebolt and Hippe (2019) underscore the critical role of human capital in economic development, while the Migration Observatory of the University of Oxford reveals that immigration increases labour supply and expands demand for workers, thus creating new job opportunities. Similarly, Venturini and Villosio (2004), refute concerns about the impact of migration on unemployment transitions, and Aparicio-Fenoll and Kuehn (2019) show that migrants fill skill gaps in host countries.

Moreover, studies by the Bank of Greece (Chassamboulli and Palivos, 2013) and the International Organization for Migration (2010) demonstrate positive outcomes, such as increased wages and employment for skilled native workers, alongside overall employment growth and decreased production costs due to migrant contributions. In terms of mixed effects, the Migration Policy Institute (Somerville and Sumption, 2017) concludes that while immigration may reduce wages for some, it stimulates labour demand and contributes to long-term economic growth. Finally, Dustman, Glitz, and Frattini’s (2008) findings underscore the complexity of migration’s effects, while Edo (2018) highlights its varied impacts on wage structures and employment rates.

Overall, the literature portrays migration as a multifaceted phenomenon with both positive and negative effects and highlights the importance of further research to fully understand its implications. While some studies substantiate its positive impacts on innovation, filling labour shortages, and stimulating entrepreneurship, others point to mixed effects. However, the overall literature suggests that the benefits outweigh the drawbacks.

Identifying best practices of migration integration policies in the labour markets: What do the data indicate?

To explore the best practices of migrant integration policies in the labour markets the Migrant Integration Policy Index (MIPEX) is utilized.³ MIPEX offers a nuanced understanding of migrants' societal participation opportunities globally. It uses 8 dimensions of integration policies, one of which is labour market mobility. It evolves gradually and is influenced by overarching policies, societal conditions, the skills of immigrants, and their motivations for migrating.

Labour market mobility of MIPEX: what is it associated with?

While some employment strategies demonstrate efficacy, they may be relatively recent or limited in scope, failing to adequately address the needs of numerous non-EU citizens who struggle to access training or welfare provisions. First, we use the data for all EU countries for 2019 (most recent year of the index) to identify the degree to which liberal political and economic institutions promote labour market integration for migrants. We categorize EU countries in four least-to-most free groups, based on their scores in the Liberal Component Index⁴ and the Economic Freedom Index.⁵

As Figure 1. shows, in the Liberal Component Group, there is a clear positive as-

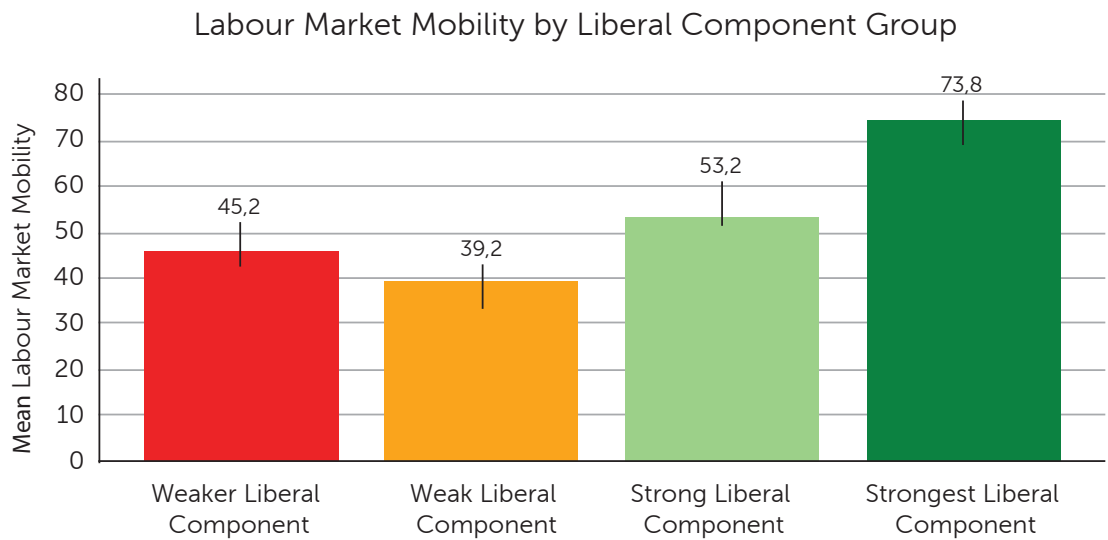
³ See Solano et al. 2020. MIPEX credibility is underscored by endorsements from the Joint Research Center of the European Commission, positioning MIPEX as a leading and continually evolving resource for migration policy analysis.

⁴ It measures the degree to which the liberal principle of democracy is realized, focusing on the protection of individual and minority rights against both state oppression and majority rule. The liberal perspective on democracy critically assesses political power, prioritizing the constraints on governmental authority. This perspective is characterized by the safeguarding of constitutionally guaranteed civil liberties, the enforcement of a robust legal framework, the independence of the judiciary, and the implementation of effective checks and balances. These measures collectively restrict the power of the executive branch, embodying the liberal model's cautious stance towards political authority (Coppedge et al., 2024).

⁵ We focus on 3 specific economic freedom areas, which are: The Legal System and Property Rights, defined as the protection of individuals and their lawfully obtained property being a primary governmental responsibility; without secure property rights, personal safety, an impartial judiciary, or adherence to the rule of law, economic freedom diminishes. Sound Money, which measures concepts such as inflation, which undermines the value of legitimately earned incomes and savings, altering the conditions of contractual agreements. Hence, maintaining stable currency is vital for safeguarding property rights, as high or unpredictable inflation complicates future planning and restricts economic liberty. Regulation, which measures the extent governments employ various measures that not only restrict international exchange but also impose domestic and international trade regulations. These regulations can inhibit the freedom to trade, access credit, employ or be employed, and manage a business. As regulatory constraints increase, economic freedom correspondingly declines (Gwartney et al., 2023).

sociation where stronger liberal components are linked to higher mean Labour Market Mobility, with the Strongest Liberal Component showing the highest mobility at a mean of 73.8. This trend underscores the impact of liberal policies on labour market dynamics.

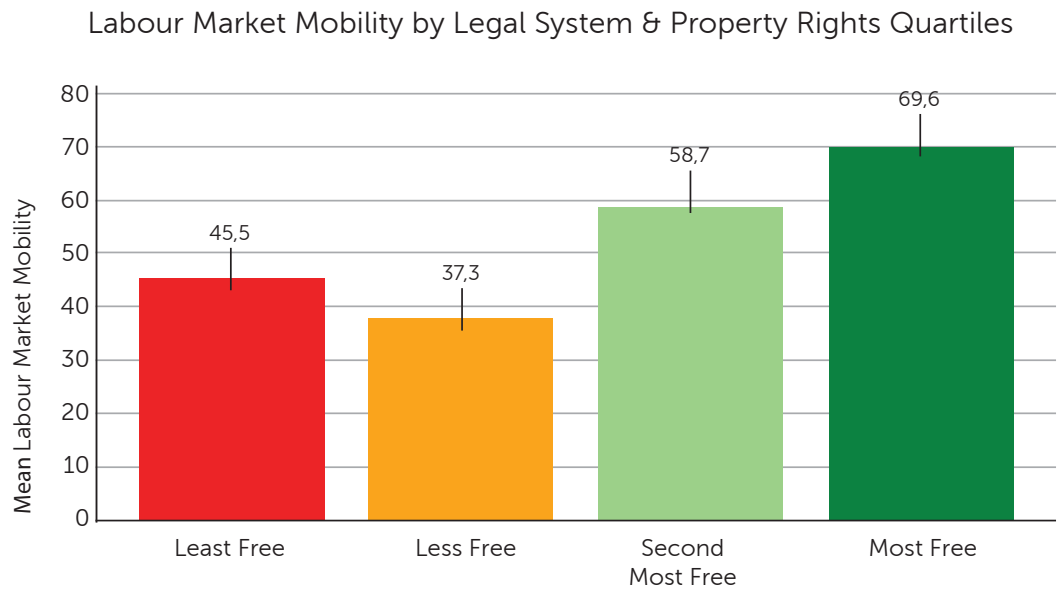
Figure 1. EU Countries with strong Liberal component in their political institutional framework tend to have better labour market policies for migrants.



Source: Gwartney et al., 2023 and Coppedge et al., 2024. Own elaboration.

Similarly, as Figure 2. illustrates, the Legal System & Property Rights Quartiles reveal a notable positive correlation between the degree of freedom in legal systems and property rights and Labour Market Mobility. The Most Free quartile exhibits significantly higher mobility (mean of 69.6) compared to the Least Free (mean of 45.5), highlighting the role of legal and property rights freedom in facilitating labour market mobility.

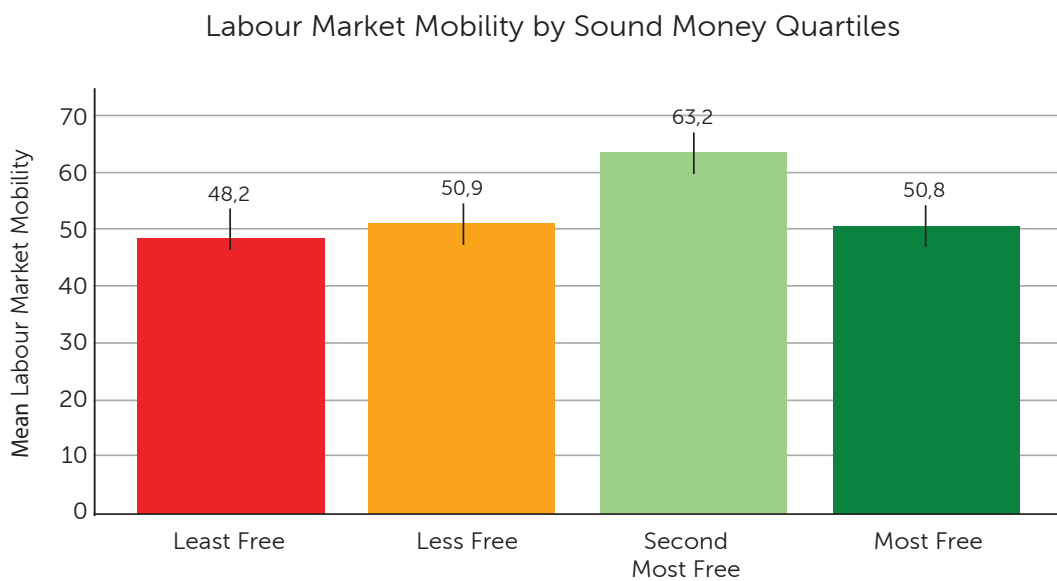
Figure 2. EU Countries with strong Legal system and Property rights in their economic institutional framework tend to have better labour market policies for migrants.



Source: Gwartney et al., 2023 and Solano et al. 2020. Own elaboration.

In Figure 3, the Sound Money Quartiles, show a more nuanced pattern. While the Second Most Free quartile registers the highest mean Labour Market Mobility at 63.2, the Most Free and Less Free categories display lower means than expected. This suggests that while sound monetary policy is crucial, other factors significantly influence labour market mobility.

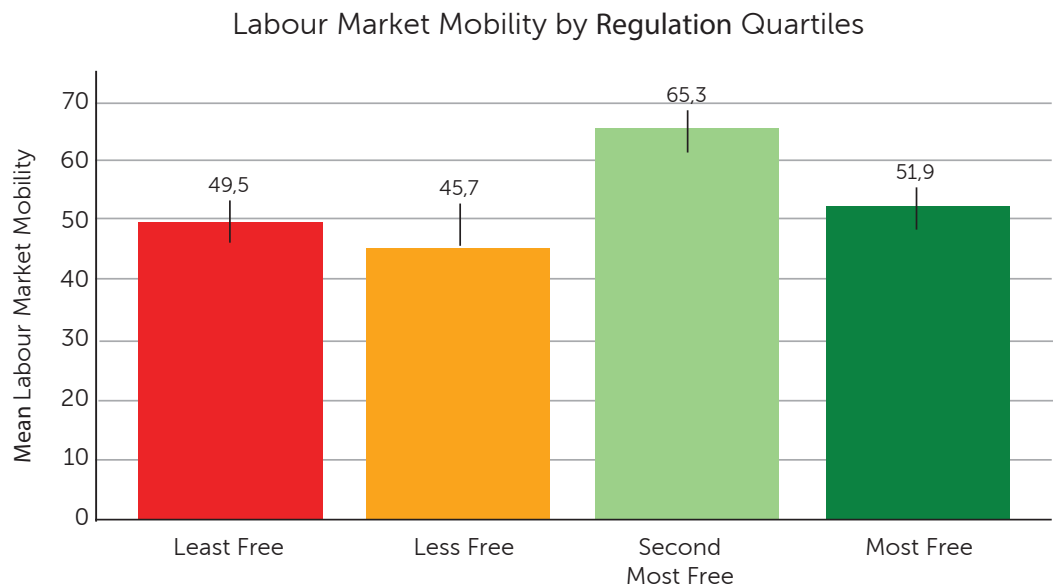
Figure 3. EU Countries with sounder monetary policies in their economic institutional framework tend to have better labour market policies for migrants.



Source: Gwartney et al., 2023 and Solano et al. 2020. Own elaboration.

Lastly, in Figure 4., the Regulation Quartiles present a mixed picture towards economic freedom. The Second Most Free quartile exhibits the highest Labour Market Mobility (mean of 65.3), indicating that moderate regulation may contribute more to mobility than extreme regulatory environments. In other words, an optimal level of regulation (in the banking system, in employment and business), rather than minimal or excessive regulation, might best support labour market mobility.

Figure 4. EU Countries with freer regulatory policies and in their economic institutional framework, tend to have better labour market policies for migrants.



Source: Gwartney et al., 2023 and Solano et al. 2020. Own elaboration.

Conclusively, the general trend indicates that increased freedom is associated with higher labour market mobility.

Other MIPEX aspects that help labour market integration:

As Table 1. demonstrates, the three most correlated dimensions with labour market integration are education, political participation, and access to nationality.

- **Education:** This dimension shows a strong positive correlation with labour market mobility (Pearson's $r = 0.724$, $p < .001$), suggesting that migrants with higher levels of education are more likely to experience better mobility within the labour market.
- **Political Participation:**⁶ There is a significant positive correlation between political participation and labour market mobility (Pearson's $r = 0.506$, $p < .001$),

⁶ In the context of MIPEX, political participation refers to the level of opportunities granted to immigrants to inform and improve the policies that affect them daily, such as with consultative bodies or migrant organizations.

indicating that migrants who are more actively engaged in political activities tend to have better mobility within the labour market.

- Access to Nationality: This dimension also exhibits a substantial positive correlation with labour market mobility (Pearson's $r = 0.296$, $p < .001$), suggesting that migrants who have easier access to nationality are more likely to experience enhanced mobility within the labour market.

Table 1. Correlation between Labour market mobility and other MIPEX integration dimensions.

MIPEX integration dimensions		Labour Market Mobility
LABOUR MARKET MOBILITY	Pearson's r	—
	df	—
	p-value	—
FAMILY REUNION	Pearson's r	0.268***
	df	166
	p-value	< .001
EDUCATION	Pearson's r	0.724***
	df	166
	p-value	< .001
POLITICAL PARTICIPATION	Pearson's r	0.506***
	df	166
	p-value	< .001
PERMANENT RESIDENCE	Pearson's r	0.342***
	df	166
	p-value	< .001
ACCESS TO NATIONALITY	Pearson's r	0.296***
	df	166
	p-value	< .001
ANTI-DISCRIMINATION	Pearson's r	0.119
	df	166
	p-value	0.126
HEALTH	Pearson's r	0.472***
	df	54
	p-value	< .001

Note. * p < .05, ** p < .01, *** p < .001

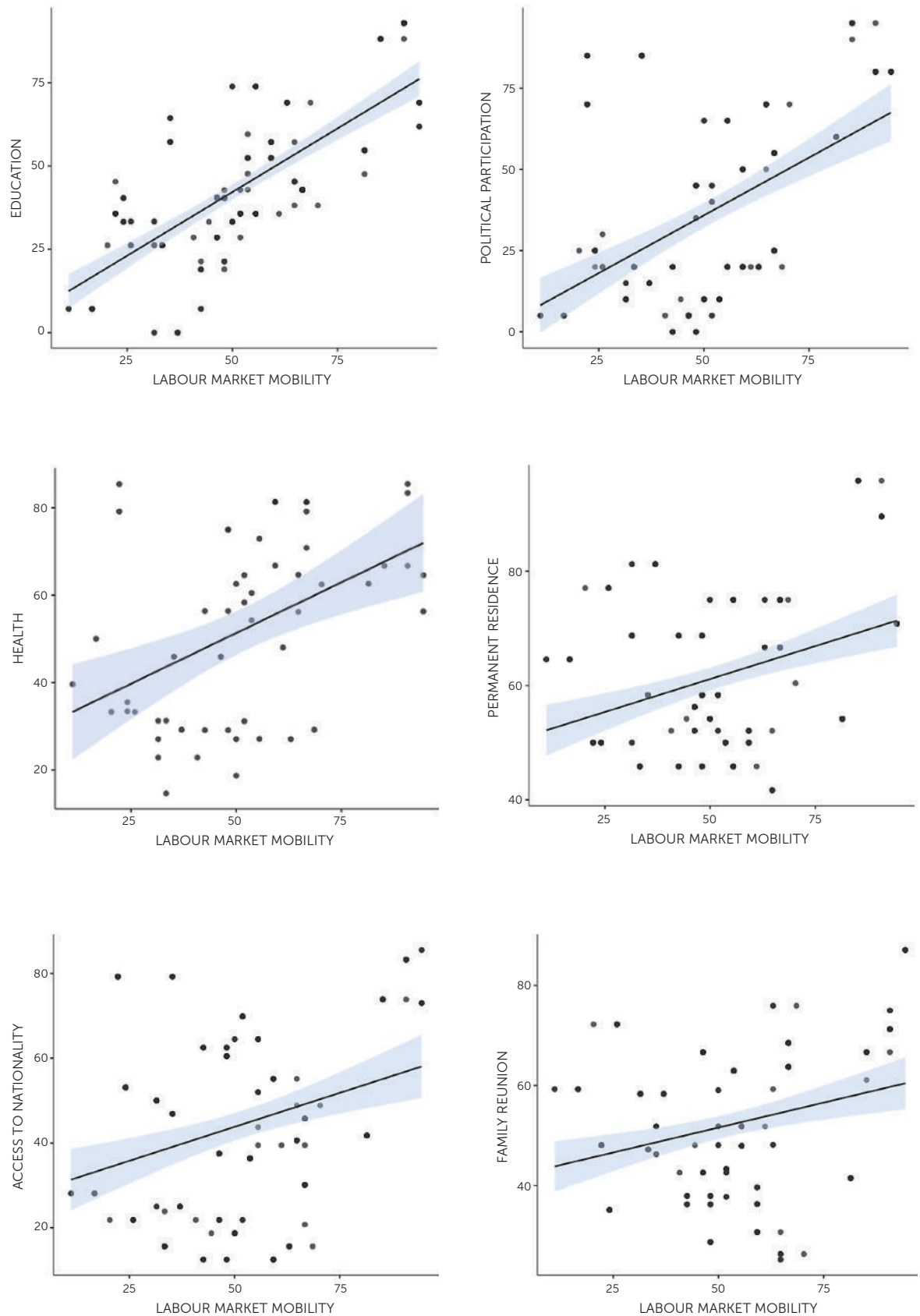
Figure 5. visualizes the relationship between Labour market mobility and other MIPEX integration dimensions. Inclusive education systems play a crucial role in preparing individuals, including immigrants, for the labour market. When education policies are inclusive, students with immigrant backgrounds receive equitable access to quality education, like their non-immigrant peers. This enables the acquisition of skills and knowledge necessary for successful labour market integration. Implementing better labour market policies that prioritize equal access to employment opportunities, regardless of background, can further enhance the effectiveness of inclusive education systems by providing avenues for graduates to utilize their acquired skills.

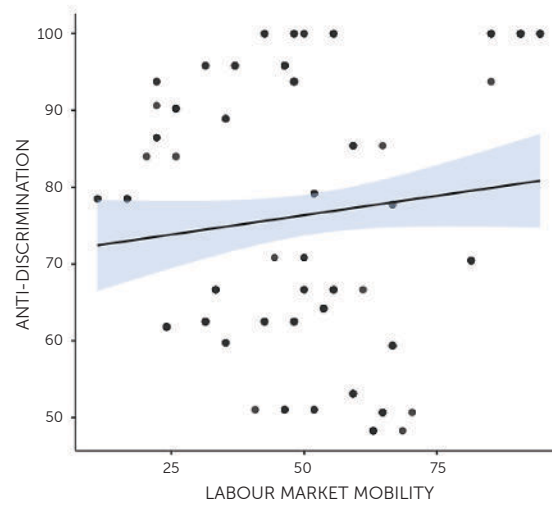
Political participation is a vital aspect of societal engagement, including in labour market matters. When immigrants are excluded from political processes due to restrictive policies, they may face additional barriers in accessing employment opportunities and advocating for their rights in the labour market. In contrast, inclusive labour market policies that promote diversity and equal opportunities empower immigrants to participate more actively in political life. By fostering a more inclusive political environment, where immigrants have a voice and can contribute to decision-making processes, labour market policies can become more responsive to the needs of diverse communities.

Immigrants' access to healthcare directly affects their ability to participate in the labour market. Poor health, whether physical or mental, can hinder immigrants from obtaining and maintaining employment, leading to unemployment or underemployment. Inadequate access to healthcare services can exacerbate health issues, further limiting immigrants' ability to engage in the labour market. Moreover, access to health can lead to cultural integration (i.e. vaccination, circumcision, clitoris mutilation, contraception, etc.). Thus, policies that improve access to healthcare indirectly support labour market participation by promoting overall health and well-being.

Conversely, labour market conditions can influence immigrants' health outcomes. Inclusive labour market policies that provide them with equitable employment opportunities, fair wages, and job security contribute to better health outcomes by reducing stress and financial strain. Stable employment also allows immigrants to access employer-sponsored healthcare benefits, improving their access to medical services and preventive care, while restrictive labour market policies that marginalize immigrants or subject them to precarious working conditions can negatively impact their health by increasing stress, insecurity, and exposure to occupational hazards.

Figure 5. Correlation between Labour market mobility and other MIPEX integration dimensions.





Source: Solano et al. 2020. Own elaboration.

Migrant self-employment as a fruitful way to integration: Reflections on the Spanish case

By Juan Pina

The issue of immigration is clearly one of the ideological battlegrounds where the political future of Europe and its member states, and especially those with external EU borders, is at stake. The integration of a large contingent of new citizens, beyond its cultural dimension, is primarily an economic issue. And it is precisely the economic aspects of immigration that strongly corroborate the theses of economic liberalism. In this sense, the best recipe for the successful integration of these people is not only to avoid barriers to their access to conventional jobs, but also to facilitate their self-employment and the setting up of SMEs and micro-SMEs, as immigrants are very often particularly suited to this way of earning a living.

Wrong economic ideas on migrants, left and right:

The whole idea that “immigrants steal jobs” is based upon Marxian and socialist ways of economic thinking, just like its political and electoral use to fuel outrage is based upon typical populist methodology derived from its main thinkers, like the infamous Argentinian marxist author Ernesto Laclau.⁷ Laclau’s teachings and a large part of the economic vision of the left and the workers unions have ended up permeating the new radicalised right that today plagues all of Europe, to the point of making many of its raw memetic thoughts and programmatic proposals indistinguishable from those put forward by the left. To take a Spanish example, the same far-right party that harshly criticises Spain’s supposed open borders policy then demands those agricultural employers - one of its electoral strongholds - be allowed to bring in seasonal workers from North Africa to harvest their fruit and vegetable production while living in deplorable conditions inside their own farms. This is one of many examples of how, in reality, a large proportion of legal immigrants, and almost all illegal ones, end up in jobs that the vast majority of today’s Spaniards reject even if they need to subsist on welfare.

Thus, for example, the populist right competes with the populist left in terms of protectionism and economic nationalism. It is worth noting that over the last two decades there has been an involution in European conservatism that has distanced it from its most remarkable representatives of the last century. Looking back in the recent past, one finds conservatives of the stature of Ronald Reagan, whose appreciation of immigrants is legendary. By contrast, the faction of today’s conservatism that has gone radical and joins forces with the heirs of the

⁷ See for instance his main works on the issue, *The Making of Political Identities* (1994), and *On Populist Reason* (2005).

1930s right-wing totalitarianism, carefully carves out a supposed foreign enemy that serves to whip up hatred in their electorate. As Laclau cynically suggested along his work, it is much more efficient to build a mass movement by generating hatred for an external enemy than love for one's own movement. This is exactly how, for instance, National Socialism grew in Germany a century ago thriving on the cohesion provided by instigating hate towards a well-defined enemy, the Jews. Immigrants seem to be, throughout Europe, the main social group chosen this time around as the enemy by the new radical right, for quite the same purposes.

What the populist right (and the anti-immigrant minority within the populist left, including red-browns and some union leaders) fail to see, or do not want to see, is the positive economic contribution of migrants. And to avoid seeing it they automatically dismiss the countless reports on the migrants' contribution to GDP, to the labour market, to specific industries or to social security. It is particularly striking that they fail to see how these new workers contribute to maintaining precisely the pension system that we liberals reject but both the left and the new radical right approve of the pay-as-you-go system. Nor do these factions see other labour effects, such as the boost to the promotion of national workers to higher positions as there is an abundance of labour to fill the lower levels. Nor do they see the effects on general welfare in such important areas as dependency, a sector in which the hiring of foreign staff to provide the care needed by the elderly and other dependent groups is already massive. But above all, populists of the left and right fail to see the potential of migrants as entrepreneurs and micro-entrepreneurs.

Migrant self-employment, the missing piece:

The social system of today's Europe is based on a well-meaning but stifling and often ineffective overprotection. It is a derivation of social democratic thinking which, around the turn of the century, went beyond the boundaries of social democracy and permeated all parties in the European political mainstream, and the state. When mainstream politicians and bureaucrats, both in Brussels and in the member states, address the issue of immigration, they do so with the same mentality and without even considering whether this phenomenon would require a different approach, for example a liberal one. And yet, when it comes to immigration, the wise words "laissez faire, laissez passer" should resonate with renewed force, as studies on the subject attest. Notably, the *Migrant Founders Monitor* (2023) of the Friedrich Naumann Foundation⁸ already provides an impressive figure: 21% of startup founders in Germany have a migrant background. For its part, the Fundación para el Avance de la Libertad, in Spain, issued the report *Inmigrantes Empresarios* (Gomez et al. 2022) and a documentary on this subject. Among its most important conclusions is the particular suitability of migrants for self-employment and entrepreneurship.

In many European countries, and certainly in Spain, migrants must wait a long

8 <https://www.freiheit.org/de/deutschland/migrant-founders-monitor-2023-0>.

period of time before they can work as employees, and it is practically impossible for them to work as self-employed. The average waiting period in Spain is over a year, and for the illegal ones this goes up to seven and a half years on average according to the government (previous to some measures taken along 2022 and 2023).⁹ In the case of applicants for international protection (asylum and refugee status), the waiting time is around nine months even if their status is granted. During the waiting period, many of these people, especially those who entered the country illegally, are often forced to rely on subsidies and/or the support of NGOs. In many cases, the toll this takes on their psychology is devastating. 'I migrated to work, not to live on charity' is a phrase often heard among victims of the system, condemned to idleness or to taking endless sterile courses. Some countries have realised how harmful this situation is, and in the specific case of Lithuania, thanks to the influence of the Lithuanian Free Market Institute (LFMI), the legislation has changed, and migrants can now work from the outset.¹⁰ But in most of Europe the situation remains deplorable, especially in countries with higher levels of unemployment, such as Greece and Spain. But one problem associated with this approach to the issue is that there is a missing cog in the wheel: the self-employed migrant and/or business founder is missing. The social democratic mentality of the system has ignored this figure, probably on purpose.

The above Spanish study provides, despite the difficulty to find concrete data that official statistics are not providing in sufficient quantity, some very relevant information. Immigrants who set up their own businesses, whether as self-employed freelancers or founding a small business, have a higher level of compliance with legal and tax obligations than their Spanish counterparts, probably due in part to the fear of being expelled or just facing a complicated legal and tax system they don't fully understand, also due to language barriers. But more relevant is the reasonableness of the migrant's business. They do not overinvest the little money they managed to bring with them, nor do they squander it by underinvesting or mis-investing. They do not draw up plans that are overly ambitious or difficult to achieve, but instead makes a special effort to set pragmatic and achievable goals. Thus, it is not surprising that immigrant micro-SMEs recover their small investment earlier and survive in proportionally greater numbers than those founded by local citizens.

Lessons for and from the Spanish case:

The said report identified a positive and a negative factor as the main reasons for the particular entrepreneurial suitability of immigrants. The positive factor is the low level of risk aversion among immigrants. The percentage of immigrants who are adventurous, courageous and determined to start a business is proportionally higher than that of the same group in the general population. After all, leav-

9 Los inmigrantes tardan en España 7,5 años de media en lograr permisos de residencia, <https://elpais.com/espana/2022-07-07/los-inmigrantes-tardan-en-espana-7-5-anos-de-media-en-lograr-permisos-de-residencia.html>.

10 Lithuania liberalizes labor migration, <https://www.risingtide-foundation.org/2022/07/14/lithuania-liberalizes-labor-migration/>.

ing everything behind and moving to another country, sometimes with a strong cultural and language barrier, is indicative of this entrepreneurial mindset. The negative factor that also supports the thesis of higher business suitability among immigrants is their lower suitability for conventional jobs.

Indeed, immigrants often face contempt from potential bosses and co-workers. They are often pigeon-holed into jobs that are below their skills and sometimes below their qualifications, where they will be frustrated and may fail due to over-qualification. There will be injustice in promoting, on equal terms, locals ahead of foreigners. In many cases, poor language skills or other cultural barriers may close the door to many jobs. And there is also a major barrier for qualified professionals in the recognition of qualifications and the deplorable corporatism of established professionals and their powerful professional bodies. This negative factor of less suitability for 'normal' work is transformed into a positive one when it comes to entrepreneurship. Breaking free from all these straitjackets and injustices is a factor that drives some migrants to prefer the option of micro-entrepreneurship. Migrant businesses are the best way to fight exclusion in their own communities by providing employment to people who might otherwise have a harder time getting a job in a local's business. But furthermore, migrants also provide jobs for locals, especially as they start growing. And their staff is usually more culturally diverse because they do not reproduce the cultural discrimination, they have suffered themselves.

One of the lessons that Spain itself should learn from its immigrants, and perhaps it could be exportable to other European countries, is the frustration that many of them feel when they finally decide to become self-employed or set up a small business between two or three people, and they then realise that the obstacles to entrepreneurship in this Europe of ours are just insane. Those who proportionally most need to be allowed to be entrepreneurs are at the same time those who have the worst options for entrepreneurship, because of the social democratic system that has privileged salaried work, probably due to the worker unions' influence and to the left's aversion to micro-enterprises. Many immigrants who naively thought they could easily set up a small business, or trade for a living if they could not find a job, now realise that they have moved into a system that is strongly opposed to grassroots capitalism. Despite this, many of these immigrants, with the tenacity that characterises them, manage to become entrepreneurs. The main reflection that arises from this observation is what Spain and Europe would be like if the enormous regulatory and fiscal obstacles to entrepreneurship and micro-entrepreneurship had not existed for these people, nor for the rest of the population. Therefore, the biggest takeaway from delving deeper into the issue of immigrant entrepreneurship is the urgent need to facilitate it. And, incidentally, to remove absurd obstacles that affect everyone, immigrants or not.

A roadmap for migrant-driven capitalism:

Immigration presents an opportunity for supporters of free markets, entrepre-

neurship, deregulation and a less rigid labour market. The changes needed to favour the social and economic integration of a substantial part of the mass of immigrants through their access to entrepreneurship are changes that will benefit society as a whole and are aligned with the capitalist vision of the economy.

A clear reality emerges from the above German and Spanish studies. An immigrant who is an entrepreneur is an immigrant who stops costing taxpayers money in subsidies and instead contributes wealth to society and taxes to the treasury, in addition to contributions to the pension system (which in any case is bankrupt and should be replaced by a system of individualised capitalisation). The interviews conducted for the Spanish documentary, despite including entrepreneurs from very different business sizes, countries of origin and industries, present common elements that should not be ignored. The film urges to “transform precarious immigrants into immigrant entrepreneurs”, and eliminating precariousness in micro-entrepreneurship is a necessity for everyone.

The system has set the bar for self-employment and the creation of micro-SMEs too high. The roadmap must start with a very substantial reduction in the bureaucratic cost of entrepreneurship. The monthly fees paid by the self-employed are abusive and should be reduced and, moreover, made much more gradual. Furthermore, the self-employed should be left free to take out private health insurance and pension plans instead of having to meet the very high financial requirements of the state. In Spain the average citizen works half of the time to pay taxes and social payments, and the situation gets even worse if that citizen is self-employed.

There is an urgent need to improve the recognition of foreign degrees, not only from EU countries but from any country, considering the university of origin, its qualifications and curricula, not the country. In Spain, countless middle-class Latin Americans, with higher education at prestigious universities, find themselves unable to exercise their profession, even with many years of experience, and end up doing the low-level salaried jobs that Spaniards do not want. This is unfair and frustrating for these migrants, and it is also an unfortunate loss of human resources for Spain.¹¹ Seeing seasoned professionals wait tables or replace supermarket stocks after years of successful work as a dentist or engineer or lawyer in their countries, is saddening and proves the case that over-regulation is harmful to all.

Also, the Spanish study exposed a reality that might be also present in some other European countries: we receive huge numbers of college students who want to study in Spain.¹² They normally come from middle class families in their countries of origin who make an effort for their kids to study in Spain or are deemed brilliant and offered a grant by our universities. And after we train them, they are sent back home and not allowed to remain and contribute their knowledge to Spain. This is yet another example of state regulation frustrating many individuals and at

¹¹ This element of class segregation is often a factor that explains the migrants marginalisation and radicalisation.

¹² Around 200,000 per year according to the government. See *Estudiantes Internacionales en España en datos* <https://www.studying-in-spain.com/es/estudiantes-internacionales-en-espana-en-datos/>.

the same depriving the country of valuable resources.

In the case of Spain, until recently, a distinction was also made between EU and foreign self-employed workers, and the latter needed to provide a business plan that a civil servant would then evaluate to allow that person to become a freelancer. Fundalib and other civil society organisations pressured against this absurdity, and it was finally eliminated. It is of the essence that such discriminatory measures are eliminated elsewhere in Europe.

Another very important hurdle to migrants is financial and banking exclusion.¹³ On the one hand, it is necessary to get rid of the infamous ‘know your client’ regulations which particularly affect non-EU nationals. For migrants coming from some countries, it is almost impossible to simply open a bank account, and very often that service is conditioned to being a legal resident. Bank accounts, in turn, are then necessary to be paid or to rent an apartment, for instance. Banking inclusion needs a strong flexibilization of the current banking system and procedures, at least for migrants. Asylum seekers, refugees and illegal migrants often need to entrust their own money to NGOs or friends, with the subsequent breach of financial privacy and even security. Also, discrimination in access to loans when it comes to micro-SMEs run by migrants is an extended practice that needs to be eliminated. Ending the banking oligopoly on credit and allowing a higher competition and smaller, non-banking loan providers would certainly permit a flourishing of successful, migrant-founded small businesses.

Overall, the challenge Europe faces is to better integrate migrants, to allow them to earn a living and to reduce the social expenditure needed. The way forward to achieve these goals is the contrary to what has been normally done. Migrants don’t need charity and overprotection, they need opportunities, and what stands in the way of those opportunities is regulation. The labour market should be opened up to them, and measures like the minimum wage exclude many people. And the boosting of self-employment and business founding among migrants is a particularly adequate way of securing their inclusion and integration, to their own benefit and the host societies, if only the right decisions are taken in order, not to fund their businesses, but to remove the state-created obstacles.

Conclusions and policy recommendations on EU level:

The comprehensive analysis of Labour Market Mobility reveals a multifaceted landscape of factors influencing mobility within the European Union (EU). This landscape underscores the intricate relationships between economic freedoms, social determinants, and labour market outcomes. Education stands out as a pivotal element, strongly correlated with enhanced Labour Market Mobility. This correlation underscores the critical role of educational attainment and skills development in facilitating labour market adaptability and competitiveness. Political Participation reflects the importance of civic engagement and governance

¹³ See Fundalib’s policy brief on this issue Ensuring the right of all migrants to banking services in the European Union <https://fundalib.org/wp-content/uploads/2023/11/Policy-Brief-ES-EN-2024.pdf>.

responsiveness in shaping labour market policies that are inclusive and equitable. Meanwhile, Health—although not previously detailed—can be inferred as another significant factor, given its impact on workforce productivity and mobility.

The associations observed among the Liberal Component Group, Legal System & Property Rights Quartiles, Sound Money Quartiles, and Regulation Quartiles with Labour Market Mobility suggest that economic freedoms and a well-regulated environment are key drivers of mobility. On the other hand, there have been identified several factors influencing immigrant entrepreneurship, highlighting their lower risk aversion and determination as positives, which contrast sharply with the barriers they face in traditional employment due to discrimination and overqualification. These challenges often push immigrants towards entrepreneurship as a viable path to economic integration and community contribution, bypassing the systemic barriers in conventional job markets. Given these findings, fostering an environment that reduces bureaucratic and regulatory hurdles can significantly enhance the entrepreneurial engagement of immigrants,¹⁴ benefiting them and the broader society by diversifying the economy and fostering social inclusivity. The challenges and opportunities analysed earlier, highlight the necessity of policies that balance liberalization with safeguards against market failures and social inequalities.

Policy Recommendations for the EU:

Enhancing Labour Market Mobility and entrepreneurship in the EU requires a holistic and nuanced policy approach that addresses both economic freedoms and social challenges of the 21st century. These are indicative policy recommendations to help migrants integrate in labour market and contribute to the accepting countries:

- **Educational Innovation and Accessibility:** Implement EU-wide initiatives to enhance educational systems' responsiveness to labour market needs. This includes promoting STEM (Science, Technology, Engineering, and Mathematics) education, digital literacy, and lifelong learning platforms to ensure the workforce remains adaptable and equipped with future-oriented skills.
- **Civic Engagement and Responsive Governance:** Foster policies that enhance political participation at all levels, ensuring that EU citizens are actively involved in shaping labour market policies. This could involve more robust mechanisms for public consultation and participation in the EU policymaking process, enhancing the democratic legitimacy and responsiveness of the EU institutions.
- **Health as a Labour Market Consideration:** Integrate health policies with labour market strategies, recognizing the direct impact of health on labour productiv-

¹⁴ In particular, initiatives such as women's economic empowerment and entrepreneurship through various WE-gate and the Enterprise Europe Network (EEN) can help women micro entrepreneurship supporting women in starting, financing, and managing businesses, and encourage women business. The EU should enhance funding and mentorship programs for women entrepreneurs, ensuring better access to resources and networks across Europe.

ity and mobility. This could include EU-level initiatives to promote workplace health and safety, mental health support, and access to healthcare services, ensuring a healthy and productive workforce.

- **Balanced Economic Policies:** Pursue a nuanced approach to economic freedom within the EU, ensuring that policies promoting liberal components, legal and property rights, sound monetary practices, and balanced regulation are complemented with social protections and mechanisms to address inequalities. This balance is crucial in fostering a dynamic and inclusive labour market.
- **Cross-Border Mobility and Integration:** Enhance policies that facilitate cross-border mobility and integration within the EU, addressing barriers related to nationality and legal status. Simplifying recognition of qualifications and ensuring equitable access to opportunities across Member States can contribute to a more integrated and efficient EU labour market.
- **Non-EU degrees:** Set a general EU policy for foreign degrees to be recognized based on the universities of origin, not the countries as such, and through proven professional experience thereafter.
- **Access to banking system:** Eliminate current barriers to banking services for non-EU migrants, whether legal or illegal, thus securing their financial inclusion, job and rental options, and safety from robberies and intermediaries.
- **Elimination of barriers to entrepreneurship:** Eliminate any remaining requests for non-EU citizens to provide a business plan to be evaluated by civil servants before they can move from salaried to freelance work. Ensuring women micro entrepreneurship can get better access to funding.

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About ELF

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

About KEFIM

The Center for Liberal Studies - Markos Dragoumis (KEFIM) is Greece's foremost liberal, non-partisan, and independent think tank. It envisions Greece as a role model of economic and civil liberty that enables its citizens to pursue their dreams and aspirations. KEFIM's mission is to increase individual and economic freedoms of Greeks through the promotion of liberal ideas and policy proposals. To that end, KEFIM generates research, media content, organizes events, that aim to influence the climate of ideas in Greece. Finally, KEFIM partakes in the international policy and ideological dialogue through its participation into the Atlas Network (USA), the EPICENTER Network (Belgium) and the European Liberal Forum (Belgium). It also partners on various projects with mission-aligned organizations such as the Friedrich Naumann Foundation (Germany), Timbro (Sweden), the Cato Institute (USA), the Foundation for Economic Education (USA), and the Institute of Economic Affairs (UK).

About Fundalib

The Foundation for the Advancement of Liberty (Fundalib) was born in 2015 to respond to the growing need to articulate libertarian public policies and a social and political dialogue that works within the framework of liberal democracy for greater autonomy and freedom of individuals and different organisations in which civil society is organised. Their mission is to promote the advancement of individual human freedom in all its aspects and the success of the organisations and entities that promote and defend it. Fundalib's work cover pensions and taxation but also areas such as culture, justice, civil rights, international issues, and the organisation of politics.

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